



# **GCF Environmental and Social Safeguards**

Outline of proposed new structure and content

March 2022



Mott MacDonald  
10 Fleet Place  
London EC4M 7RB  
United Kingdom

T +44 (0)20 7651 0300  
mottmac.com

Songdo Business District  
175 Art center-daero  
Yeonsu-gu, Incheon 22004  
Republic of Korea

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# Contents

List of Acronyms	1
<b>1 Introduction</b>	<b>3</b>
1.1 Background	3
1.1.1 Use of Guiding Principles	4
1.1.2 Institutions referenced	5
<b>2 Proposed Changes to the Current ESS</b>	<b>7</b>
2.1 Name of the Updated ESS	7
2.2 Structure of the Updated ESS	7
2.3 Overarching Changes Across all Standards	8
2.4 How to use this Report	9
2.5 ESS 1: Assessment and Management of Environmental and Social Risks and Impacts	10
2.6 ESS 2: Labor and Working Conditions	50
1. Introduction	52
2. Objectives	54
3. Scope of Application	55
N/A	58
N/A	58
N/A	58
N/A	59
4. Requirements	59
N/A	59
N/A	60
a. Working Conditions and Management of Worker Relationship	60
b. Working Conditions and Management of Worker Relationship	60
b. Protecting the Work Force	68
c. Protecting the Work Force	68
c. Occupational Health and Safety	69
d. Occupational Health and Safety	69
d. Workers Engaged by Third Parties	70
e. Workers Engaged by Third Parties	70
e. Supply Chain	71
f. Supply Chain	71
2.7 ESS 3: Resource Efficiency and Pollution Prevention	72
1. Introduction	74
2. Objectives	75
3. Scope of Application	75
4. Requirements	76

a. Resource Efficiency	77
b. Pollution Prevention	81
2.8 ESS 4: Community Health, Safety and Security	88
i. Infrastructure Equipment Design and Safety	92
ii. Hazardous Materials Management and Safety	94
v. Hazardous Materials Management and Safety	94
iii. Ecosystem Services	95
vi. Ecosystem Services and Natural Hazards	95
iv. Community Exposure to Disease	95
vii. Community Exposure to Disease	95
v. Emergency Preparedness and Response	97
x. Emergency Preparedness and Response	97
b. Security Personnel	98
2.9 ESS 5: Land Acquisition and Involuntary Resettlement	101
4. Requirements	110
a. General110	
b. Displacement	122
c. Private Sector Responsibilities Under Government-Managed Resettlement	128
c. Government Coordination	128
2.10 ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	131
1. Introduction	133
2. Objectives	134
3. Scope of Application	134
4. Requirements	135
a. General135	
b. Protection and Conservation of Biodiversity	136
c. Management of Ecosystem Services	146
d. Sustainable Management of Living Natural Resources	148
e. Sustainable Management of Living Natural Resources	148
e. Supply Chain	150
f. Supply Chain	150
2.11 ESS 7: Indigenous Peoples	152
1. Introduction	154
2. Objectives	155
3. Scope of Application	157
4. Requirements	160
a. General160	
b. Circumstances Requiring Free, Prior, and Informed Consent (FPIC)	165
b. Meaningful Consultation and Free, Prior, and Informed Consent (FPIC)	165
c. Mitigation and Development Benefits	170
d. Private Sector Responsibilities Where Government is Responsible for Managing Indigenous Peoples Issues	173
d. Private Sector Responsibilities Where Government is Responsible for Managing Indigenous Peoples Issues	173

2.12	ESS 8: Cultural Heritage	174
1.	Introduction	176
2.	Objectives	176
4.	Requirements	177
	a. Protection of Cultural Heritage in Project Design and Execution	177
	<i>ii. Consultation</i>	179
	<i>iii. Community Access</i>	179
	<i>iv. Removal of Replicable Cultural Heritage</i>	179
	v. Removal of Non-Replicable Cultural Heritage	180
	<i>vi. Critical Cultural Heritage</i>	181
	b. Project's Use of Cultural Heritage	183
2.13	ESS 9: Stakeholder Engagement and Information Disclosure	185
	<i>Stakeholder Analysis and Engagement Planning</i>	190
	<i>i. Stakeholder Identification and Analysis</i>	190
	Disclosure of Information	193
	<i>iii. Disclosure of Information</i>	193
	Consultation	194
	<i>iv. Meaningful Consultation</i>	194
	Indigenous Peoples	196
	N/A	196
	Private Sector Responsibilities Under Government-Led Stakeholder Engagement	197
	N/A	197
	External Communications and Grievance Mechanism	198
	b. Engagement During Implementation and External Reporting	198
	External Communications	198
	N/A	198
	Grievance Mechanism for Affected Communities	198
	c. Grievance Mechanism	198
	Ongoing Reporting to Affected Communities	199
	N/A	199
2.14	ESS 10: Climate Change Resilience and Adaptation	201
1.	Introduction	203
2.	Objectives	203
3.	Scope of Application	203
4.	Requirements	203
	a. Physical and Transition Climate Risk Assessments	203
	b. Natural Hazard and Disaster Risk	204
	c. Climate Change and Disaster Risk as a compounding factor	204
	d. Alignment with Paris Agreement	204

### 3 Next Steps 1

#### Tables

Table 1.1 Programme for updating the GCF ESS standards	3
Table 1.2: Guiding Principles for the GCF ESS update	4
Table 2.1: Proposed updated GCF ESS structure	7
<b>Table 2.2: ESS 1 proposed structure (including description of changes)</b>	<b>11</b>
Table 2.3: Proposed changes for ESS 1	13
Table 2.4: ESS 2 proposed structure	51
Table 2.5: Proposed changes for ESS 2	52
Table 2.6: ESS 3 proposed structure	73
Table 2.7: Proposed changes for ESS 3	74
Table 2.8: ESS 4 proposed structure	89
Table 2.9: Proposed changes for ESS 4	90
Table 2.10: ESS 5 proposed structure	102
Table 2.11: Proposed changes for ESS 5	103
Table 2.12: ESS 6 proposed structure	132
Table 2.13: Proposed changes for ESS 6	133
Table 2.14: ESS 7 proposed structure	153
Table 2.15: Proposed changes for ESS 7	154
Table 2.16: ESS 8 proposed structure	175
Table 2.17: Proposed changes for ESS 8	176
Table 2.18: ESS 9 proposed structure	186
Table 2.19: Proposed changes for ESS 9 (compared with IFC PS 1 stakeholder section)	187
Table 2.20: Proposed ESS 10 structure	202
Table 2.21: Proposed ESS 10 content	203

# List of Acronyms

Acronym	Definition
AE	Accredited Entities
ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
AMR	Antimicrobial Resistance
AZE	Alliance for Zero Extinction
BAP	Biodiversity Action Plan
BMP	Biodiversity Management Plan
CEMP	Construction Environmental Management Plan
CHMP	Cultural Heritage Management Plan
CI	Conservation International
DBSA	Development Bank of Southern Africa
E&S	Environmental & Social
EBRD	European Bank for Reconstruction and Development
EHS	Environmental, Health and Safety
EP	Equator Principle
EPIV	Equator Principle IV
EPRP	Emergency Preparedness and Response Plan
ESCAP	Environmental and Social Corrective Action Plan
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
ESP	Environmental and Social Policy
ESPS	Environmental and Social Performance Standard
ESS	Environmental and Social Safeguards
ESSS	Environmental and Social Safeguard Standards
EU	European Union
FPIC	Free, prior and informed consent
GBV	Gender-based violence
GCF	Green Climate Fund
GEF	Global Environment Facility
GHG	Greenhouse Gas
GIIP	Good international industry practice
GMOs	Genetically Modified Organisms
GRM	Grievance Redress Mechanism
IBAs	Important Bird and Biodiversity Areas
ICP	Informed Consultation and Participation
IDB	Inter-American Development Bank
IEU	Independent Evaluation Unit
IFC	International Finance Corporation



Acronym	Definition
IFC PS	International Finance Corporation Performance Standards
IFI	International financial institutions
ILO	International Labour Organization
IPM	Integrated Pest Management
IPP	Indigenous Peoples Policy
IPPF	Indigenous Peoples Policy Framework
IPs	Indigenous Peoples
IUCN	International Union for Conservation of Nature
IVM	Integrated Vector Management
KBAs	Key Biodiversity Areas
LMOs	Living modified organisms
LGBTQI+	Lesbian, Gay, Bisexual, Trans and Gender Diverse and/or Intersex
MDB	Multilateral development banks
OHS	Occupational health and safety
PPE	Personal protective equipment
PS	Performance Standards
PSG	Primate Specialist Group
PR	Performance Requirement
RAP	Resettlement Action Plan
SEAH	Sexual Exploitation, Sexual Abuse and Sexual Harassment
SEP	Stakeholder Engagement Plan
SES	Social and Environmental Standards
SGA	Section on Great Apes
SOGI	Sexual Orientation and Gender Identity
SSC	Species Survival Commission
TCFD	Task Force on Climate-related Financial Disclosures
UN	United Nations
UDHR	Universal Declaration of Human Rights
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
UNDP	United Nations Development Programme
UNESCO	United Nations Educational Scientific and Cultural Organisation
UNFCCC	United Nations Framework Convention on Climate Change
WB	World Bank
WBG	World Bank Group
WHO	World Health Organization
WHS	World Heritage Sites

# 1 Introduction

## 1.1 Background

The Green Climate Fund (GCF) was established in 2010 as an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC). The GCF's mandate is to promote sustainable development through a paradigm shift towards low-emission and climate-resilient development in developing countries.

As part of this mandate, the GCF is required to manage environmental and social issues that arise from its operations and funded activities. To this end, the GCF has adopted an Environmental and Social Management System (ESMS), which includes Environmental and Social Safeguard (ESS) Standards that are applicable on all GCF funded activities. The role of the ESS is to outline the environmental and social (E&S) standards that need to be adhered to on investment projects. The use of ESS systems for investments is standard practice for international financial institutions (IFIs).

The GCF does not currently have its own bespoke ESS Standards, and instead uses the International Finance Corporation (IFC) Performance Standards (PS) as its interim ESS Standards, as adopted by the GCF board in 2014. This is until such a point when the GCF has alternative ESS Standards ready to be implemented.

Mott MacDonald has been instructed by the GCF to support the institution with the development of its own ESS Standards. The process for this is broken down into three stages:

- **Stage 1: Review and scoping stage (completed Autumn 2021).** This stage comprised an analysis of other financial institutions' standards, emerging global trends, and a gap analysis of the interim standards. The analysis informed a Scoping Report which was used to inform stakeholder consultation. The results of the stakeholder consultation were summarised and was used to inform Stage 2 alongside the analysis work.
- **Stage 2: Proposed ESS Updates (current stage).** Using the information from Stage 1, an updated GCF ESS is proposed, using the structure of the existing interim GCF ESS Standards as its basis. This is presented in the form of a report to outline the proposed updates to enable stakeholder consultation prior to the finalisation of the draft ESS Standards (comprising this report).
- **Stage 3: Final ESS draft (proposed for later in 2022).** Following consultation on Stage 2, responses will be gathered and considered for incorporation. As a result, a final draft of the updated GCF ESS Standards will be presented for final stakeholder consultation as part of a call for inputs. Once these inputs have been gathered and incorporated where possible, the final draft ESS will be presented to the GCF Board for adoption.

This report comprises the second stage of this ESS update process, as outlined in Table 1.1.

**Table 1.1 Programme for updating the GCF ESS standards**

Stage	Activities	Deliverable	Period
<b>Stage 1</b> Review and scoping stage	Scoping and review	<ul style="list-style-type: none"> <li>● Draft ESS Analysis report</li> <li>● Draft ESS Scoping report</li> </ul>	Up to end of September 2021
	Stakeholder consultation (call for inputs)	<ul style="list-style-type: none"> <li>● Matrix of comments received during consultation</li> <li>● Final ESS Scoping report</li> </ul>	November 2021
<b>Stage 2</b>	Proposed changes to the ESS Standards	<ul style="list-style-type: none"> <li>● Report on the proposed changes</li> </ul>	March 2022

Stage	Activities	Deliverable	Period
Proposed ESS Standards updates	Stakeholder consultation (call for inputs and expert consultation)	<ul style="list-style-type: none"> <li>Matrix of comments received during consultation</li> </ul>	April to May 2022
<b>Stage 3</b> Final ESS Standards draft	Final draft ESS Standards (initial)	<ul style="list-style-type: none"> <li>Final (pre-consultation) ESS Standards</li> </ul>	To be confirmed (2022)
	Stakeholder consultation (call for inputs)	<ul style="list-style-type: none"> <li>Matrix of comments received during consultation</li> </ul>	To be confirmed (2022)
<b>Final</b>	Preparation of Board document with final draft ESS Standards (final) for Board decision	<ul style="list-style-type: none"> <li>Final (post-consultation) ESS Standards</li> </ul>	To be confirmed

The finalization of the GCF ESS Standards will take place during Stage 3 based on the outcomes of Stage 2, including the Stage 2 stakeholder consultation findings.

This document comprises the report of the proposed Stage 2 changes which will then be used to inform the stakeholder consultation. An explanation of how to use and read this document is provided in Section 2.4.

### 1.1.1 Use of Guiding Principles

The Scoping Report from Stage 1 outlined the guiding principles that underpin the approach taken to updating the GCF's ESS Standards. These guiding principles are presented below in Table 1.2. The gaps in the interim ESS Standards that were identified in the Stage 1 work were considered against these guiding principles. Where the identified gaps aligned with the aims of the guiding principles, then these items were progressed to inclusion into the proposed updates to the ESS Standards. Where such items did not align with the guiding principles, then these were not continued unless deemed necessary for the updated ESS Standards.

The results of the Stage 1 stakeholder consultation have also informed the proposed updates. This is important to ensure that the views of those who use or are affected by the implantation of GCF's ESS Standards are considered in the proposed updates.

Table 1.2: Guiding Principles for the GCF ESS update

Focus
<p>GCF have a mandate of promoting paradigm shift towards low-emission and climate-resilient development. The ESS will support this unique mandate and leverage its unique global reach to effect and influence positive change through the following criteria:</p> <ul style="list-style-type: none"> <li>Focusing on generating positive social and environmental outcomes in addition to assessing, mitigating and managing risks and impacts. The updated GCF ESS will explore a transition from a do-no-harm approach, to a "do-good approach", aiming at the active promotion of positive outcomes and co-benefits. Specific requirements for measuring, reporting, and monitoring such positive outcomes or co-benefits will be explored in the development of the new ESS.</li> <li>Support climate proofing in GCF projects, by integrating climate change considerations into project or programme preparation and implementation. This integration will explore the possibility to go from a risk mitigation and emission reduction approach to the generation of positive and measurable climate effects where possible.</li> <li>Tailor the ESS to GCF specific implementation mechanism through Accredited Entities and Executing Entities. Unlike the private "clients" in the interim ESS (IFC PS), AE and EE can be private or public, non-governmental, sub-national, national, regional or international, as long as they meet the standards of the Fund.</li> </ul>
Continuity
<p>Retaining the basic structure and thematic content of the interim GCF ESS is the approach adopted by the GCF Board for the new ESS, which will facilitate continuity with the E&amp;S framework adopted by entities already accredited by GCF.</p> <p>While retaining the current thematic content, and in order to maintain coherence with GCF's E&amp;S framework, the new ESS will integrate the principles and commitments set out by recently updated policies at GCF: gender policy, indigenous peoples policy, information disclosure and sexual exploitation, abuse and sexual harassment.</p>
Harmonization

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Adopting commonly applied ESS standards and requirements will facilitate harmonizing arrangements when accredited entities, with their own ESS, are expected to meet GCF's policies and standards. The new ESS will aim to embody the cumulative best practices by

- Harmonizing the ESS with other climate funds when possible. The new ESS will incorporate opportunities to enhance complementarity with the Global Environment Facility and the Adaptation Fund where possible. In doing so, consideration will be given to whether such complementarity would include a broader range of amendments to the entire E&S framework of all institutions.
- Placing greater emphasis and providing clear requirements on emerging E&S issues recently adopted by other institutions, and not adequately covered in the interim ESS such as human rights, gender (including gender identity and gender-based violence), vulnerability and climate change.

#### Accountability

The ESS will be formulated to clarify requirements and promote accountability to GCF stakeholders in meeting the requirements of GCF ESS, ESMS and the Environmental and Social Policy. To do so, the new ESS will:

- Enhance the identification of roles and responsibilities for GCF, Accredited and Executing Entities to meet GCF policies in project approval and implementation
- Clarify the requirements, mechanisms and content for portfolio and sub-project monitoring and reporting of ESS compliance and E&S performance to GCF, to improve the understanding of all parties on what is expected along the project life cycle.
- Provide more detailed requirements for entities to identify, assessment and manage E&S risks, impacts and co-benefits.

#### Capability

While the new ESS will aim at creating new international benchmark for E&S standards, the standards will take into account the diverse capacity of GCF accredited entities by adopting a scaled risk-based approach where environmental and social requirements and processes are commensurate with the level of risk posed by the project. This will support GCF's fit for purpose approach in the accreditation process, where entities are encouraged to access various levels of support differentiated by their capacities in meeting fiduciary and E&S social safeguards requirements.

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### 1.1.2 Institutions referenced

As part of the work for Stage 1, the ESS Standards of other institutions were reviewed. In some cases, changes are proposed to the GCF ESS Standards which use (or are based on) the wording of one or more of these other institutions. Where this is the case, this is stated. The use of other institutions' wording within an ESS Standard is a reasonably common practice, and so if such wording is considered the most appropriate, then this is proposed with limited or no edits.

The institutions that were considered as part of Stage 1 are as follows (and are referred to in this document where appropriate):

- **World Bank (WB):** The WB's standards are comprised of its Environmental and Social Standards, part of its Environment and Social Framework, most recently updated in 2017.
- **European Bank for Reconstruction and Development (EBRD):** EBRD's ESS is structured as its Performance Requirements, part of its Environmental and Social Policy most recently updated in 2019.
- **Inter-American Development Bank (IDB):** The IDB's ESS is structured as its Environmental and Social Performance Standards, part of its Environmental and Social Policy Framework which was most recently updated in 2020
- **Asian Infrastructure Investment Bank (AIIB):** The AIIB's ESS is structured as its Environmental and Social Standards, as part of its Environmental and Social Framework that was most recently updated in 2021.
- **United Nations Development Programme (UNDP):** The UNDP's ESS is structured as its Social and Environmental Standards. The most recent update is understood to be in 2021, although for this project, the pre-launch version dated from 2019 was used as the formal 2021 launch version was not available at the time of Stage 1.

- **Conservation International (CI):** CI's ESS is structured as its Environmental and Social Safeguards, part of its Environmental and Social Management Framework, most recently updated in 2020.
- **International Union for Conservation of Nature (IUCN):** The IUCN's ESS is structured as its Environmental and Social Risk Areas, part of its ESMS, most recently updated in 2020.
- **Development Bank of Southern Africa (DBSA):** The DBSA's ESS is structured as its Environmental and Social Safeguard Standards, most recently updated in 2020.

Although these were the key institutions considered as part of the benchmarking exercise at Stage 1, it is important to note that the analysis that informed Stage 1 considered a broader range of institutions than just these ones named such as:

- The European Investment Bank;
- Asian Development Bank;
- African Development Bank;
- Equator Principles IV;
- Adaptation Fund; and
- The Global Environment Facility.

However, the institutions above are listed as such as those standards are explicitly referred to in this report as part of the proposed updates as wording has been used directly from them when appropriate.

## 2 Proposed Changes to the Current ESS

### 2.1 Name of the Updated ESS

The opportunity has been taken to propose changing the name of the ESS Standards from “Performance Standards” to “Environmental and Social Safeguard (ESS) Standards”, commonly shortened to ESS Standards.

This change reflects a clarity of purpose of the document in its name and is aligned to the names of several other institutions’ standards.

On this basis, each new Standard would be referred to by the shortening, e.g. PS 1 would become ESS 1, PS 2 would become ESS 2, and so on. This change is reflected in the proposed text outlined for each standard in Sections 2.5 to 2.14.

### 2.2 Structure of the Updated ESS

In line with the guiding principle of “Continuity” (see Table 1.2), the approach to the updated GCF ESS has focused on maintaining the existing structure of the interim ESS Standards as much as possible. At an overarching level, this means that the updated GCF ESS 1-8 retain the same overarching content as the IFC PS. This is to help ease the transition between the interim ESS Standards to the updated ESS Standards.

However, the opportunity has been taken to add two further Standards, which means that the proposed updated ESS comprises ten standards overall. The new standards have been added to the end of the current structure as ESS 9 and 10, in order to maintain the existing structure as much as possible for ease of use. These new standards comprise:

- ESS 9: Stakeholder Engagement and Information Disclosure; and
- ESS 10: Climate Change Resilience and Adaptation.

Proposing these as new separate standards was considered appropriate so as to emphasize the importance of these topics, to align with other institutions. Furthermore, ESS 10 emphasizes the importance of climate change, which specifically relates to the GCF’s mandate.

These proposed changes are discussed further in Sections 2.13 and 2.14 for ESS 9 and ESS 10 respectively.

Table 2.1 below presents an outline of the proposed updated GCF ESS structure. The structure of each standard is presented for each standard respectively in Sections 2.5 to 2.14.

**Table 2.1: Proposed updated GCF ESS structure**

Proposed GCF ESS Standard	Content
ESS 1: Assessment and Management of Environmental and Social Risks and Impacts	ESS 1 sets out the Entities' responsibilities for assessing, managing, monitoring and reporting on environmental and social risks and impacts associated with each stage of an activity financed by GCF, in order to achieve environmental and social outcomes consistent with the Environmental and Social Standards.  Stakeholder engagement aspects that were part of IFC PS 1 will now form the new ESS 9.
ESS 2: Labor and Working Condition	ESS 2 establishes the need for fair treatment of workers, including safe and healthy working conditions.

Proposed GCF ESS Standard	Content
ESS 3: Resource Efficiency and Pollution Prevention	ESS 3 outlines the requirements for managing resource use and pollution prevention, including following circular economy and responsible investment principles. Greenhouse gas emissions and embodied carbon are considered in this Standard. Climate change mitigation is considered in this Standard (noting that climate change resilience and adaptation are considered separately in the new ESS 10).
ESS 4: Community Health, Safety and Security	ESS 4 concerns responsible practices to reduce health, safety, and security risks to communities. The safeguarding of personnel and property in accordance with relevant human rights principles is explained.
ESS 5: Land Acquisition and Involuntary Resettlement	ESS 5 addresses the management of land acquisition and involuntary resettlement where this is unavoidable. This includes consideration of mitigation measures such as fair compensation and improvements to and living conditions.
ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	ESS 6 recognizes that protecting and conserving biodiversity, maintaining ecosystem services, and managing living natural resources adequately are fundamental to sustainable development and presents how to achieve this.
ESS 7: Indigenous Peoples	ESS 7 has an objective to minimize negative impacts, foster respect for human rights, dignity and culture of indigenous populations, and promote development benefits in culturally appropriate ways. This includes consideration of Free, Prior, and Informed Consent (FPIC) of the Affected Communities of Indigenous Peoples, and respecting and preserving the culture, knowledge, and practices of Indigenous Peoples.
ESS 8: Cultural Heritage	ESS 8 aims to guide companies in protecting cultural heritage from adverse impacts of project activities and supporting its preservation. This includes protecting cultural heritage from adverse impacts, and promoting the equitable sharing of benefits from the use of cultural heritage.
ESS 9: Stakeholder Engagement and Information Disclosure	ESS 9 is a new proposed Standard to promote open and transparent engagement between the entity, its workers, worker representatives, local communities and affected persons and, where appropriate, other stakeholders. This uses the stakeholder aspects of IFC PS 1 as its starting point.
ESS 10: Climate Change Resilience and Adaptation	ESS 10 is a new proposed Standard that emphasizes GCF's mandate on climate change resilience and adaptation. It outlines requirements to understand the physical and transitional climate risks of GCF activities.

### 2.3 Overarching Changes Across all Standards

As well as changes that focus on the approach to the standards, there is also a need to update more specific terms that are used consistently in the IFC PS which relate to the IFC's operations. These changes are to reflect the GCF's specific implementation mechanisms which differ from IFC (for whose operations the interim ESS was written) and any other institution.

Note that these changes do not concern environmental and social risks; environmental and social terminology changes are proposed in the sections below for each ESS Standard.

The institutional terms proposed to be changed are as follows:

- The organisations receiving funds from the GCF, i.e. the accredited entities of the GCF, are referred to as “**entities**”. This replaces the term “client” in the IFC PS, as well as other terms such as “borrower” which may be used in other institutions' ESSs;
- The term “**GCF financed activity**” (or shortened to “**activity**” or “**activities**” where appropriate) is used to describe the project for which finance is being sought;
- The “**GCF**” is referred to directly instead of terms such as “the bank” or “the financier”; and
- The GCF's Environmental and Social Policy is used as a reference point throughout, abbreviated to “**ESP**” to be concise. Other GCF policies that fall within this are also explained and referred to in the proposed updates.

It should be noted that to aid with clarity of reading, these changes are not reflected in the tables in Section 2.5 to Section 2.14 unless the text is already proposed for an update. In Stage 3, the proposed complete ESS Standards will have the above terms applied throughout.

## 2.4 How to use this Report

The remainder of this Chapter presents the proposed changes for the ESS Standards, including those proposed for the two additional standards (ESS 9 and ESS 10). As explained in Chapter 1, these changes are presented as proposals against the existing interim ESS Standards, as well as a justification for the proposal. Sometimes more precise proposed wording is presented where appropriate.

The changes proposed to each updated Standard are presented as one sub-chapter for each Standard, which is itself divided in three subsections for each Standard:

- An introduction to outline the approach of the proposed changes;
- A table to outline the proposed updated heading structure of each Standard; and
- A table outlining the proposed content changes on a paragraph-by-paragraph basis.

For ESS 1 to 9, the tables of proposed content change show the current interim ESS Standards (i.e. IFC PS), with a row for each paragraph of the existing standards. The paragraph number for each of the existing ESS paragraphs is also provided for context, however, this does not reflect what the final paragraph numbering will be in the updated GCF ESS Standards.

Where updates and changes are proposed to each paragraph, these are described in the table alongside each row, and then a justification for the proposed changes is also given to explain the rationale for the changes. Therefore, when reviewing this report, the proposals should be considered alongside the justification presented and compared to the original IFC PS.

Using this approach enables a clear illustration of the proposed changes compared to the existing interim ESS Standards, rather than simply presenting the proposed updated ESS Standards out of context. This aids stakeholder consultation by showing the step-by-step changes that are proposed alongside the justification, making clear the rationale for the changes. Feedback can therefore be sought on the principles of the changes prior to establishing finalized wording.

Where no proposed changes are proposed for a paragraph of the existing interim ESS Standard, then this is stated for clarity.

Where a new paragraph is proposed which is not linked to an existing paragraph, then this is shown as a new row in the table in the location where the new paragraph would be located next to the existing text. As this is a new row, the columns which show the existing IFC PS text, and the associated paragraph number, are instead labelled as "N/A" as these are not applicable.

Note that ESS 9 is based on stakeholder sections from the existing IFC PS 1. Therefore, although the existing interim ESS does not have a standalone standard for stakeholder engagement, it is based on the existing IFC PS 1 text, but split from IFC PS 1 itself.

ESS 10 is proposed as a new standard focusing on climate resilience and adaptation which is not based on existing text from the interim GCF ESS Standards. Therefore, although a table format is retained for presenting the proposed text and associated justification, there is no existing text upon which the proposals are based. As such, the columns for the existing IFC PS text and associated paragraph number are not presented.



## 2.5 ESS 1: Assessment and Management of Environmental and Social Risks and Impacts

In order to harmonize GCF's ESS Standards with those recently updated by other institutions and climate funds, and to align the new ESS with GCF's implementation mechanism through Accredited entities, the following changes have been applied to the interim ESS:

- The ESS Standards are no longer focused on the Environmental and Social Management System (ESMS) and its sub-components (which are consistently reviewed by GCF at accreditation stage), but on entities' responsibilities for project implementation, and for project-level (rather than corporate-level) requirements, according to GCF's Environmental and Social Policy (ESP). The ESMS has now the same heading level than and other headings in new ESS 1 have now the same level.
- Some heading names have changed to align with other institutions:
  - *Environmental and Social Assessment and Management System* is now *Environmental and Social Management System*
  - *Identification of risks and impacts* is now *Environmental and Social Assessment*.
  - *Monitoring and review* is now *Monitoring and Reporting*
- Requirements for Environmental and Social Corrective Action Plans (ESCAP) and Environmental and Social Due Diligence (ESDD) have been added to ESS 1.
- Emergency preparedness and response has been moved to ESS 4 and is no longer part of ESS 1.
- Stakeholder engagement-related requirements have been moved to a standalone ESS Standard – ESS 9 (see Section 2.13).
- Annexes have been added to the new ESS 1: Annex 1. Environmental and social assessment, Annex 2. Management of contractors, and Annex 3. Financial intermediaries (potentially as a standalone ESS Standard for the final version at Stage 3).

The proposed updated structure can be seen below in Table 2.2, whilst the proposed changes from IFC PS 2 to GCF ESS 2 are described in more detail in Table 2.3.

Note that Table 2.2 includes a description of the proposed structure changes, unlike the other ESS Standards. This is because the structural changes for ESS 1 are more complex and this additional information aids an understanding of what is proposed for the structure.

**Table 2.2: ESS 1 proposed structure (including description of changes)**

Structure in interim GCF ESS	Proposed structure in new GCF ESS	Description of change
<b>1. Introduction</b>	<b>1. Introduction</b>	Level 1 headings remain the same. New content has been added, without modifying the naming and structure
<b>2. Objectives</b>	<b>2. Objectives</b>	
<b>3. Scope of application</b>	<b>3. Scope of application</b>	
<b>4. Requirements</b>	<b>4. Requirements</b>	
	<b>a. Environmental and Social Assessment</b>	Changes to this heading are: The heading has moved upwards to become the first heading in the Requirements section The heading name has been changed from Identification of risks and impacts to Environmental and Social Assessment to align with other recently updated ESS. The heading level has been modified from level 3 to level 2
<b>a. Environmental and Social Assessment and Management System</b>	<b>b. Environmental and Social Management System</b>	The heading name has been modified to align with other recently updated ESS. ESMS has now the same heading level than other headings in the ESS.
<i>i. Policy;</i>	<b>c. Policy</b>	The heading level has been modified from level 3 to level 2
<i>ii. Identification of risks and impacts;</i>		See new heading Environmental and Social Assessment
<i>iii. Management programs;</i>	<b>d. Environmental and Social Management Plans</b>	The heading name has been modified to align with other recently updated ESS, and the heading level has been modified from level 3 to level 2
<i>iv. Organizational capacity and competency;</i>	<b>e. Organizational Capacity and Competency</b>	The heading level has been modified from level 3 to level 2
<i>v. Emergency preparedness and response;</i>		Emergency preparedness and response has been moved to ESS 4 and is no longer part of ESS 1.
<i>vi. Monitoring and review</i>	<b>f. Monitoring and Reporting</b>	The heading name has been modified to align with other recently updated ESS, and to reflect project-focused (rather than ESMS focused) monitoring and reporting. The heading level has been modified from level 3 to level 2
	<b>g. Environmental and Social Corrective Action Plans</b>	One new heading have been added to the new ESS
	<b>Annex 1. Environmental and social assessment</b>	New annexes with further detail on requirements have been added.
	<b>Annex 2. Management of contractors</b>	

Structure in interim GCF ESS	Proposed structure in new GCF ESS	Description of change
	<p><b>Annex 3. Financial intermediaries (potentially to be presented as a standalone ESS in the final version)</b></p>	<p>The option of adding a new Annex on Financial Intermediaries has been made to add clarity on responsibilities for those Accredited Entities operation as Financial Intermediaries, but avoiding the creation of new ESS. Other options can be discussed with GCF: Creation of new standalone ESS on Financial Intermediaries (in line with WB and EBRD). Integration of requirements for FI within the different sections of ESS.</p>
<i>vii. Stakeholder engagement</i>		<p>Stakeholder engagement-related requirements have been moved to ESS 9.</p>
<i>vii. i. Stakeholder analysis and engagement planning</i>		
<i>vii. ii. Disclosure of information</i>		
<i>vii. iii. Consultation</i>		
<i>vii. iv. Informed consultation and participation</i>		
<i>vii. v. Indigenous peoples</i>		
<i>vii. vi. Private sector responsibilities under government-led stakeholder engagement</i>		
<i>vii. External Communications and Grievance Mechanisms</i>		
<i>vii. i. External Communications</i>		
<i>vii. ii. Grievances mechanism for Affected Communities</i>		
<i>xvi. Ongoing Reporting to Affected Communities</i>		

**Table 2.3: Proposed changes for ESS 1**

Current PS1 Text	Description of change	Rationale
<b>1. Introduction</b>		
N/A	<p>Add new introduction (from WB):</p> <p><i>ESS1 sets out the Entities' responsibilities for assessing, managing, monitoring and reporting on environmental and social risks and impacts associated with each stage of an activity financed by GCF, in order to achieve environmental and social outcomes consistent with the Environmental and Social Standards (ESSs).</i></p>	Broadens the scope of ESS1 from exclusively ESMS to identification, management, monitoring and reporting.
<p>1. Performance Standard 1 underscores the importance of managing environmental and social performance throughout the life of a project. An effective Environmental and Social Management System (ESMS) is a dynamic and continuous process initiated and supported by management, and involves engagement between the client, its workers, local communities directly affected by the project (the Affected Communities) and, where appropriate, other stakeholders.<sup>1</sup> Drawing on the elements of the established business management process of “plan, do, check, and act,” the ESMS entails a methodological approach to managing environmental and social risks<sup>2</sup> and impacts<sup>3</sup> in a structured way on an ongoing basis. A good ESMS appropriate to the nature and scale of the project promotes sound and sustainable environmental and social performance, and can lead to improved financial, social, and environmental outcomes.</p> <p>Footnote:</p> <p><sup>1</sup> Other stakeholders are those not directly affected by the project but that have an interest in it. These could include national and local authorities, neighbouring projects, and/or nongovernmental organizations.</p> <p><sup>2</sup> Environmental and social risk is a combination of the probability of certain hazard occurrences and the severity of impacts resulting from such an occurrence.</p>	<p>Paragraph amended:</p> <p><i>ESS 1 emphasises the importance of an integrated assessment to identify the environmental and social risks, impacts and opportunities associated with activities and the importance of managing environmental and social performance throughout the life of a project and delivering low-emission and climate resilient projects and outcomes. A good ESMS appropriate to the nature and scale of the project promotes sound and sustainable environmental and social performance, and can lead to improved financial, social, and environmental outcomes.</i></p>	Harmonisation with other institution's ESS, focused on implementation of GCF ESP requirements, and less restrictive on ESMS methodology.

Current PS1 Text	Description of change	Rationale
<p>3. Environmental and social impacts refer to any change, potential or actual, to (i) the physical, natural, or cultural environment, and (ii) impacts on surrounding community and workers, resulting from the business activity to be supported.</p>		
<p>N/A</p>	<p>Introduces proportionality, by adding information on the GCF Guiding Principle on proportionality:</p> <p><i>ESS1 will be implemented in a risk-based manner and not in a blunt, one-size-fits-all approach. This approach will require that environmental and social requirements and processes are commensurate with the level of risk and meeting the relevant ESS standards."</i></p>	<p>Alignment with GCF Guiding principle on proportionality.</p>
<p>2. At times, the assessment and management of certain environmental and social risks and impacts may be the responsibility of the government or other third parties over which the client does not have control or influence.<sup>4</sup> Examples of where this may happen include: (i) when early planning decisions are made by the government or third parties which affect the project site selection and/or design; and/or (ii) when specific actions directly related to the project are carried out by the government or third parties such as providing land for a project which may have previously involved the resettlement of communities or individuals and/or leading to loss of biodiversity. While the client cannot control these government or third party actions, an effective ESMS should identify the different entities involved and the roles they play, the corresponding risks they present to the client, and opportunities to collaborate with these third parties in order to help achieve environmental and social outcomes that are consistent with the Performance Standards. <i>In addition, this Performance Standard supports the use of an effective grievance mechanism that can facilitate early indication of, and prompt remediation for those who believe that they have been harmed by a client's actions.</i></p>	<p>Move this paragraph to Requirements, in line with other institutions.</p> <p>Text in italics in left column (end of paragraph) is to be amended to introduce reference to new ESS.</p>	<p>Harmonization with other institutions' ESS.</p>

Current PS1 Text	Description of change	Rationale
<p>Footnote:</p> <p>4. Contractors retained by or acting on behalf of the client(s), are considered to be under direct control of the client and not considered third parties for the purposes of this Performance Standard.</p>		
<p>3. Business should respect human rights, which means to avoid infringing on the human rights of others and address adverse human rights impacts business may cause or contribute to. Each of the Performance Standards has elements related to human rights dimensions that a project may face in the course of its operations. Due diligence against these Performance Standards will enable the client to address many relevant human rights issues in its project.</p>	<p>Paragraph to be amended to introduce Stronger Human Rights focus / approach, using GCF Guiding Principle q:</p> <p><i>All activities will be designed and implemented in a manner that will promote, protect and fulfil universal respect for, and observance of, human rights* for all recognized by the United Nations. The application of robust environmental and social due diligence will be required, so that the supported activities do not cause, promote, contribute to, perpetuate, or exacerbate adverse human rights impacts;</i></p> <p>Add text on gender, vulnerability and intersectionality similar to IDB, for instance:</p> <p><i>GCF views equality as an intrinsic value, meaning that individuals and collectives enjoy the same conditions and opportunities to exercise their rights and achieve their social, economic, political and cultural potential. Equality includes promoting access to equal opportunities and full participation in society for people who face barriers due to their identified. GCF is committed to promoting gender equality and gender empowerment**, recognizing that gender equality contributes to poverty reduction and results in higher levels of human capital. Entities will be required to pay close attention to how gender inequalities interact with other inequalities, such as socioeconomic, ethnic, racial, disability and other factors, and how this intersectionality may exacerbate barriers to accessing project benefits and create other vulnerabilities.</i></p>	<p>Harmonization with GCF Guiding principles and other institutions' ESS (including climate funds) by placing greater emphasis on ESS.</p>

Current PS1 Text	Description of change	Rationale
	<p><i>* Human Rights are described in international standards aimed at securing dignity and equality for all. Every human being is entitled to enjoy them without discrimination. As a minimum, relevant human rights are those expressed in the International Bill of Human Rights – meaning the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights and the principles concerning fundamental rights set out in the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work</i></p> <p><i>** “Gender empowerment means expanding the rights, resources, and capacity of people of all genders to make decisions and act independently in social, economic, and political spheres. The term includes the empowerment of women, and the consideration of aspects of human rights and development of people of all genders, through the elimination of social, economic, and political barriers for people of marginalized genders.”</i></p>	
NA	<p>Paragraph to be inserted, introducing Annexes:</p> <p>ESS1 includes the following annexes, which form part of ESS1, and set out certain requirements in more detail</p> <ul style="list-style-type: none"> <li>● Annex 1: Environmental and Social Assessment.</li> <li>● Annex 2: Management of Contractors.</li> <li>● Annex 3. Financial Intermediaries</li> </ul>	Introduce references to Annexes.
<b>2. Objectives</b>		
1. To identify and evaluate environmental and social risks and impacts of the project.	New objectives to be introduced:	Introduction of new objectives to align with GCF Guiding Principles (Focus on GCF's mandate by

Current PS1 Text	Description of change	Rationale
<p>2. To adopt a mitigation hierarchy to anticipate and avoid, or where avoidance is not possible, minimize,<sup>5</sup> and, where residual impacts remain, compensate/offset for risks and impacts to workers, Affected Communities, and the environment."</p> <p>3. To promote improved environmental and social performance of clients through the effective use of management systems."</p> <p>4. <i>To ensure that grievances from Affected Communities and external communications from other stakeholders are responded to and managed appropriately."</i></p> <p>5. <i>To promote and provide means for adequate engagement with Affected Communities throughout the project cycle on issues that could potentially affect them and to ensure that relevant environmental and social information is disclosed and disseminated."</i></p> <p>Footnote:</p> <p>5. Acceptable options to minimize will vary and include: abate, rectify, repair, and/or restore impacts, as appropriate. The risk and impact mitigation hierarchy is further discussed and specified in the context of Performance Standards 2 through 8, where relevant."</p>	<ul style="list-style-type: none"> <li>• New Objective 1. "To incorporate environmental and social considerations into the project decision-making process and implementation, in ways that improve environmental and social outcomes and generate co-benefits* to the environment and the communities, including indigenous peoples, that depend on it".</li> <li>• Add climate to objectives: 'To incorporate climate hazard, disaster risk and greenhouse gas considerations in ways that maximise project contributions to decarbonisation (including low emission development) and climate resilient development for people, the environment and critical infrastructure.</li> <li>• Substitute clients with entities</li> <li>• Move stakeholder-related objectives 4 and 5 (in italics) to standalone ESS.</li> </ul> <p>New footnote:</p> <p><i>* As established in the ninth meeting of GCF's Board, 24 - 26 March 2015, environmental co-benefits are defined as the "degree to which the project or programme promotes positive environmental externalities such as air quality, soil quality, conservation, biodiversity, etc.", and social co-benefits as the "potential for externalities in the form of expected improvements, for women and men as relevant, in areas such as health and safety, access to education, improved regulation and/or cultural preservation.</i></p>	<p>introducing co-benefits and integration of climate change consideration)</p> <p>Improves alignment with GCF mandate to 'promote a paradigm shift towards low-emission and climate resilient development pathways...'.by reflecting changes in project design processes that respond to latest international commitments (i.e. the Paris Agreement) as well as the enhanced commitments and reporting requirements for addressing risk posed by Climate Change in the 2020 Equator Principle 4 revisions..</p>
<h3>3. Scope of Application</h3>		
<p>4. This Performance Standard applies to business activities with environmental and/or social risks and/or impacts. For the purposes of this Performance Standard, the term "project" refers to a defined set of business activities, including those where specific physical elements, aspects, and</p>	<p><i>This ESS applies to all GCF-financed activities with environmental, social or climate risks and/or impacts. For the purposes of this ESS, the term activity includes those where specific physical elements, aspects, and facilities likely to generate risks and impacts, have yet to be identified.</i> <sup>6</sup> Where</p>	<p>Alignment with GCF guiding principles by tailoring the ESS to GCF implementation mechanism (substitution of "business activities" with "GCF financed activities").</p>



Current PS1 Text	Description of change	Rationale
<p>facilities likely to generate risks and impacts, have yet to be identified.<sup>6</sup> Where applicable, this could include aspects from the early developmental stages through the entire life cycle (design, construction, commissioning, operation, decommissioning, closure or, where applicable, post-closure) of a physical asset.<sup>7</sup> The requirements of this Performance Standard apply to all business activities unless otherwise noted in the specific limitations described in each of the paragraphs below.</p> <p>Footnotes:</p> <p>6. For example, corporate entities which have portfolios of existing physical assets, and/or intend to develop or acquire new facilities, and investment funds or financial intermediaries with existing portfolios of assets and/or which intend to invest in new facilities.</p> <p>7. Recognizing that this Performance Standard is used by a variety of financial institutions, investors, insurers, and owner/operators, each user should separately specify the business activities to which this Performance Standard should apply."</p>	<p><i>applicable, this could include aspects from the early developmental stages through the entire life cycle (design, construction, commissioning, operation, decommissioning, closure or, where applicable, post-closure) of a physical element<sup>1</sup></i></p> <p><i>The requirements of this ESS apply to all activities unless otherwise noted in the specific limitations described in each of the paragraphs below.</i></p> <p>Footnotes:</p> <p>6. For example, corporate entities which have portfolios of existing physical assets, and/or intend to develop or acquire new facilities, and investment funds or financial intermediaries with existing portfolios of assets and/or which intend to invest in new facilities.</p> <p>7. Recognizing that this ESS might be used by a variety of financial institutions, investors, insurers, and owner/operators, each user should separately specify the activities to which this ESS should apply."</p>	
<p>N/A</p>	<p>Add new paragraphs on Associated Facilities (aligned with WB and AIB):</p> <p><i>ESS1 also applies to all Associated Facilities. For the purpose of this ESS, the term "Associated Facilities" means facilities or sub-activities that are not funded as part of GCF-finance activity and are: (a) directly and significantly related to the GCF-financed activity; (b) carried out, or planned to be carried out, contemporaneously with the project; and (c) would not have been constructed or expanded if the project did not exist and without which the project would not be viable.* (maintain IFC footnote for examples on Associated Facilities**).</i></p> <p><i>To the extent that the Entities have control or influence over such Associated Facilities, Associated Facilities will meet the requirements of the ESSs as follow ***</i></p>	<p>Associated facilities have been moved from identification of E&amp;S risks and impacts to Scope, in order to further clarify that all ESSs apply to associated facilities.</p>

Current PS1 Text	Description of change	Rationale
	<p><i>(a) To the extent Entities control or have influence over the Associated Facilities: (i) Entities are required to comply with the requirements of applicable ESSs with respect to such facilities, to the extent of its control or influence; and (ii) if the Associated Facilities are financed by another MDB, bilateral development organization or development finance institution, the Entities may agree with GCF to apply the requirements of such other agencies to the Associate Facilities, provided that such requirements will enable the project to achieve objectives materially consistent with the ESSs .</i></p> <p><i>(b) If the Entities do not control or have influence over the Associated Activities, they will identify in the environmental and social assessment the environmental and social risks and impacts the Associated Facilities may present to activities, as well as potential mitigation measures that are within the Entities' control. Entities are required to demonstrate, to GCF's satisfaction, the extent to which it does not exercise control or have influence over the Associated Facilities by providing details of the relevant considerations, which may include legal, regulatory and institutional factors."</i></p> <p>Footnotes:</p> <p>* For facilities or activities to be Associated Facilities, they must meet all three criteria .</p> <p>** Associated facilities may include but not be limited to railways, roads, captive power plants or transmission lines, pipelines, utilities, warehouses, and logistics terminals.</p> <p>*** The Borrower will be required to demonstrate the extent to which it cannot exercise control or influence over the Associated Facilities by providing details of the relevant considerations, which may include legal, regulatory and institutional factors .</p>	
N/A	<p>Add in Paragraph that has moved from introduction and amended to align the text to GCF implementation mechanism:</p> <p><i>At times, the assessment and management of certain environmental and social risks and impacts</i></p>	<p>Paragraph moved from introduction to Scope, to align ESS with other institutions</p>

Current PS1 Text	Description of change	Rationale
	<p><i>may be the responsibility of the government or other third parties over which Entities do not have control or influence.<sup>4</sup> Examples of where this may happen include: (i) when early planning decisions are made by the government or third parties which affect a project site selection and/or design; and/or (ii) when specific actions directly related to the activity are carried out by the government or third parties such as providing land for a project which may have previously involved the resettlement of communities or individuals and/or leading to loss of biodiversity. While Entities cannot control these government or third party actions, as part of their environmental and social assessment, they should identify the different entities involved and the roles they play, the corresponding risks they present to the Entity, engage with the responsible government agencies early in the Project preparation and collaborate with these third parties in order to help achieve environmental and social outcomes that are consistent with the ESS. In addition, this ESS supports the use of an effective grievance mechanism that can facilitate early indication of, and prompt remediation for those who believe that they have been harmed by a client's actions.</i></p> <p>Footnote:</p> <p>4. Contractors retained by, or acting on behalf of, the client(s), are considered to be under direct control of the client and not considered third parties for the purposes of this Performance Standard.</p>	
<b>4. Requirements</b>		
N/A	<p>Add the following text:</p> <p><i>A precautionary approach should be applied to addressing significant environmental, social and climate change challenges faced by GCF-financed activities, following Principle 15 of the Rio Declaration on Environment and Development, (1992)*</i></p>	Introduction of precautionary approach.

Current PS1 Text	Description of change	Rationale
	<p>New footnote:</p> <p><i>* In order to protect the environment, the precautionary approach shall be widely applied by States according to their capabilities. Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.</i></p>	
N/A	<p>Entities' responsibilities to be added, as a summary of GCF ESP 5.2 <i>Overview of roles and responsibilities with respect to Accredited Entities</i></p> <p>Add contractor-management responsibilities (from AIB (f)), to be supplemented by ESS 1 Annex 2 on management of contractors:</p> <p><i>Include the relevant environmental and social requirements in the tendering documents and contracts for goods and services required for the activity, requiring contractors to implement the agreed measures appropriately and monitoring the environmental and social performance of contractors and the Project against the agreed measures</i></p>	Alignment with Guiding Principle on Accountability and clarification of Entities' responsibilities for activity implementation.
N/A	As set out in ESS 9, Entities will continue to engage with, and provide sufficient information to stakeholders throughout the life cycle of GCF-financed activities, in a manner appropriate to the nature of their interests and the potential environmental and social risks, impacts and opportunities of the project.	Introduces reference to the new ESS.
N/A	<b>a. Environmental and Social Assessment</b>	Introducing new heading

Current PS1 Text	Description of change	Rationale
N/A	<p>This text has been taken and amended from paragraph 7 of the existing IFC PS1 to the following:</p> <p><i>Entities will carry out an environmental and social assessment of GCF-financed activities to assess the environmental and social risks, impacts and opportunities of the project throughout the project life cycle. *</i></p> <p><i>The assessment will be based on current and/or recent information, and environmental and social baseline data, including gender disaggregated data, at an appropriate level of detail, and will be proportionate to the potential risks, impacts and benefits (positive outcomes) of the activity. All relevant direct**, indirect***and cumulative**** environmental and social risks, impacts and opportunities, including those specifically identified in ESSs 2–10, will be assessed in an integrated way throughout the activity life cycle. The environmental and social assessment will also include stakeholder engagement as an integral part of the assessment, in accordance with ESS 9. When feasible, the identification of positive impacts or co-benefits will be quantified *****</i></p> <p><i>Entities, in consultation with GCF, will identify and use appropriate methods and tools to carry out the assessment, which might include, as appropriate (and described in Annex 1), a combination (or elements of) the following: environmental and social impact assessment (ESIA); environmental audit; hazard or risk assessment; social and conflict analysis; environmental and social management plan (ESMP); environmental and social management framework (ESMF); regional or sectoral EIA; strategic environmental and social assessment (SESA). Specific features of a project may require the Borrower to utilize specialized methods and tools for assessment, for example a Cultural Heritage Management Plan. Where the project is likely to have sectoral or regional impacts, a sectoral or regional EIA will be required.</i></p>	<p>Amended to enhance harmonization of GCF ESS with other IFIs and focus on GCF implementation mechanism, including the identification and quantification of positive outcomes.</p>

Current PS1 Text	Description of change	Rationale
	<p>Replace text in italics (in left column) with text along the lines of Equator Principle IV:</p> <p><i>For all GCF financed activities, the risks and impacts identification process will consider the assessments of potential adverse climate change risks for communities, ecosystems and critical infrastructure. Such Climate Change Risk Assessment should be aligned with Climate Physical Risk and Climate Transition Risk categories of the TCFD. The depth and nature of the Climate Change Risk Assessment will depend on the type of Project as well as the nature of risks, including their materiality and severity.</i></p> <p><i>Refer to ESS 10 for an overview of a Climate Change Risk Assessment, Natural Hazard and Disaster Risk Analysis and corresponding Management Plan requirements.</i></p> <p>Add text from IFC footnote 12 to the body text, to emphasize the need for assessing human rights and undertaking human rights due diligence in high-risk circumstances:  <i>“All Entities acknowledge having broader responsibilities for respecting human rights. This includes assessment of potential adverse human rights impacts as part of the ESIA or other assessments.</i>  <i>In high-risk circumstances, it may be appropriate for Entities to complement its environmental and social risks and impacts identification process with specific human rights due diligence as relevant to the particular activity.</i></p> <p>Remove IFC footnotes 10 and 11.</p> <p>* This may include preconstruction, construction, operation, decommissioning, closure and reinstatement/restoration.            ** A direct impact is an impact which is caused by the project and occurs contemporaneously in the location of the project.            *** An indirect impact is an impact which is caused by the project and is later in time or farther removed in distance</p>	

Current PS1 Text	Description of change	Rationale
	<p>than a direct impact, but is still reasonably foreseeable, and will not include induced impacts.</p> <p>****The cumulative impact of the project is the incremental impact of the project when added to impacts from other relevant past, present and reasonably foreseeable developments as well as unplanned but predictable activities enabled by the project that may occur later or at a different location. Cumulative impacts can result from individually minor but collectively significant activities taking place over a period of time. The environmental and social assessment will consider cumulative impacts that are recognized as important on the basis of scientific concerns and/ or reflect the concerns of project-affected parties. The potential cumulative impacts will be determined as early as possible, ideally as part of project scoping.</p> <p>***** co-benefits can include job creation, biodiversity improvements through expansion of green spaces, safer and more secure food supply, public health benefits from cleaner air.</p>	
	<p>This text has been taken and amended from paragraph 8 of the existing IFC PS1 to the following:</p> <p><i>Where the project involves specifically identified physical elements, aspects, and facilities that are likely to generate impacts, environmental and social risks and impacts will be identified in the context of the project's area of influence. This area of influence encompasses, as appropriate: □ The area likely to be affected by: (i) the activity<sup>13</sup> and the Entities' activities and facilities that are directly owned, operated or managed (including by contractors) and that are a component of the activity (ii) impacts from unplanned but predictable developments caused by the activity that may occur later or at a different location; or (iii) indirect activity impacts on biodiversity or on ecosystem services upon which Affected Communities' livelihoods are dependent. □ Associated facilities, as per paragraph (new paragraph in Scope of application).<sup>15</sup> □ Cumulative impacts<sup>16</sup> that result from the incremental impact, on areas or resources used or directly impacted by the project, from other existing, planned or reasonably defined developments at the time the risks and impacts identification process is conducted.</i></p>	<p>Language adapted to GCF implementation mechanism.</p>

Current PS1 Text	Description of change	Rationale
	<p>Footnote:</p> <p>13. Examples include the project's sites, the immediate airshed and watershed, or transport corridors.</p> <p>14. Examples include power transmission corridors, pipelines, canals, tunnels, relocation and access roads, borrow and disposal areas, construction camps, and contaminated land (e.g., soil, groundwater, surface water, and sediments).</p> <p>15. Associated facilities may include railways, roads, captive power plants or transmission lines, pipelines, utilities, warehouses, and logistics terminals.</p> <p>16. Cumulative impacts are limited to those impacts generally recognized as important on the basis of scientific concerns and/or concerns from Affected Communities. Examples of cumulative impacts include: incremental contribution of gaseous emissions to an airshed; reduction of water flows in a watershed due to multiple withdrawals; increases in sediment loads to a watershed; interference with migratory routes or wildlife movement; or more traffic congestion and accidents due to increases in vehicular traffic on community roadways.</p>	
N/A	<p>Based on GCF ESP (paragraph 38):</p> <p><i>GCF will require the accredited entities to undertake environmental and social due diligence on all the activities proposed for GCF financing. The purpose of the due diligence of the accredited entities is to ensure that the activities proposed for GCF financing comply with their environmental and social safeguards standards pursuant to the ESS standards of GCF and GCF ESP. If the accredited entities are acting in an intermediary function, they will require that the executing entities undertake the same level of due diligence on component subprojects to fulfil the requirements described in GCF ESP and GCF ESS and will conduct the necessary due diligence and oversight to ensure that these requirements are fulfilled, in line with Annex 3 on financial intermediaries).</i></p>	<p>Paragraph to align ESS with GCF's implementation mechanism (introduces the requirement for ESDD).</p>



Current PS1 Text	Description of change	Rationale
	Add expected content for Due Diligence? Otherwise move to E&S assessment.	
N/A	<p>This text has been taken from paragraph 9 of the existing IFC PS1. No changes made (other than wording to be adapted to GCF implementation mechanism and new heading name) are propose in this section.</p> <p><i>In the event of risks and impacts in the project's area of influence resulting from a third party's actions, the client will address those risks and impacts in a manner commensurate with the client's control and influence over the third parties, and with due regard to conflict of interest.</i></p>	
N/A	<p>This text has been taken from paragraph 10 of the existing IFC PS1. No changes (other than wording to be adapted to GCF implementation mechanism and new heading name) are propose in this section.</p> <p><i>Where the client can reasonably exercise control, the risks and impacts identification process will also consider those risks and impacts associated with primary supply chains, as defined in Performance Standard 2 (paragraphs 27–29) and Performance Standard 6 (paragraph 30).</i></p>	
N/A	<p>This text has been taken from paragraph 11 of the existing IFC PS1</p> <p><i>Where the project involves specifically identified physical elements, aspects and facilities that are likely to generate environmental and social impacts, the identification of risks and impacts will take into account the findings and conclusions of related and applicable plans, studies, or assessments prepared by relevant government authorities or other parties that are directly related to the project and its area of influence.<sup>17</sup> These include master economic development plans, country or regional plans,</i></p>	

Current PS1 Text	Description of change	Rationale
	<p><i>feasibility studies, alternatives analyses, and cumulative, regional, sectoral, or strategic environmental assessments where relevant. The risks and impacts identification will take account of the outcome of the engagement process with Affected Communities as appropriate.</i></p> <p>Footnote:</p> <p>17. The client can take these into account by focusing on the project’s incremental contribution to selected impacts generally recognized as important on the basis of scientific concern or concerns from the Affected Communities within the area addressed by these larger scope regional studies or cumulative assessments.</p>	
N/A	<p>This text has been taken and amended from paragraph 12 of the existing IFC PS1. Amend text and footnote to reflect IDB text which has more details and focus on intersectionality. The text would say,</p> <p><i>Where the project involves specifically identified activities, aspects, and facilities that are likely to generate impacts, and as part of the process of identifying risks and impacts, the Entity will identify individuals, groups, and communities that may be directly and differentially or disproportionately affected by the project because of their disadvantaged or vulnerable status<sup>18</sup></i></p> <p><i>The Entity will consider diverse cross-sectional groups historically disadvantaged, such as women, people of diverse sexual orientations and gender identities, persons with disabilities, people of colour, and Indigenous and other traditional peoples. Where individuals, groups, or communities are identified as disadvantaged or vulnerable, the Entity will propose and implement differentiated measures so that adverse impacts do not fall disproportionately on them and they are not disadvantaged in sharing development benefits and opportunities resulting from the project.</i></p>	<p>Over the last few years there has been emerging use of “all genders” and the concept of intersectionality. The changes aim to reflect gender as a continuum and recognise that various components may combine to increase a person or a groups resilience to project impacts (negative and positive).</p>

Current PS1 Text	Description of change	Rationale
	<p>Footnote:</p> <p><sup>18</sup> This disadvantaged or vulnerable status may stem from disability, state of health, indigenous status, gender identity, sexual orientation, religion, race, color, ethnicity, age, language, political or other opinion, national or social origin, property, birth, economic disadvantage, or social condition. Other vulnerable individuals and/or groups may include people or groups in vulnerable situations, including the poor, the landless, the elderly, single-headed households, refugees, internally displaced persons, natural resource-dependent communities, or other displaced persons who may not be protected through national legislation and /or international law.</p> <p>Add sentence that “The Entity will pay close attention to how gender inequalities interact with other inequalities such as socioeconomic, ethnic, racial, disability, and other factors, and how this intersectionality [insert new footnote] may exacerbate barriers to accessing project benefits, limit the ability to deal with negative project impacts, and create other vulnerabilities.”</p> <p>New Footnote;</p> <p>* “Intersectionality refers to how different identity categories interact with each other in society, such that one category (e.g., race, ethnicity, disability) cannot be understood in isolation from others (e.g., gender identity). While some identities may be a source of exclusion, others may bring privilege. Considering intersectionality is important because certain individuals stand on the path of multiple forms of exclusion.”</p>	
<p><b>a. Environmental and Social Assessment and Management System</b></p>	<p><b>b. Environmental and Social Management System</b></p>	<p>Section renamed to align with other IFIs and reflect new approach to ESS</p>

Current PS1 Text	Description of change	Rationale
<p>5. The client, in coordination with other responsible government agencies and third parties as appropriate,<sup>8</sup> will conduct a process of environmental and social assessment, and establish and maintain an ESMS appropriate to the nature and scale of the project and commensurate with the level of its environmental and social risks and impacts. The ESMS will incorporate the following elements: (i) policy; (ii) identification of risks and impacts; (iii) management programs; (iv) organizational capacity and competency; (v) emergency preparedness and response; (vi) stakeholder engagement; and (vii) monitoring and review</p> <p>Footnote:</p> <p>8. That is, those parties legally obligated and responsible for assessing and managing specific risks and impacts (e.g., government-led resettlement).</p>	<p>Entities, in coordination with other responsible government agencies and third parties as appropriate,<sup>8</sup> will establish and maintain an ESMS appropriate to the nature and scale of the project and commensurate with the level of its environmental and social risks, impacts and opportunities.</p> <p>The objective of such a management system is to integrate the implementation of environmental and social requirements into a streamlined and coordinated process, and to embed it in the Entities main operational activities.</p> <p>Footnote:</p> <p>8. That is, those parties legally obligated and responsible for assessing and managing specific risks and impacts (e.g., government-led resettlement).</p>	<p>Although a crucial part of an ESMS, the E&amp;S assessment must be previous to an ESMS set up and can be done in the absence of an ESMS.</p>
<p>N/A</p>	<p>Add new paragraph on Third party risks (from EBRD):</p> <p><i>The ESMS, including any specific requirements and actions it sets out, will apply to the project regardless of whether it is carried out directly by the entities or through third parties.</i></p> <p><i>It is the entities' responsibility to ensure that contractors working on project sites meet the ESMS requirements by adopting and implementing an appropriate contractor management system. Effective contractor management is described in Annex 2.</i></p> <p><i>Entities will make reasonable efforts to identify risks associated with its primary suppliers*. Where the client can reasonably exercise control over its primary suppliers, the environmental and social assessment process will also consider whether the primary suppliers are likely to be associated with</i></p>	<p>Alignment with Guiding Principle on Accountability (requirements for contractors and supply chain management)</p>

Current PS1 Text	Description of change	Rationale
	<p><i>environmental and social risks and impacts. If this is the case, the client will adopt and implement a supply chain management system commensurate to the complexity of these supply chains and associated environmental and social risks and impacts appropriate for the nature and scale of the project. The management system will include processes for taking action to address environmental and social risks and impacts identified during the supply chain assessment or ongoing monitoring, taking into account: (a) whether the client caused or contributed to the risks and impacts; (b) the client's leverage over the supplier; (c) how crucial the relationship is to the client; (d) the severity of the risks and impacts, and; (e) whether terminating the relationship with the supplier would have adverse consequences. Requirements for labour standards in the supply chain are outlined in ESS2; requirements for supply chains for living natural resources are defined in ESS 6.</i></p> <p>New Footnote:</p> <p>* Primary suppliers are those suppliers who, on an ongoing basis, directly provide goods or materials essential for the core operational functions of the project. Core operational functions of the project are those production and/or service processes which are essential for a specific project activity and without which the project cannot continue.</p>	
N/A	<p>Add, from GCF ESP:</p> <p>If the entities have been accredited to have an intermediary function, their environmental and social management system will include the policies, procedures and resources to conduct due diligence and oversight over executing entities and ensuring that the executing entities have the capacity and environmental and social management systems to fulfil the activity-level requirements and in line with the ESS standards of GCF.</p>	Alignment with GCF implementation mechanism.
N/A	Introduce new paragraph on program-level management (aligned with AIB and WB wording):	Alignment with GCF implementation mechanism.

Current PS1 Text	Description of change	Rationale
	<p><i>In some cases, activity details are not fully identified at the time the Activity is approved by GCF, and therefore the risks, impacts and opportunities cannot be determined until the program or subproject details have been characterised. Examples include when GCF-financed activities consist of a program or series of activities, multi-site operations, or when GCF is providing corporate or equity finance.</i></p> <p><i>In these circumstances, Entities will ensure a “framework” level ESMP (Environmental and Social Management Framework or ESMF) is developed. The ESMF will set out the principles, rules, guidelines and procedures to assess the environmental and social risks and impacts.</i></p> <p><i>ESMF can also be used in exceptional circumstances, duly justified by the Entity and agreed by GCF, where it is determined that environmental and social assessment of identified Project activities may be conducted using a phased approach”.</i></p> <p><i>In cases where activity details are not fully identified at the time the Activity is approved by GCF, GCF can require Entities to develop an Environmental and Social Corrective Action Plan.</i></p>	
<p><b>i. Policy</b></p>	<p><b>c. Policy</b></p>	
<p>6. The client will establish an overarching policy defining the environmental and social objectives and principles that guide the project to achieve sound environmental and social performance.<sup>9</sup> The policy provides a framework for the environmental and social assessment and management process, and specifies that the project (or business activities, as appropriate) will comply with the applicable laws and regulations of the jurisdictions in which it is being undertaken, including those laws implementing host country obligations under international law. The policy should be consistent with the principles of the Performance Standards. Under some</p>	<p>Adapted. Text changed from clients to Entities:</p> <p><i>Entities will establish an overarching policy defining the environmental and social objectives and principles that guide the project to achieve sound environmental and social performance.<sup>9</sup> The policy provides a framework for the environmental and social assessment and management process, and specifies that the project (or business activities, as appropriate) will comply with the applicable laws and regulations of the jurisdictions in which it is being undertaken, including those laws implementing host country obligations under</i></p>	<p>Language adapted to GCF implementation mechanism.</p>

Current PS1 Text	Description of change	Rationale
<p>circumstances, clients may also subscribe to other internationally recognised standards, certification schemes, or codes of practice and these too should be included in the policy. The policy will indicate who, within the client's organization, will ensure conformance with the policy and be responsible for its execution (with reference to an appropriate responsible government agency or third party, as necessary). The client will communicate the policy to all levels of its organization.</p> <p>Footnote:</p> <p>9. This requirement is a stand-alone, project-specific policy and is not intended to affect (or require alteration of) existing policies the client may have defined for non-related projects, business activities, or higher-level corporate activities.</p>	<p><i>international law. The policy should be consistent with the principles of the Standards. The policy will indicate who, within the Entity, will ensure conformance with the policy and be responsible for its execution (with reference to an appropriate responsible government agency or third party, as necessary). Entities will communicate the policy to all levels of its organization.</i></p> <p>Footnote:</p> <p>9. This requirement is a stand-alone, project-specific policy and is not intended to affect (or require alteration of) existing policies the client may have defined for non-related projects, business activities, or higher-level corporate activities.</p>	
<p><b>i. Identification of risks and impacts</b></p>	<p>This heading has been moved upwards</p>	<p>As explained in introduction.</p>
<p>7. The client will establish and maintain a process for identifying the environmental and social risks and impacts of the project (see paragraph 18 for competency requirements). The type, scale, and location of the project guide the scope and level of effort devoted to the risks and impacts identification process. The scope of the risks and impacts identification process will be consistent with good international industry practice,<sup>10</sup> and will determine the appropriate and relevant methods and assessment tools. The process may comprise a full-scale environmental and social impact assessment, a limited or focused environmental and social assessment, or straightforward application of environmental siting, pollution standards, design criteria, or construction standards.<sup>11</sup> When the project involves existing assets, environmental and/or social audits or risk/hazard assessments can be appropriate and sufficient to identify risks and impacts. If assets to be developed, acquired or financed have yet to be defined, the establishment of an environmental and social due diligence process will identify risks and impacts at a point in the future when the physical elements, assets, and facilities</p>	<p>This text has been amended and moved to a new heading above titled: Environmental and Social Assessment.</p>	<p>N/A</p>

Current PS1 Text	Description of change	Rationale
<p>are reasonably understood. The risks and impacts identification process will be based on recent environmental and social baseline data at an appropriate level of detail. The process will consider all relevant environmental and social risks and impacts of the project, including the issues identified in Performance Standards 2 through 8, and those who are likely to be affected by such risks and impacts.<sup>12</sup></p> <p><i>The risks and impacts identification process will consider the emissions of greenhouse gases, the relevant risks associated with a changing climate and the adaptation opportunities, and potential transboundary effects, such as pollution of air, or use or pollution of international waterways.</i></p> <p>Footnotes:</p> <p>10. Defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally.</p> <p>11. For greenfield developments or large expansions with specifically identified physical elements, aspects, and facilities that are likely to generate potential significant environmental or social impacts, the client will conduct a comprehensive Environmental and Social Impact Assessment, including an examination of alternatives, where appropriate.</p> <p>12. In limited high-risk circumstances, it may be appropriate for the client to complement its environmental and social risks and impacts identification process with specific human rights due diligence as relevant to the particular business.</p>		
<p>8. Where the project involves specifically identified physical elements, aspects, and facilities that are likely to generate impacts, environmental and social risks and impacts will be identified in the context of</p>	<p>This text has been amended and moved to a new heading above titled: Environmental and Social Assessment.</p>	<p>N/A</p>



Current PS1 Text	Description of change	Rationale
<p>the project's area of influence. This area of influence encompasses, as appropriate:</p> <ul style="list-style-type: none"> <li>• The area likely to be affected by: (i) the project<sup>13</sup> and the client's activities and facilities that are directly owned, operated or managed (including by contractors) and that are a component of the project;<sup>14</sup> (ii) impacts from unplanned but predictable developments caused by the project that may occur later or at a different location; or (iii) indirect project impacts on biodiversity or on ecosystem services upon which Affected Communities' livelihoods are dependent.</li> <li>• Associated facilities, which are facilities that are not funded as part of the project and that would not have been constructed or expanded if the project did not exist and without which the project would not be viable.<sup>15</sup></li> <li>• Cumulative impacts<sup>16</sup> that result from the incremental impact, on areas or resources used or directly impacted by the project, from other existing, planned or reasonably defined developments at the time the risks and impacts identification process is conducted.</li> </ul> <p>Footnote:</p> <p>13. Examples include the project's sites, the immediate airshed and watershed, or transport corridors.</p> <p>14. Examples include power transmission corridors, pipelines, canals, tunnels, relocation and access roads, borrow and disposal areas, construction camps, and contaminated land (e.g., soil, groundwater, surface water, and sediments).</p> <p>15. Associated facilities may include railways, roads, captive power plants or transmission lines, pipelines, utilities, warehouses, and logistics terminals.</p> <p>16. Cumulative impacts are limited to those impacts generally recognized as important on the basis of scientific concerns and/or concerns from Affected Communities. Examples of cumulative impacts include:</p>		

Current PS1 Text	Description of change	Rationale
<p>incremental contribution of gaseous emissions to an airshed; reduction of water flows in a watershed due to multiple withdrawals; increases in sediment loads to a watershed; interference with migratory routes or wildlife movement; or more traffic congestion and accidents due to increases in vehicular traffic on community roadways.</p>		
<p>9. In the event of risks and impacts in the project's area of influence resulting from a third party's actions, the client will address those risks and impacts in a manner commensurate with the client's control and influence over the third parties, and with due regard to conflict of interest.</p>	<p>This text has been moved to new heading above titled: Environmental and Social Assessment.</p>	<p>N/A</p>
<p>10. Where the client can reasonably exercise control, the risks and impacts identification process will also consider those risks and impacts associated with primary supply chains, as defined in Performance Standard 2 (paragraphs 27–29) and Performance Standard 6 (paragraph 30).</p>	<p>This text has been moved to new heading above titled: Environmental and Social Assessment.</p>	<p>N/A</p>
<p>11. Where the project involves specifically identified physical elements, aspects and facilities that are likely to generate environmental and social impacts, the identification of risks and impacts will take into account the findings and conclusions of related and applicable plans, studies, or assessments prepared by relevant government authorities or other parties that are directly related to the project and its area of influence.<sup>17</sup> These include master economic development plans, country or regional plans, feasibility studies, alternatives analyses, and cumulative, regional, sectoral, or strategic environmental assessments where relevant. The risks and impacts identification will take account of the outcome of the engagement process with Affected Communities as appropriate.</p> <p>Footnote:</p> <p><sup>17</sup>. The client can take these into account by focusing on the project's incremental contribution to selected</p>	<p>This text has been moved to new heading above titled: Environmental and Social Assessment.</p>	<p>N/A</p>

Current PS1 Text	Description of change	Rationale
<p>impacts generally recognized as important on the basis of scientific concern or concerns from the Affected Communities within the area addressed by these larger scope regional studies or cumulative assessments.</p>		
<p>12. Where the project involves specifically identified physical elements, aspects and facilities that are likely to generate impacts, and as part of the process of identifying risks and impacts, the client will identify individuals and groups that may be directly and differentially or disproportionately affected by the project because of their disadvantaged or vulnerable status.<sup>18</sup> Where individuals or groups are identified as disadvantaged or vulnerable, the client will propose and implement differentiated measures so that adverse impacts do not fall disproportionately on them and they are not disadvantaged in sharing development benefits and opportunities.</p> <p>Footnote:</p> <p>18. This disadvantaged or vulnerable status may stem from an individual's or group's race, color, sex, language, religion, political or other opinion, national or social origin, property, birth, or other status. The client should also consider factors such as gender, age, ethnicity, culture, literacy, sickness, physical or mental disability, poverty or economic disadvantage, and dependence on unique natural resources.</p>	<p>This text has been amended and moved to a new heading above titled: Environmental and Social Assessment.</p>	<p>N/A</p>
<p><b>iii. Management Programs</b></p>	<p><b>d. Environmental and Social Management Plans</b></p>	
<p>13. Consistent with the client's policy and the objectives and principles described therein, the client will establish management programs that, in sum, will describe mitigation and performance improvement measures and actions that address the identified environmental and social risks and impacts of the project.</p>	<p>No changes (other than wording to be adapted to GCF implementation mechanism and new heading name) are propose in this section.</p>	<p>N/A</p>
<p>14. Depending on the nature and scale of the project, these programs may consist of some documented combination of operational procedures,</p>	<p>No changes (other than wording to be adapted to GCF implementation mechanism and new heading name) are propose in this section.</p>	<p>N/A</p>

Current PS1 Text	Description of change	Rationale
<p>practices, plans, and related supporting documents (including legal agreements) that are managed in a systematic way.<sup>19</sup> The programs may apply broadly across the client's organization, including contractors and primary suppliers over which the organization has control or influence, or to specific sites, facilities, or activities. The mitigation hierarchy to address identified risks and impacts will favor the avoidance of impacts over minimization, and, where residual impacts remain, compensation/offset, wherever technically<sup>20</sup> and financially feasible.<sup>21</sup></p> <p>Footnotes:</p> <p>19. Existing legal agreements between the client and third parties that address mitigation actions with regard to specific impacts constitute part of a program. Examples are government-managed resettlement responsibilities specified in an agreement.</p> <p>20. Technical feasibility is based on whether the proposed measures and actions can be implemented with commercially available skills, equipment, and materials, taking into consideration prevailing local factors such as climate, geography, demography, infrastructure, security, governance, capacity, and operational reliability.</p> <p>21. Financial feasibility is based on commercial considerations, including relative magnitude of the incremental cost of adopting such measures and actions compared to the project's investment, operating, and maintenance costs, and on whether this incremental cost could make the project nonviable to the client.</p>		
<p>15. Where the identified risks and impacts cannot be avoided, the client will identify mitigation and performance measures and establish corresponding actions to ensure the project will operate in compliance with applicable laws and regulations, and meet the requirements of Performance Standards 1 through 8. The level of detail and complexity of this collective management program and the priority of the identified measures and actions will be commensurate with the project's risks</p>	<p>[No change proposed]</p>	<p>N/A</p>

Current PS1 Text	Description of change	Rationale
and impacts, and will take account of the outcome of the engagement process with Affected Communities as appropriate.		
<p>16. The management programs will establish environmental and social Action Plans,<sup>22</sup> which will define desired outcomes and actions to address the issues raised in the risks and impacts identification process, as measurable events to the extent possible, with elements such as performance indicators, targets, or acceptance criteria that can be tracked over defined time periods, and with estimates of the resources and responsibilities for implementation. As appropriate, the management program will recognize and incorporate the role of relevant actions and events controlled by third parties to address identified risks and impacts. Recognizing the dynamic nature of the project, the management program will be responsive to changes in circumstances, unforeseen events, and the results of monitoring and review.</p> <p>Footnote: 22. Action plans may include an overall Environmental and Social Action Plan necessary for carrying out a suite of mitigation measures or thematic action plans, such as Resettlement Action Plans or Biodiversity Action Plans. Action plans may be plans designed to fill in the gaps of existing management programs to ensure consistency with the Performance Standards, or they may be stand alone plans that specify the project's mitigation strategy. The "Action plan" terminology is understood by some communities of practice to mean Management plans, or Development plans. In this case, examples are numerous and include various types of environmental and social management plans.</p>	References to Action Plans to be removed to reduce confusion in the use of the term (both in body text and footnote)	Alignment with new ESS from other IFIs
iv. Organizational Capacity and Competency	e. Organizational Capacity and Competency	
17. The client, in collaboration with appropriate and relevant third parties, will establish, maintain, and strengthen as necessary an organizational structure that defines roles, responsibilities, and authority to implement the ESMS. Specific personnel, including management representative(s), with clear lines of	No changes (other than wording to be adapted to GCF implementation mechanism and new heading name) are propose in this section.	N/A

Current PS1 Text	Description of change	Rationale
<p>responsibility and authority should be designated. Key environmental and social responsibilities should be well defined and communicated to the relevant personnel and to the rest of the client's organization. Sufficient management sponsorship and human and financial resources will be provided on an ongoing basis to achieve effective and continuous environmental and social performance.</p>		
<p>18. Personnel within the client's organization with direct responsibility for the project's environmental and social performance will have the knowledge, skills, and experience necessary to perform their work, including current knowledge of the host country's regulatory requirements and the applicable requirements of Performance Standards 1 through 8. Personnel will also possess the knowledge, skills, and experience to implement the specific measures and actions required under the ESMS and the methods required to perform the actions in a competent and efficient manner.</p>	[No change proposed]	N/A
<p>19. The process of identification of risks and impacts will consist of an adequate, accurate, and objective evaluation and presentation, prepared by competent professionals. For projects posing potentially significant adverse impacts or where technically complex issues are involved, clients may be required to involve external experts to assist in the risks and impacts identification process.</p>	[No change proposed]	N/A
<p><b>v. Emergency Preparedness and Response</b></p>	Move to ESS 4	Alignment with new ESS in other IFIs
<p>20. Where the project involves specifically identified physical elements, aspects and facilities that are likely to generate impacts, the ESMS will establish and maintain an emergency preparedness and response system so that the client, in collaboration with appropriate and relevant third parties, will be prepared to respond to accidental and emergency situations associated with the project in a manner appropriate to prevent and mitigate any harm to people and/or the environment. This preparation will include the identification of areas where accidents and emergency situations may occur, communities</p>	Move this section to PS4, to avoid duplication. An ESMS will require multiple management plans (including an EPRP) which are not mentioned in this ESS.	Paragraph removed from ESS1 to align GCF ESS with other IFIs, and avoid duplication.

Current PS1 Text	Description of change	Rationale
<p>and individuals that may be impacted, response procedures, provision of equipment and resources, designation of responsibilities, communication, including that with potentially Affected Communities and periodic training to ensure effective response. The emergency preparedness and response activities will be periodically reviewed and revised, as necessary, to reflect changing conditions. Where applicable, the client will also assist and collaborate with the potentially Affected Communities (see Performance Standard 4) and the local government agencies in their preparations to respond effectively to emergency situations, especially when their participation and collaboration are necessary to ensure effective response. If local government agencies have little or no capacity to respond effectively, the client will play an active role in preparing for and responding to emergencies associated with the project. The client will document its emergency preparedness and response activities, resources, and responsibilities, and will provide appropriate information to potentially Affected Community and relevant government agencies.</p>		
<p>21. Where applicable, the client will also assist and collaborate with the potentially Affected Communities (see Performance Standard 4) and the local government agencies in their preparations to respond effectively to emergency situations, especially when their participation and collaboration are necessary to ensure effective response. If local government agencies have little or no capacity to respond effectively, the client will play an active role in preparing for and responding to emergencies associated with the project. The client will document its emergency preparedness and response activities, resources, and responsibilities, and will provide appropriate information to potentially Affected Community and relevant government agencies</p>	[No change proposed]	N/A
<p><b>vi. Monitoring and Review</b></p>	<p><b>f. Monitoring and reporting</b></p>	
<p>22. The client will establish procedures to monitor and measure the effectiveness of the management program, as well as compliance with any related</p>	<p>Add text from GCF ESP and EBRD:</p>	<p>New section to focus monitoring and reporting at project level, rather than at ESMS level. This</p>

Current PS1 Text	Description of change	Rationale
<p>legal and/or contractual obligations and regulatory requirements. Where the government or other third party has responsibility for managing specific risks and impacts and associated mitigation measures, the client will collaborate in establishing and monitoring such mitigation measures. Where appropriate, clients will consider involving representatives from Affected Communities to participate in monitoring activities.<sup>23</sup> The client's monitoring program should be overseen by the appropriate level in the organization. For projects with significant impacts, the client will retain external experts to verify its monitoring information. The extent of monitoring should be commensurate with the project's environmental and social risks and impacts and with compliance requirements.</p> <p>Footnote: 9. For example, participatory water monitoring.</p>	<p><i>Entities will monitor the environmental and social performance of GCF-financed activities. This monitoring is intended to: (i) determine whether the project is being implemented in accordance with GCF ESP and these ESS, and (ii) learn lessons, allocate resources and identify opportunities for continuous improvement.</i></p> <p><i>Monitoring requirements will be proportional to the nature of the project and its environmental and social risks and impacts. Monitoring will address:</i></p> <ul style="list-style-type: none"> <li>• Any significant environmental and social risks and impacts identified during the environmental and social assessment process;</li> <li>• Relevant parts of the ESS as identified during project assessment process and subsequent monitoring;</li> <li>• Actions specified in the ESMP or ESCAP;</li> <li>• Grievances received from workers and external stakeholders, and how they were resolved;</li> <li>• Any regulatory monitoring and reporting requirements; and</li> <li>• Any monitoring and reporting required by other parties (for example, off-takers, financiers, certification bodies).</li> </ul> <p>From GCF ESP:</p> <p><i>Entities will undertake all necessary measures to ensure participatory monitoring through the involvement of communities, local stakeholders, indigenous peoples and civil society organizations in all the stages of the life cycle of activities.</i></p>	<p>achieves harmonization with other institutions' ESS (WB, EBRD and climate funds) and aligns with requirements from GCF's ESP.</p>
<p>23. In addition to recording information to track performance and establishing relevant operational controls, the client should use dynamic mechanisms, such as internal inspections and audits, where relevant, to verify compliance and progress toward the desired outcomes. Monitoring will normally include recording information to track performance and comparing this against the previously established benchmarks or requirements in the</p>	<p>Adapt language to GCF implementation mechanism.</p>	<p>Amended to align ESS with GCF implementation mechanism</p>



Current PS1 Text	Description of change	Rationale
<p>management program. Monitoring should be adjusted according to performance experience and actions requested by relevant regulatory authorities. The client will document monitoring results and identify and reflect the necessary corrective and preventive actions in the amended management program and plans. The client, in collaboration with appropriate and relevant third parties, will implement these corrective and preventive actions, and follow up on these actions in upcoming monitoring cycles to ensure their effectiveness.</p>		
<p>24. Senior management in the client organization will receive periodic performance reviews of the effectiveness of the ESMS, 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 client's ESMS and other applicable project requirements. Based on results within these performance reviews, senior management will take the necessary and appropriate steps to ensure the intent of the client's policy is met, that procedures, practices, and plans are being implemented, and are seen to be effective.</p>	<p>Substitute with the following paragraph:</p> <p><i>Based on the monitoring results, entities will identify and reflect any necessary corrective and preventive actions in an amended ESMP or ESCAP, as agreed with GCF. Entities will implement agreed corrective and preventive actions, and follow up on these actions to enhance their performance.</i></p> <p><i>Entities provide regular reports to GCF on the environmental and social performance of the project, including compliance with the ESS and implementation of the ESMS, ESMP, ESCAP and stakeholder engagement plan where appropriate.</i></p> <p><i>Reports submitted to GCF will include the identification and quantification, when feasible, of positive environmental and social impacts or co-benefits achieved for matters relevant to ESS 2 to 10.</i></p>	<p>Paragraph introduced to further clarify Entities' requirements for project monitoring and reporting to GCF, and focus monitoring and reporting at project level, rather than at ESMS level. The requirement for reporting on co-benefits is introduced.</p>
<p><b>C. Stakeholder Engagement (Moved to ESS 9)</b></p>		
	<p><b>g. Environmental and Social Corrective Action Plan</b></p>	
<p>N/A</p>	<p>Include the requirement and minimum content of an ESAP to structure and monitor post-ESDD progress (wording aligned with EBRD and WB):</p> <p><i>GCF-financed activities will be designed to meet the ESSs from the outset. When activity details are not</i></p>	<p>Paragraph introduced to align ESS with GCF implementation mechanism, and introduce the ESCAP as a tool to monitoring progress in ESS compliance.</p>

Current PS1 Text	Description of change	Rationale
	<p><i>fully identified at the time when is approved by GCF, or if GCF's environmental and social due diligence concludes that an activity does not meet GCF's ESP and ESS, the entities will be required to adopt an environmental and social corrective action plan (ESCAP), which will include a series of technically and financially feasible and cost-effective measures to achieve compliance of these facilities or activities with the ESSs within a time frame acceptable to GCF. In the ESCAP, GCF and the entity will agree the specific corrective and preventive actions, mitigation measures and implementation time frame, which the entity undertakes to implement to manage the environmental and social risks and impacts of the project in accordance with the ESSs. The ESCAP will form part of the financing agreements and include, as necessary, obligations of the entity to support the implementation of the ESCAP.</i></p> <p><i>When accredited entities are acting in an intermediary function, an ESCAP will agreed between accredited entities and executing entities to monitor gap implementation can also be used to report to GCF on E&amp;S compliance progress.</i></p> <p><i>Add additional requirements for ESCAP follow-up: Entities will review the status of implementation of the ESCAP as part of its monitoring and reporting, and will GCF promptly of any proposed changes to the scope, design, implementation or operation of the project that are likely to cause an adverse change in the environmental or social risks or impacts of the project. The entities will carry out, as appropriate, additional assessment and stakeholder engagement in accordance with the ESSs, and propose changes, for approval by GCF, to the ESCAP and relevant management tools, as appropriate, in accordance with the findings of such assessments and consultation. The updated ESCAP will be disclosed.</i></p>	

Current PS1 Text	Description of change	Rationale
	<b>Annexes</b>	Annexes are introduced to provide further clarify on GCF requirements, and reduce uncertainty during the process of ESS compliance
	<b>Annex 1. Environmental and social assessment</b>	
	<p>The following components of WB ESS1 Annex 1 will be added to GCF ESS1 Annex 1:</p> <ul style="list-style-type: none"> <li>A. General <ul style="list-style-type: none"> <li>(a) Environmental and Social Impact Assessment (ESIA)</li> <li>(b) Environmental and Social Audit</li> <li>(c) Hazard or Risk Assessment</li> <li>(d) Cumulative Impact Assessment</li> <li>(e) Social and Conflict Analysis</li> <li>(f) Environmental and Social Management Plan (ESMP)</li> <li>(g) Environmental and Social Management Framework (ESMF)</li> <li>(h) Regional ESIA</li> <li>(i) Sectoral ESIA</li> <li>(j) Strategic Environmental and Social Assessment (SESA)</li> </ul> </li> <li>B. Indicative outline of ESIA</li> <li>C. Indicative outline of ESMP</li> <li>D. Indicative outline of E&amp;S audit</li> <li>E. Indicative outline of ESCAP</li> </ul>	
	<b>Annex 2. Management of contractors</b>	
	<p>Add text from WB Annex:</p> <p><i>Entities will require that all contractors engaged on the project operate in a manner consistent with the requirements of the ESSs, including the specific requirements set out in the ESCP. The Borrower will manage all contractors in an effective manner, including:</i></p> <p><i>(a) Assessing the environmental and social risks and impacts associated with such contracts;</i></p>	

Current PS1 Text	Description of change	Rationale
	<p>(b) <i>Ascertaining that contractors engaged in connection with the project are legitimate and reliable enterprises, and have knowledge and skills to perform their project tasks in accordance with their contractual commitments;</i></p> <p>(c) <i>Incorporating all relevant aspects of the ESCP into tender documents;</i></p> <p>(d) <i>Contractually requiring contractors to apply the relevant aspects of the ESCP and the relevant management tools, and including appropriate and effective non-compliance remedies;</i></p> <p>(e) <i>Monitoring contractor compliance with their contractual commitments; and</i></p> <p>(f) <i>In the case of subcontracting, requiring contractors to have equivalent arrangements with their subcontractors .</i></p>	
	<p>Add content from EBRD PR1 requirements (connected to paragraph on ESMS):</p> <p><i>Effective contractor management includes:</i></p> <ul style="list-style-type: none"> <li>● assessing environmental and social risks associated with contracted works and services and incorporating relevant ESMP conditions into tender documents as appropriate, contractually requiring contractors to apply these standards and provide for mitigation and/or remedies in case of non-compliance;</li> <li>● overseeing that contractors have the knowledge and skills to perform their project tasks in accordance with contractual environmental and social conditions;</li> <li>● monitoring contractor compliance with contractual environmental and social conditions; and</li> <li>● in the case of sub-contracting, requiring contractors to have equivalent environmental and social arrangements with their subcontractors.</li> </ul>	

Current PS1 Text	Description of change	Rationale
	<p><b>Annex 3. Financial intermediaries</b></p>	
	<p>Introduce text from GCF ESP, WB ESS9, and EBRD PR9 to outline responsibilities of FI:</p> <p><i>Entities that are functioning as financial intermediaries are exposed to environmental and social risks through the activities of their borrowers, grantees, and investees. GCF will require the intermediaries to manage the environmental and social risks associated with the supported activities. In this regard, the intermediaries will review all subprojects and delegated activities, identify where the entities and GCF could be exposed to potential risks, and take necessary actions to ensure that all component subprojects and activities meet the requirements of the ESS standards of GCF and GCF ESP.</i></p> <p><u><i>Environmental and social management system and environmental and social procedures</i></u></p> <p><i>From WB and EBRD</i>  <i>Entities acting as FIs will put in place and maintain an ESMS, including an environmental and social policy and environmental and social procedures to identify, assess, manage, and monitor the environmental and social risks, impacts and opportunities of FI subprojects on an ongoing basis . The ESMS will be commensurate with the nature and magnitude of environmental and social risks, impacts and opportunities of FI subprojects, the types of financing, and the overall risk aggregated at the portfolio level.</i>  <i>The environmental and social procedures will include risk assessment and monitoring mechanisms, as appropriate, to:</i></p> <ol style="list-style-type: none"> <li><i>1. Screen and categorise the environmental and social risk of proposed sub-projects (low/medium/high level of intermediation) in accordance with GCF categories of activities involving investments through financial intermediation functions or</i></li> </ol>	<p>Note that this section has the potential to become a standalone ESS Standard. To be discussed as part of consultation with GCF and stakeholders.</p>

Current PS1 Text	Description of change	Rationale
	<p><i>delivery mechanisms involving financial intermediation</i></p> <ol style="list-style-type: none"> <li>2. <i>Undertake all necessary measures to ensure that the executing entities fulfil the activity-level assessment requirements described in this ESS for each component subproject, and conduct the necessary due diligence and oversight to ensure that these requirements are fulfilled.</i></li> <li>3. <i>Ensure, through its assessment, that subprojects are structured to meet national regulatory requirements relating to environmental and social matters, including, where necessary, national regulatory requirements related to public consultation and disclosure and requiring clients, where necessary, to implement corrective action plans;</i></li> <li>4. <i>Keep and regularly update environmental and social records on sub-project.</i></li> <li>5. <i>Monitor sub-projects to ensure compliance with national laws on environment, health and safety and labour.</i></li> </ol> <p><u><i>Organisational capacity and competency</i></u></p> <p><i>Entities acting as FI will develop and maintain organizational capacity and competency for implementing the ESMS and environmental and social procedures with clearly defined roles and responsibilities. They will designate a representative of the Entity's senior management to have overall accountability for environmental and social performance of subprojects. The representative will: (a) designate a staff member to be responsible for day-to-day implementation of the ESMS, including the environmental and social procedures; (b) ensure that adequate resources are available for management of and training in environmental and social issues; and (c) ensure that adequate technical expertise, either in-house or external expert support, is available to carry out due</i></p>	

Current PS1 Text	Description of change	Rationale
	<p><i>diligence and manage the environmental and social risks of the FI subprojects.</i></p> <p><i>Entities will ensure that the requirements of this ESS and ESS 2 are clearly communicated to all relevant personnel <sup>14</sup> and ensure that relevant personnel have the necessary knowledge and capabilities <sup>15</sup> for managing environmental and social risks in accordance with the ESMS.</i></p> <p><i><sup>14</sup> Such personnel may include investment, legal, and credit officers, security personnel, etc .</i></p> <p><i><sup>15</sup> Including by providing appropriate training.</i></p> <p><b><u>Stakeholder Engagement</u></b></p> <p><i>Entities acting as FI will put in place a system for dealing with external communication on environmental and social matters. The Entity will respond to such enquiries and concerns in a timely manner. Entities are also encouraged to publish their corporate environmental and social policy or a summary of their ESMS on their website, if available. Entities will list on their website the link to any publicly available environmental and social impact assessment (ESIA) reports for Category A subprojects which they finance. Entities will also publicly disclose information on the environmental and social risks of any sub-project and the proposed mitigation measures to address such risks, subject to applicable regulatory constraints, market sensitivities or consent of the sponsor of the sub-project.</i></p> <p><b><u>Monitoring and Reporting to GCF</u></b></p> <p><i>The FI will monitor the environmental and social performance of the FI subprojects in a manner proportionate to the risks and impacts of the FI subprojects, and will promptly notify GCF of any significant accidents or incidents associated with subprojects. If the risk profile of a subproject increases significantly, the Entity will notify GCF and will apply relevant requirements of the ESSs in a manner agreed with GCF.</i></p>	

Current PS1 Text	Description of change	Rationale
	<p>Entities acting as FI will submit, in a form agreed with GCF, annual environmental and social reports on the implementation of its ESMS, this ESS, ESS 2, the relevant occupational health and safety requirements of ESS 4, as well as the environmental and social performance of its portfolio of sub-projects.</p> <p>Entities will ensure that the executing entities fulfil the activity-level monitoring and reporting requirements discussed in this section and will, in turn, provide the requisite monitoring and reporting information to GCF. This may include both activity-specific and aggregated monitoring and reporting.</p>	



## 2.6 ESS 2: Labor and Working Conditions

ESS 2 has a focus on the protection of fundamental rights of workers and recognizes that the pursuit of economic growth through employment creation must foster a sound worker-management relationship. The requirements set out in the standard are guided by a number of international conventions and human rights instruments, such as those of the International Labour Organization (ILO) and the United Nations (UN).

As the GCF mainly invests in low income countries, provision of formal employment opportunities are important benefits expected by local communities. Considering Standard 2 and improving it will be critical in demonstrating that the GCF-funded activity will uphold labor rights as crucial components of the Universal Declaration of Human Rights (UDHR) articles.

The proposed changes from the existing IFC PS 2 focus on providing more details based on practical challenges that entities face, and bringing the standard in line with similar content reflecting advancements by other institutions. Some lenders have a health and safety standard which covers both occupational and community issues. However, we are proposing to keep occupational health and safety in this standard, and community health and safety with additional changes in standard 4.

Hence, the proposed changes from IFC PS 2 to GCF ESS 2 are summarized as:

- Inclusion of more details on the types of workers this Standard is applicable for, with introduction of public sector workers and community workers
- Increased focus on decent work, fair treatment, equal opportunity and non-discrimination to align with GCF policy statements
- More clarity on the working terms and conditions that employment contracts must address
- Addition of an objective related to workplace grievances, and more details about avoidance of retaliation against worker representatives and individual staff who raise them.
- Recognition of work opportunities to be inclusive, and the need to create work environments free of gender-based violence and harassment.
- Modification of the section on retrenchment to be collective dismissal oriented and to address workforce reduction.
- Reflection of minimum ages in the child labor section and inclusion of references to recruitment practices in the forced labor section.
- Requirement to consider weather and climate in the management of occupational health and safety risks.
- Harmonization of GCF labor policies with other international best practice, including but not limited to European Bank for Reconstruction and Development, World Bank, UNDP and Conservation International standards.

The proposed updated structure can be seen below in Table 2.4, whilst the proposed changes from IFC PS 2 to GCF ESS 2 are described in more detail in Table 2.5.

**Table 2.4: ESS 2 proposed structure**

<b>PS2 Headings and Structure</b>
<b>1.Introduction</b>
<b>2.Objectives</b>
<b>3.Scope of Application</b>
<i>i. Direct Workers</i>
<i>ii. Contracted Workers</i>
<i>iii. Supply Chain Workers</i>
<b>4. Requirements</b>
<b>a. Working Conditions and Management of Worker Relationship</b>
<i>i. Human Resources Policies and Procedures</i>
<i>ii. Working Conditions and Terms of Employment</i>
<i>iii. Workers' Organizations</i>
<i>iv. Non-discrimination and Equal Opportunity</i>
<i>v. Retrenchment</i>
<i>vi. Grievance Mechanism</i>
<b>b. Protecting the Work Force</b>
<i>i. Child Labor</i>
<i>ii. Forced Labor</i>
<b>c. Occupational Health and Safety</b>
<b>d. Workers Engaged by Third Parties</b>
<b>e. Supply Chain</b>

<b>Proposed ESS 2 Headings and Structure</b>
<b>1.Introduction</b>
<b>2.Objectives</b>
<b>3.Scope of Application</b>
<i>i. Direct Workers</i>
<i>ii. Contracted Workers</i>
<i>iii. Supply Chain Workers</i>
<i>iv. Community Workers</i>
<i>v. Civil Servants</i>
<b>4. Requirements</b>
<b>a. General</b>
<b>b. Working Conditions and Management of Worker Relationship</b>
<i>i. Human Resources Policies and Procedures</i>
<i>ii. Working Conditions and Terms of Employment</i>
<i>iii. Workers' Organizations</i>
<i>iv. Non-discrimination and Equal Opportunity</i>
<i>v. Collective Dismissals</i>
<i>vi. Grievance Mechanism</i>
<b>c. Protecting the Work Force</b>
<i>i. Child Labor</i>
<i>ii. Forced Labor</i>
<b>d. Occupational Health and Safety</b>
<b>e. Workers Engaged by Third Parties</b>
<b>f. Supply Chain</b>

**Table 2.5: Proposed changes for ESS 2**

Current PS2 Text	Description of change	Justification
<p><b>1. Introduction</b></p>		
<p>1. Performance Standard 2 recognizes that the pursuit of economic growth through employment creation and income generation should be accompanied by protection of the fundamental<sup>1</sup> rights of workers. For any business, the workforce is a valuable asset, and a sound worker-management relationship is a key ingredient in the sustainability of a company. Failure to establish and foster a sound worker-management relationship can undermine worker commitment and retention, and can jeopardize a project. Conversely, through a constructive worker-management relationship, and by treating the workers fairly and providing them with safe and healthy working conditions, clients may create tangible benefits, such as enhancement of the efficiency and productivity of their operations.</p> <p>Footnote:  <sup>1.</sup> As guided by the ILO Conventions listed in footnote 2</p>	<p>Add 'respect for' to fundamental rights of workers and 'endeavor' instead of 'company'.</p>	<p>All activities financed by GCF will promote decent work, fair treatment, non-discrimination and equal opportunity for workers, guided by the core labor standards of the International Labor Organization.</p> <p>These changes will enable setting clear expectations related to labor management and employment contracts to protect the rights of workers.</p>

Current PS2 Text	Description of change	Justification
N/A	<p>Add text on promoting decent work, fair treatment, equal opportunity and non-discrimination from GCF's E&amp;S policy statement: <i>"All activities financed by GCF will promote decent work, fair treatment, non-discrimination and equal opportunity for workers, free of sexual exploitation, sexual abuse and sexual harassment and guided by the core labor standards of the International Labour Organization (ILO)"</i></p>	<p>This change will support the GCF Environmental and Social Policy (ESP) Guiding Principle of equality and non-discrimination, ensuring that all workers (including subcontracted workers) will have rights to be treated in a respectful manner in the workplace.</p>
<p>2. The requirements set out in this Performance Standard have been in part guided by a number of international conventions and instruments, including those of the International Labour Organization (ILO) and the United Nations (UN).<sup>2</sup></p> <p>Footnote:</p> <p>2. These conventions are:                      ILO Convention 87 on Freedom of Association and Protection of the Right to Organize                      ILO Convention 98 on the Right to Organize and Collective Bargaining                      ILO Convention 29 on Forced Labor                      ILO Convention 105 on the Abolition of Forced Labor                      ILO Convention 138 on Minimum Age (of Employment)                      ILO Convention 182 on the Worst Forms of Child Labor                      ILO Convention 100 on Equal Remuneration                      ILO Convention 111 on Discrimination (Employment and Occupation)                      UN Convention on the Rights of the Child, Article 32.1                      UN Convention on the Protection of the Rights of all Migrant Workers and Members of their Families</p>	<p>Add in additional ILO Conventions to the footnotes:</p> <ul style="list-style-type: none"> <li>● ILO Convention 155 on Occupational Health and Safety</li> <li>● ILO Convention 161 on Occupational Health Services</li> <li>● ILO Convention 190 on Violence and Harassment</li> </ul>	<p>All activities funded by GCF will promote and recognize the rights of workers to have occupational safety and a safe working conditions without harassment or violence.</p>

Current PS2 Text	Description of change	Justification
<h2 style="color: #0070C0;">2. Objectives</h2>		
N/A	<p>Add new objective with an additional footnote referencing that the rights of workers are those reflected in the ILO and UN conventions as per footnote 2 and its proposed changes. New objective to state: <i>"To respect and protect the fundamental principles and rights of workers"</i>.</p>	<p>This change makes direct reference to labor rights, which are human rights. GCF's vision includes supporting the fulfilment of human rights.</p>
<ol style="list-style-type: none"> <li>1. To promote the fair treatment, non-discrimination, and equal opportunity of workers.</li> <li>2. To establish, maintain, and improve the worker-management relationship.</li> <li>3. To promote compliance with national employment and labor laws.</li> <li>4. To protect workers, including vulnerable categories of workers such as children, migrant workers, workers engaged by third parties, and workers in the client's supply chain.</li> <li>5. To promote safe and healthy working conditions, and the health of workers.</li> <li>6. To avoid the use of forced labor.</li> </ol>	<ol style="list-style-type: none"> <li>1. Update objective to state: <i>"To ensure (instead of promote) the fair treatment, non-discrimination, and equal opportunity of workers in accordance with the decent work agenda." Add footnote on decent work agenda, "Decent work sums up the aspirations of people in their working lives. It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom of people to express their concerns, organize and participate in the decisions that affect their lives, and equality of opportunity and treat for people of all gender identities."</i></li> <li>2. Add 'sound' to worker management relationship to align EBRD text on establishing, maintaining and improving working relationships so it reads: <i>"To establish, maintain, and improve a sound worker-management relationship."</i></li> <li>3. Add 'ensure' instead of 'promote' to compliance with national employment and labor laws. Also add 'any collective agreements the entity is part to' to the end of</li> </ol>	<p>As well as reflecting the EBRD terminology, these changes consider the GCF ESP Guiding Principles on contributing to equality, inclusion and non-discrimination by making sure methods and tools promote equality of opportunity in vulnerable and marginalized groups. For instance, all genders (in addition to men and women) should be considered to ensure inclusion with no regard to the gender people identify themselves with.</p>

Current PS2 Text	Description of change	Justification
	<p>the sentence, aligning with EBRD requirements on labor.</p> <p>4. To add characteristics to workers, such as all gender identities, young workers (instead of children), persons with disabilities and refugees.</p> <p>6. Change the text to <i>'To prevent the use of forced labor and child labor as defined by the ILO'</i>, aligning with both EBRD and ILO narrative on the issue.</p>	
N/A	Add in new objective <i>"To ensure that accessible and effective means to raise and address workplace concerns are available to workers"</i> .	By referencing in the objectives in addition to the text, there is more emphasis on the necessity and importance to have an effective labor grievance mechanism, in line with GCF's ESP Guiding Principle for human rights.
<h3>3. Scope of Application</h3>		
<p>3. The applicability of this Performance Standard is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client's Environmental and Social Management System (ESMS), the elements of which are outlined in Performance Standard 1.</p>	Add in text after final sentence <i>"Implementation of this ESS must also consider requirements related to human rights, gender equality, and stakeholder engagement."</i>	All activities supported by GCF will promote, protect and fulfil universal human rights, as indicated within the Universal Declaration of Human Rights (UDHR) articles. Hence human rights should be considered within Environmental and Social Management System.
<p>4. The scope of application of this Performance Standard depends on the type of employment relationship between the client and the worker. It applies to workers directly engaged by the client (direct workers), workers engaged through third parties to perform work related to core business processes<sup>3</sup> of the project for a substantial duration (contracted workers), as well as workers engaged by the client's primary suppliers (supply chain workers).<sup>4</sup></p> <p>Footnotes:</p>	Add new text to the end of the final sentence: <i>"as well as people employed or engaged in providing community labor (new footnote). This includes full-time, part-time, temporary, fixed term, seasonal and migrant workers. New footnote. The entity and third parties will refrain from entering into disguised employment relationships such as (i) contractual arrangements that hide the true legal status of the employment relationship and/or (ii) contractual arrangements that have</i>	<p>Labor management details should be included to set clear expectations and make sure different types of employment are considered and included within standards and rights considerations.</p> <p>This will support GCF Guiding Principle on designing and implementing all activities with regard to the Universal Declaration of Human Rights (UDHRs) and core labor standards (International Labor Organization).</p>

Current PS2 Text	Description of change	Justification
<p>3. Core business processes constitute those production and/or service processes essential for a specific business activity without which the business activity could not continue.</p> <p>4. Primary suppliers are those suppliers who, on an ongoing basis, provide goods or materials essential for the core business processes of the project.</p>	<p><i>the effect of depriving workers of the protection they are due."</i></p> <p>Add a footnote clarifying that migrant workers are workers who have migrated from one country to another for the purposes of employment.</p>	
<p><i>i. Direct Workers</i></p>		
<p>5. With respect to direct workers, the client will apply the requirements of paragraphs 8–23 of this Performance Standard.</p>	<p>Add new section on direct workers and their labor rights. Proposed new text: <i>"A direct worker is a worker with whom the Entity has a directly contracted employment relationship and specific control over work, working conditions and treatment of the project worker. The entity will develop and implement written labor management procedures applicable to the GCF-funded activity and set out procedures to address the way in which this will apply to direct workers. Direct workers will also be provided with information and documentation that is clear and understandable regarding their terms and conditions of employment. The entity will also ensure that direct workers of the GCF-funded activity will be paid on a regular basis as required by national law and labor management procedures."</i></p>	<p>Provides greater clarity on the role of direct workers on projects.</p>
<p><i>ii. Contracted Workers</i></p>		
<p>6. With respect to contracted workers, the client will apply the requirements of paragraphs 23–26 of this Performance Standard.</p>	<p>Add new text on contracted workers, providing background on their core functions within GCF-financed activities, as follows: <i>"A contracted worker is a worker employed or engaged by a third party to perform work or provide services related to the core functions of the project, where the third-party exercises control over the work, working conditions and</i></p>	<p>Provides greater clarity on the role of contracted workers on projects.</p>

Current PS2 Text	Description of change	Justification
	<i>treatment of the project worker. The entity will develop and implement written labor management procedures applicable to the GCF-funded entity, setting out the way in which contracted workers will be managed in accordance with the requirements of national law. Contracted workers will be provided with information and documentation that is clear and understandable. "</i>	
<i>iii. Supply Chain Workers</i>		
7. With respect to supply chain workers, the client will apply the requirements of paragraphs 27–29 of this Performance Standard.	[No change proposed]	N/A



Current PS2 Text	Description of change	Justification
N/A	<a href="#">iv. Community Workers</a>	
N/A	<p>Add new section within "Scope of Application" titled "Community Workers". This will outline that providing such workers a social safety net is a requirement in GCF funded activities. This includes making sure of actively communicating with community workers and agreeing the terms of engagement with the entity. The suggested new text is: <i>"The GCF funded activity may include the use of community workers in a number of different circumstances, including where labor is provided by the community as a contribution to the project, or where projects are designed and conducted for the purpose of fostering community-driven development, providing a social safety net or providing targeted assistance in fragile and conflict-affected situations. It is important that where labor in a project is provided by community workers, such labor is provided on a voluntary basis. This includes making sure of meeting with community and community workers to discuss and agree terms of their engagement with the entity."</i></p>	<p>This is an emerging issue whereby some GCF-funded activities may have community workers. Adding this section will harmonize the standards with the World Bank Environmental and Social Standard 2 on Labor, and make sure rights of workers are recognized and fully protected to include voluntary workers.</p>
N/A	<a href="#">v. Civil Servants</a>	

Current PS2 Text	Description of change	Justification
N/A	<p>Add a new section within “Scope of Application” titled “Civil Servants”. This is proposed to contain a new paragraph which states that civil servants associated with the GCF-funded activity are to remain with terms and conditions aligned to the public sector:  <i>“Where government civil servants are working in connection with the GCF-funded activity, whether full-time or part-time, they will remain subject to the terms and conditions of their existing public sector employment agreement or arrangement, unless there has been an effective legal transfer of their employment or engagement to the project.”</i></p> <p>A footnote on legal transfers will be included stating that such transfers will be conducted in accordance with all legal requirements and transferred workers will be subject to all requirements of this ESS.</p> <p>Insert a new footnote indicating that that this ESS will not apply to such government civil servants, except for the provisions of paragraphs related to protecting the work force and to occupational health and safety.</p>	This provides clarity on how the ESS is applicable to an important and specific group of workers.
<b>4. Requirements</b>		
N/A	<b>a. General</b>	

Current PS2 Text	Description of change	Justification
N/A	<p>New heading of "General" within the "Requirements" section. Under this new heading, state that: <i>"GCF-funded activities are required to comply, at a minimum with (i) national labor, employment, social security and occupational health and safety laws; (ii) the fundamental principles and standards embodied in the ILO core conventions, and (iii) this ESS."</i></p> <p>This new text and heading is similar to EBRD but includes "occupational health and safety".</p>	<p>GCF shall ensure that the ESS standards will be implemented in a risk-based manner, which includes environmental and social risks. 'Occupational health and safety' falls under both environmental and social, along with the labor standards. Hence, Occupational Health and Safety has been included within the text.</p>
<p><b>a. Working Conditions and Management of Worker Relationship</b></p>	<p><b>b. Working Conditions and Management of Worker Relationship</b></p>	
<p><i>i. Human Resources Policies and Procedures</i></p>		
<p>8. The client will adopt and implement human resources policies and procedures appropriate to its size and workforce that set out its approach to managing workers consistent with the requirements of this Performance Standard and national law.</p>	<p>Add 'management systems' after human resources policies. Clarify that human resources policies are to be written.</p>	<p>Human Resources systems and policies are critical to the protection of workers' rights. Hence, management systems has been added to align with the texts within the EBRD standards.</p> <p>This addition will further support the implementation of the labor element in GCF Guiding Principles, through promoting decent work, fair treatment, non-discrimination and equal opportunity for the workers.</p>
<p>9. The client will provide workers with documented information that is clear and understandable, regarding their rights under national labor and employment law and any applicable collective agreements, including their rights related to hours of work, wages, overtime, compensation, and benefits upon beginning the working relationship and when any material changes occur.</p>	<p>Require the entity to provide workers with clear and written contract and stating their rights for overtime, employment benefits, sick leave and how any material change will be reported against the contract. Human resources management systems will ensure the entity and partners will ensure up-to-date employment records to protect rights of workers in terms of labor and data protection.</p>	<p>This text, aligned with EBRD standards, provides more comprehensive contractual detail to highlight the rights of workers through clarification of labor requirements and issues such as collective bargaining, freedom of association, forced labor and working conditions.</p> <p>Aligning this text with EBRD additions will ensure that GCF Guiding Principles on labor will be strengthened and further supported to</p>

Current PS2 Text	Description of change	Justification
	<p>New paragraph: <i>"The entity will provide workers with written contract at the beginning of the relations and when any material changes to terms or conditions of employment occur, describing the employment relationship (instead of documented information that is clear and understandable)."</i></p> <p><i>"The contract will set out their rights under national labor and employment law and any applicable collective agreements with respect to working conditions and terms of employment (including their entitlement to wages, hours of work and rest periods, any caps to manage excessive overtime, overtime arrangements and overtime compensation and any benefits (such as leave for illness, maternity/paternity, or holiday) and pension (instead of rights related to hours of work, wages, overtime, compensation and other benefits upon beginning the working relationship and when any material changes occur). Any material changes will be documented and communicated to the workers."</i></p> <p><i>"This information will be understandable and accessible to workers, and available in the main language(s) spoken by the workforce. Human resources management systems will ensure up-to-date employment records are kept that respect the rights of workers to privacy and data protection."</i></p>	<p>include specific issues such as working conditions, benefits, HR management, data protection and collective bargaining.</p>
N/A	<p>Add new text to align with EBRD Performance Requirement 2 on communicating with workers: <i>"Communication will be managed with a view to providing the workers with: (i) adequate information on changes that might affect them, in particular on anticipated</i></p>	<p>Including this text will support GCF ESP Guiding Principles such as the labor and knowledge-sharing, making sure workers are communicated effectively and given opportunity to raise grievances within activities/projects supported or funded by the GCF.</p>

Current PS2 Text	Description of change	Justification
	<i>changes associated with the GCF-funded activity and (ii) opportunity to provide comments as part of continuous improvement".</i>	
<i>ii. Working Conditions and Terms of Employment</i>		
<p>10. Where the client is a party to a collective bargaining agreement with a workers' organization, such agreement will be respected. Where such agreements do not exist, or do not address working conditions and terms of employment,<sup>5</sup> the client will provide reasonable working conditions and terms of employment.<sup>6</sup></p> <p>Footnotes:</p> <p>5. Working conditions and terms of employment examples are wages and benefits; wage deductions; hours of work; overtime arrangements and overtime compensation; breaks; rest days; and leave for illness, maternity, vacation or holiday.</p> <p>6. Reasonable working conditions and terms of employment could be assessed by reference to (i) conditions established for work of the same character in the trade or industry concerned in the area/region where the work is carried out; (ii) collective agreement or other recognized negotiation between other organizations of employers and workers' representatives in the trade or industry concerned; (iii) arbitration award; or (iv) conditions established by national law.</p>	<p>Add text that states that wages, benefits and conditions of work offered by the GCF-funded activities should be at least comparable to those offered by equivalent employers in the relevant context, country, region and sector. The text will indicate that that overtime work will be considered to be voluntary and be compensated according to national laws, where applicable.</p> <p>Text will say, <i>"Wages, benefits and conditions of work offered (including hours of work) will, overall, be at least comparable to those offered by equivalent employers in the relevant country/region and sector concerned. Overtime work will be voluntary and will be performed and compensated in accordance with national laws. Workers will receive regular and timely payment of wages, adequate periods of rest and leave, explanation of how and when deductions can be made, written notice of termination, and severance pay."</i></p>	<p>This supports the GCF ESP Guiding Principle about Labor and working conditions and human rights, and more specifically makes a commitment related to operationalizing a decent work agenda and fair treatment of employees. These suggested changes support GCF ESP Guiding Principles by aligning and harmonizing GCF policies to equivalent labor standards by EBRD, UNDP and CI.</p>
<p>11. The client will identify migrant workers and ensure that they are engaged on substantially equivalent terms and conditions to non-migrant workers carrying out similar work.</p>	<p>Align with EBRD text by replacing 'similar' with 'same': <i>"The entity will identify migrant workers and ensure that they are engaged on substantially equivalent terms and conditions to non-migrant workers carrying out the same work."</i></p>	<p>Aligns with EBRD standards and provides more clarity.</p>
<p>12. Where accommodation services<sup>7</sup> are provided to workers covered by the scope of this Performance Standard, the client will put in place and implement policies on the quality and management of the</p>	<p>Add text <i>"Female workers, and workers who do not identify as male, will be given separate and safe rooms, and where feasible separate</i></p>	<p>Alignment of this text with AIIB SOGI (sexual orientation and gender identity) supports the understanding of the rights to safety and privacy</p>

Current PS2 Text	Description of change	Justification
<p>accommodation and provision of basic services.<sup>8</sup> The accommodation services will be provided in a manner consistent with the principles of non-discrimination and equal opportunity. Workers' accommodation arrangements should not restrict workers' freedom of movement or of association.</p> <p>Footnotes:</p> <p>7. Those services might be provided either directly by the client or by third parties.</p> <p>8. Basic services requirements refer to minimum space, supply of water, adequate sewage and garbage disposal system, appropriate protection against heat, cold, damp, noise, fire and disease-carrying animals, adequate sanitary and washing facilities, ventilation, cooking and storage facilities and natural and artificial lighting, and in some cases basic medical services.</p>	<p><i>floors or buildings. Workers, when provided with accommodation, will have living conditions that are safe, clean, hygienic, and habitable, where consideration is given to their physical and mental health and well-being".</i></p> <p>Add text on LGBTQI+ and how female workers and any worker who does not identify as male will be given separate and safe rooms. Safe, healthy and habitable rooms will be considered and provided for the physical and mental wellbeing of staff.</p>	<p>by having separate and safe accommodations, considering the UDHR Articles and GCF Guiding Principles on labor and working conditions.</p>
<p><i>iii. Workers' Organizations</i></p>		
<p>13. In countries where national law recognizes workers' rights to form and to join workers' organizations of their choosing without interference and to bargain collectively, the client will comply with national law. Where national law substantially restricts workers' organizations, the client will not restrict workers from developing alternative mechanisms to express their grievances and protect their rights regarding working conditions and terms of employment. The client should not seek to influence or control these mechanisms.</p>	<p>Add text on the entities informing workers on their rights to collective bargaining, forming organizations and electing representatives to represent their interests and uphold their rights: <i>"Entities will inform workers that they have the right to elect workers' representatives, form or join workers' organizations of their choosing, and engage in collective bargaining, in accordance with national law. The entity will not discriminate or retaliate against workers who act as representatives, participate, or seek to participate, in such organizations or in collective bargaining, and will not interfere in the formation or functioning of workers' organizations. The entity will engage with such workers' representatives or organizations in accordance with national law and provide them with information needed for meaningful negotiation in a timely manner. "</i></p>	<p>Aligning this text with EBRD's Performance Requirement 2 text will support the consideration of ILO conventions relating to collective bargaining and rights to form or join worker unions/organizations helping to uphold the rights of workers of different sectors. This also supports the GCFs Guiding Principles of human rights and labor/working conditions, making sure all GCF funded/supported projects consider the ways to protect rights of workers and act within the remit of national and international labor/human rights law.</p>

Current PS2 Text	Description of change	Justification
	Remove "should" and replace with "will" and replace "represent their grievances" with "represent their interests."	
<p>14. In either case described in paragraph 13 of this Performance Standard, and where national law is silent, the client will not discourage workers from electing worker representatives, forming or joining workers' organizations of their choosing, or from bargaining collectively, and will not discriminate or retaliate against workers who participate, or seek to participate, in such organizations and collective bargaining. The client will engage with such workers' representatives and workers' organizations and provide them with information needed for meaningful negotiation in a timely manner. Workers' organizations are expected to fairly represent the workers in the workforce.</p>	[No change proposed]	N/A
<p><i>iv. Non-discrimination and Equal Opportunity</i></p>		
N/A	<p>Add new paragraph: <i>"GCF-financed activities will comply with relevant requirements on non-discrimination related to employment. Workers will be treated with dignity, respect and fairness, and not be subject to harassment, discrimination, abuse or inhuman treatment."</i></p>	<p>Alignment with a rights-based approach, and knowledge sharing with regards to protection of workers. The first sentence is from GCF policy. The second sentence is from Building Responsibly: Worker Welfare Principles Information and text to be added from GCF Policies, Building Responsibly and Worker Welfare Principles</p>
<p>15. The client will not make employment decisions on the basis of personal characteristics<sup>9</sup> unrelated to inherent job requirements. The client will base the employment relationship on the principle of equal opportunity and fair treatment, and will not discriminate with respect to any aspects of the employment relationship, such as recruitment and hiring, compensation (including wages and benefits), working conditions and terms of employment, access to training, job assignment, promotion, termination of employment or retirement, and disciplinary practices. The client will take measures to prevent and address harassment, intimidation, and/or exploitation,</p>	<p>Reflect that conditions of employment will also consider disabilities and including reasonable adjustment policies in the workplace.</p> <p>Include temporary layoffs in the same list.</p> <p>Delete this footnote and add the text into the paragraph above.</p>	<p>During COVID-19, temporary layoffs became more common, given the economic challenges across different sectors/countries, resulting in higher job insecurity especially in blue collar jobs. As a result, the issue of temporary layoffs should be considered as part of the mode of employment and labor risks, making sure workers are timely communicated and not discriminated against due to their demographic characteristic. Adding reasonable adjustment for disabilities for workplaces strengthens disability inclusiveness.</p>

Current PS2 Text	Description of change	Justification
<p>especially in regard to women. The principles of non-discrimination apply to migrant workers.</p> <p>Footnote:</p> <p>9. Such as gender, race, nationality, ethnic, social and indigenous origin, religion or belief, disability, age, or sexual orientation.</p>		<p>This emphasizes the importance of these issues by placing them within the main paragraph rather than as a footnote.</p>
<p>N/A</p>	<p>Add a new paragraph to combine text from EBRD Performance Requirement 2 and IDB on non-discrimination and equal opportunity of workers:</p> <p><i>"The entity will take measures to prevent and address any form of violence and harassment, bullying, intimidation, and/or exploitation, especially in regard to women, people of diverse sexual orientations and gender identifies, persons with disabilities, young workers (of working age), and migrant workers. Violence and harassment [footnote below] should be understood as a continuum of unacceptable behaviors and practices, or threats thereof, whether a single occurrence or repeated, having the aim of causing physical, physco-social, or economic harm, including gender-based violence (GBV). GBV is an umbrella term for any harmful acts perpetuated against a person's will and that is based on socially ascribed gender differences. GBV includes acts that inflict physical, mental or sexual harm or suffering, threats of such acts, coercion and other deprivation of liberty."</i></p> <p>Add text from IDB to a footnote: ILO Violence and Harassment Convention No:190 and recommendation No. 206 to provide the international baseline for addressing practices in the world of work.</p>	<p>Addition of this text/paragraph will support the accountability and harmonization of GCF with other development banks (particularly EBRD and IDB labor standards) in terms of equality of opportunity, non-discrimination and the recognition of the rights of workers.</p> <p>This will align with a new ILO convention</p>



Current PS2 Text	Description of change	Justification
<p>16. In countries where national law provides for non-discrimination in employment, the client will comply with national law. When national laws are silent on non-discrimination in employment, the client will meet this Performance Standard. In circumstances where national law is inconsistent with this Performance Standard, the client is encouraged to carry out its operations consistent with the intent of paragraph 15 above without contravening applicable laws.</p>	<p>[No change proposed]</p>	<p>N/A</p>
<p>17. Special measures of protection or assistance to remedy past discrimination or selection for a particular job based on the inherent requirements of the job will not be deemed as discrimination, provided they are consistent with national law.</p>	<p>[No change proposed]</p>	<p>N/A</p>
<p><i>v. Retrenchment</i></p>	<p><i>v. Collective Dismissals</i></p>	
<p>N/A</p>	<p>Replace “Retrenchment” heading with new name “Collective dismissals”</p>	<p>Change of language reflects emerging trend.</p>
<p>18. Prior to implementing any collective dismissals,<sup>10</sup> the client will carry out an analysis of alternatives to retrenchment.<sup>11</sup> If the analysis does not identify viable alternatives to retrenchment, a retrenchment plan will be developed and implemented to reduce the adverse impacts of retrenchment on workers. The retrenchment plan will be based on the principle of non-discrimination and will reflect the client’s consultation with workers, their organizations, and, where appropriate, the government, and comply with collective bargaining agreements if they exist. The client will comply with all legal and contractual requirements related to notification of public authorities, and provision of information to, and consultation with workers and their organizations.</p> <p>Footnotes:</p> <p>10. Collective dismissals cover all multiple dismissals that are a result of an economic, technical, or organizational reason; or other reasons that are not related to performance or other personal reasons.</p> <p>11. Examples of alternatives may include negotiated working-time reduction programs, employee capacity-</p>	<p>Add text on the implementation of various types of workforce reduction rather than just discrimination, such as <i>“The entity will develop and implement a collective dismissal, job protection or retrenchment plan to assess, reduce and mitigate the adverse impacts of the workforce reduction on workers in accordance with national law and GIIP and based on the principles of non-discrimination and consultation. The plan will be based on the principle of non-discrimination and will reflect consultation with workers, their organizations, and, where appropriate, the government, and comply with collective bargaining agreements if they exist The selection process will be transparent, based on fair, objective, consistently applied criteria, and subject to an effective grievance mechanism.”</i></p>	<p>This change in text reflects that the temporary layoffs lead to a job protection plan rather than a collective dismissal plan. Hence, implementation of dismissals should consider the implication of job protection plans and whether rights of workers are protected in line with national/international commitments.</p>

Current PS2 Text	Description of change	Justification
<p>building programs; long-term maintenance works during low production periods, etc.</p>		
<p>19. The client should ensure that all workers receive notice of dismissal and severance payments mandated by law and collective agreements in a timely manner. All outstanding back pay and social security benefits and pension contributions and benefits will be paid (i) on or before termination of the working relationship to the workers, (ii) where appropriate, for the benefit of the workers, or (iii) payment will be made in accordance with a timeline agreed through a collective agreement. Where payments are made for the benefit of workers, workers will be provided with evidence of such payments.</p>	<p>Replace "should" with "will" at the start of the paragraph.</p> <p>Add sentence on the management of potential workforce reduction and the responsibilities of the implementing agency as follows: <i>"The implementing agency will provide advance notification to the accredited agency and GCF of the planned workforce reduction and, where requested by GCF, a copy of the proposed plan for collective dismissals."</i></p>	<p>Amending this text will enable GCF-funded projects to have policies and procedures in place to tackle with challenges resulting from potential workforce reduction in projects or activities. COVID-19 pandemic and the economic crises resulting from the lockdowns have shown that labor issues resulting from workforce reduction (or involuntary redundancies) should be considered in policies to protect rights of workers and provide support/ social protection.</p>
<p><i>vi. Grievance Mechanism</i></p>		
<p>20. The client will provide a grievance mechanism for workers (and their organizations, where they exist) to raise workplace concerns. The client will inform the workers of the grievance mechanism at the time of recruitment and make it easily accessible to them. The mechanism should involve an appropriate level of management and address concerns promptly, using an understandable and transparent process that provides timely feedback to those concerned, without any retribution. The mechanism should also allow for anonymous complaints to be raised and addressed. The mechanism should not impede access to other judicial or administrative remedies that might be available under the law or through existing arbitration procedures, or substitute for grievance mechanisms provided through collective agreements.</p>	<p>Update the text to address raising workplace concerns and grievance mechanisms without fear of retaliation, retribution, or dismissal. Recognize that workplace concerns have to be addressed in a prompt, fair and consistent manner. Add text on how the grievance mechanism will include provisions for confidential and anonymous complaints and considerations for those requiring special protections measures. Complaints will also need to be survivor-centered and gender responsive, and text should be added to reflect this.</p> <p>Add footnote after the first use of 'retaliation': <i>"Retaliation is defined as any form of threat, harassment, violence or punitive action taken against an individual, group or organization (such as worker, contractor, community member, activist, human rights defender, or civil society organization) who has lodged a complaint or voiced criticism or concerns about a company or a development project."</i></p>	<p>The updates make sure raising concerns is without fear of retaliation, retribution or dismissal in the workplace in GCF-financed activity. The 'Sexual Exploitation and Harassment' sentence aligns with GCF's E&amp;S policy.</p>

Current PS2 Text	Description of change	Justification
<b>b. Protecting the Work Force</b>	<b>c. Protecting the Work Force</b>	
<i>i. Child Labor</i>		
<p>21. The client will not employ children in any manner that is economically exploitative, or is likely to be hazardous or to interfere with the child's education, or to be harmful to the child's health or physical, mental, spiritual, moral, or social development. The client will identify the presence of all persons under the age of 18. Where national laws have provisions for the employment of minors, the client will follow those laws applicable to the client. Children under the age of 18 will not be employed in hazardous work.<sup>12</sup> All work of persons under the age of 18 will be subject to an appropriate risk assessment and regular monitoring of health, working conditions, and hours of work.</p> <p>Footnotes:</p> <p>12. Examples of hazardous work activities include work (i) with exposure to physical, psychological, or sexual abuse; (ii) underground, underwater, working at heights, or in confined spaces; (iii) with dangerous machinery, equipment, or tools, or involving handling of heavy loads; (iv) in unhealthy environments exposing the worker to hazardous substances, agents, processes, temperatures, noise, or vibration damaging to health; or (v) under difficult conditions such as long hours, late night, or confinement by employer.</p>	<p>Add text on child labor that also reflects IDB and EBRD standards on this social issue: <i>"The entity will comply with all relevant national laws and/or labor standards regarding employment of minors, whichever provide a higher degree of protection for a child. The entity will not employ children below minimum age of employment/engagement, which will be 15 unless this age is higher at the national context/laws. Young people below the age of 18 will not be employed in hazardous work. If child labor cases are identified, the Entity will take appropriate steps to remedy them"</i></p> <p>Delete the sentence: "Where national laws have provisions for the employment of minors, the client will follow those laws applicable to the client. Children under the age of 18 will not be employed in hazardous work."</p> <p>State that young people below the age of 18 will not be employed in any hazardous work.</p>	<p>Child labor is a serious violation of the Universal Declaration of Human Rights and an ongoing socioeconomic issue in almost all countries (but particularly in the developing world), where children are being trafficked or are being subject to hazardous conditions, putting serious risk to their life and long-term wellbeing.</p> <p>Reporting these issues is a challenge for most companies and organizations. Having effective policies, measures and tools in place to track and prevent child labor is critical at organization and project-level. As a result, this will support GCF Guiding Principles relating to human rights and labor.</p>
<i>ii. Forced Labor</i>		
<p>22. The client will not employ forced labor, which consists of any work or service not voluntarily performed that is exacted from an individual under threat of force or penalty. This covers any kind of involuntary or compulsory labor, such as indentured labor, bonded labor, or similar labor-contracting arrangements. The client will not employ trafficked persons.<sup>13</sup></p>	<p>Add text to include abusive and fraudulent recruitment practices when explaining forced labor concept, making sure workers will be recruited through ethical and legal means free from discrimination and all forms of involuntary labor, slavery and trafficking. Additional text will be included to make sure the entity will commit to responsible</p>	<p>Forced labor is also a serious human rights violation, and there are ongoing risks in global supply chains and networks. Inclusion of forced labor identification and mitigation policies will support GCF-financed activity to effectively report, prevent and remedy these. Amendments and the addition of new text will harmonize GCF policies with EBRD and IDB policies on</p>

Current PS2 Text	Description of change	Justification
<p>Footnote:</p> <p>13. Trafficking in persons is defined as the recruitment, transportation, transfer, harboring, or receipt of persons, by means of the threat or use of force or other forms of coercion, abduction, fraud, deception, abuse of power, or of a position of vulnerability, or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Women and children are particularly vulnerable to trafficking practices.</p>	<p>recruitment in their operations and prohibit the payment of fees by the worker to obtain employment.</p>	<p>responsibility, worker welfare and inclusive recruitment.</p>
<p>N/A</p>	<p>Add text from Building Responsibly and Worker Welfare Principles that says: <i>"Workers will have access to passports and personal documentation at all times. Workers will have freedom of movement outside normal working hours, unless there are legitimate safety or security issues that might threaten the health, safety, or well-being of the worker."</i></p>	<p>This provides clarity on an important practice that is sometimes violated in some countries.</p>
<p><b>c. Occupational Health and Safety</b></p>	<p><b>d. Occupational Health and Safety</b></p>	
<p>23. The client will provide a safe and healthy work environment, taking into account inherent risks in its particular sector and specific classes of hazards in the client's work areas, including physical, chemical, biological, and radiological hazards, and specific threats to women. The client will take steps to prevent accidents, injury, and disease arising from, associated with, or occurring in the course of work by minimizing, as far as reasonably practicable, the causes of hazards. In a manner consistent with good international industry practice,<sup>14</sup> as reflected in various internationally recognized sources including the World Bank Group Environmental, Health and Safety Guidelines, the client will address areas that include the (i) identification of potential hazards to workers, particularly those that may be life-threatening; (ii) provision of preventive and</p>	<p>Add text that PPE will be provided at no cost to workers and that workers will have access to safe and clean transportation and welfare amenities on site.</p> <p>Add text that states: <i>"Workplace mechanisms will be made available for the GCF-funded activities and workers to report situations that they believe are not safe or healthy and to remove themselves from a work situation they have a reasonable justification to believe present risk or danger to their life or health. Workers removing themselves from such situations will not be required to return to work until necessary remedial action to correct the</i></p>	<p>The right of workers to appeal to unsafe working situations should be upheld, and consideration within GCF standards will ensure the workers within GCF-funded activities will be made aware of their rights not to be discriminated against when they report such situations. The proposed changes incorporate wellbeing and safety of workers with respect to climate change and extreme weather.</p>

Current PS2 Text	Description of change	Justification
<p>protective measures, including modification, substitution, or elimination of hazardous conditions or substances; (iii) training of workers; (iv) documentation and reporting of occupational accidents, diseases, and incidents; and (v) emergency prevention, preparedness, and response arrangements. For additional information related to emergency preparedness and response refer to Performance Standard 1.</p> <p>Footnote:</p> <p>14. Defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances, globally or regionally.</p>	<p><i>situation has been taken and will not be discriminated or retaliated against."</i></p> <p>Include text <i>"The linkage between OHS and weather and climate risks will be considered in the assessment of risks and hazards, and provision of preventive and protective measures, for instance with regards to working and provision of PPE, rest and heating and cooling in extreme conditions."</i></p>	
<p><b>d. Workers Engaged by Third Parties</b></p>	<p><b>e. Workers Engaged by Third Parties</b></p>	
<p>24. With respect to contracted workers the client will take commercially reasonable efforts to ascertain that the third parties who engage these workers are reputable and legitimate enterprises and have an appropriate ESMS that will allow them to operate in a manner consistent with the requirements of this Performance Standard, except for paragraphs 18–19, and 27–29.</p>	<p>[No change proposed]</p>	<p>N/A</p>
<p>25. The client will establish policies and procedures for managing and monitoring the performance of such third party employers in relation to the requirements of this Performance Standard. In addition, the client will use commercially reasonable efforts to incorporate these requirements in contractual agreements with such third party employers.</p>	<p>[No change proposed]</p>	<p>N/A</p>
<p>26. The client will ensure that contracted workers, covered in paragraphs 24–25 of this Performance Standard, have access to a grievance mechanism. In cases where the third party is not able to provide a grievance mechanism the client will extend its own grievance mechanism to serve workers engaged by the third party.</p>	<p>Add text on contractors and workers of third parties being made aware of their labor rights: <i>"Contractors and workers engaged by Third Parties will be made aware of their rights of Freedom of Association and Collective Bargaining, also covering contexts where the 'the law is silent' on labor rights. Contractor</i></p>	<p>Making sure all employees, including subcontractors and contractors are covered and aware of their rights in employment. GCF-financed activities, as with all infrastructure projects, are likely to involve complex supply chains and several construction and operational contractors. This results in the need for GCF to</p>

Current PS2 Text	Description of change	Justification
	<i>and subcontractor details will be made explicit in recruitment and mobilization of staff on GCF-funded activities, including policies and procedures for forced labor, child labor, contractual matters and OHS."</i>	consider labor rights to include subcontractors as well as contractors, making clear expectations and requirements to uphold workers' rights. The proposed text aligns with EBRD.
<b>e. Supply Chain</b>	<b>f. Supply Chain</b>	
<p>27. Where there is a high risk of child labor or forced labor<sup>15</sup> in the primary supply chain, the client will identify those risks consistent with paragraphs 21 and 22 above. If child labor or forced labor cases are identified, the client will take appropriate steps to remedy them. The client will monitor its primary supply chain on an ongoing basis in order to identify any significant changes in its supply chain and if new risks or incidents of child and/or forced labor are identified, the client will take appropriate steps to remedy them.</p> <p>Footnote:</p> <p>15. The potential risk of child labor and forced labor will be determined during the risks and impacts identification process as required in Performance Standard 1.</p>	<p>No changes in supply chain text in PS2. In PS1 text about supply change include reference to child and forced labor, dangerous working conditions, and environmental degradation. In all cases, supply chain to reference primary supply chain. A definition of primary supply chain to be added to PS1.</p>	<p>Standard 1 is a good place to recognize that supply chain management has a range of topics that need effort and management. The text here in this standard will remain labor oriented.</p>
<p>28. Additionally, where there is a high risk of significant safety issues related to supply chain workers, the client will introduce procedures and mitigation measures to ensure that primary suppliers within the supply chain are taking steps to prevent or to correct life-threatening situations.</p>	[No change proposed]	N/A
<p>29. The ability of the client to fully address these risks will depend upon the client's level of management control or influence over its primary suppliers. Where remedy is not possible, the client will shift the project's primary supply chain over time to suppliers that can demonstrate that they are complying with this Performance Standard.</p>	[No change proposed]	N/A

## 2.7 ESS 3: Resource Efficiency and Pollution Prevention

ESS 3 has a focus on two key areas:

- the resources a project requires for its construction, operation, and decommissioning; and
- its waste outputs, including solid and liquid waste, air, land, and water pollution, synthetic pesticides externalities, and greenhouse gas emissions.

The interaction of climate change here is critical, as embodied carbon is closely aligned to the material types and quantities specified in the project across its lifecycle, as well as emissions aspects including greenhouse gases (GHGs). Therefore, ESS 3 is an important focus point for improving the consideration, appraisal and management of GHGs during project delivery and lifetime. As the global community progresses towards achieving the ambitions of the Paris Agreement the knowledge of, and methodologies for, understanding greenhouse gas creation and sequestration throughout project lifecycles has rapidly evolved.

Whilst GCF projects have historically been assumed to have no significant GHG emissions due to their mitigation or adaptation focus, new international standards on appraising and accounting for embodied and process emissions indicate a more comprehensive consideration of GHG profiles of GCF projects is now appropriate given their unique mandate. The changes to ESS 3 align to, but are distinct from, the proposed new ESS 10. The latter focusses primarily on climate hazards, resilience and adaptation which did not have natural 'home' within the existing standards. ESS 3 and ESS 10 together contain the most fundamental changes for embedding climate change across the standards to better align to GCF unique mandate and ambitions, however additional climate references have been integrated into the other standards where appropriate.

The proposed changes from the existing IFC Performance Standard 3 focus on more appropriate consideration of GHG emissions from a climate change mitigation perspective, but also take the outputs from the Analysis Report to consider more broadly how the Standard is recommended to be updated in line with best practice and the GCF's ambitions for its updated ESS.

The proposed changes from IFC PS 3 to GCF ESS 3 are summarized as:

- Introducing the idea of "Circular Economy" as an important principle throughout the standard for managing waste and resource use, as well as carbon;
- A greater emphasis on project designs and their associated material specification, including considering whole-life impacts in designs. This includes ensuring that design make key considerations (but typically not going as far as to specify how to do this to allow flexibility for lower risk projects);
- An increased focus on understanding and managing greenhouse gas emissions from projects through considering emissions sources and sinks;
- Greater emphasis on sustainable water use, recognising the chronic and acute impacts of climate change on water supply and management;
- Greater emphasis on following the waste hierarchy; and
- When discussing the impacts from pesticides, fertilizers are also considered.

The proposed updated structure can be seen below in Table 2.6, whilst the proposed changes from IFC PS 3 to GCF ESS 3 are described in more detail in Table 2.7.

**Table 2.6: ESS 3 proposed structure**

<b>PS3 Headings and Structure</b>
<b>1. Introduction</b>
<b>2. Objectives</b>
<b>3. Scope of Application</b>
<b>4. Requirements</b>
<b>a. Resource Efficiency</b>
<i>i. Greenhouse Gases</i>
<i>ii. Water Consumption</i>
<b>b. Pollution Prevention</b>
<i>i. Wastes</i>
<i>ii. Hazardous Materials Management</i>
<i>iii. Pesticide Use and Management</i>

<b>Proposed ESS 3 Headings and Structure</b>
<b>1. Introduction</b>
<b>2. Objectives</b>
<b>3. Scope of Application</b>
<b>4. Requirements</b>
<b>a. Resource Efficiency</b>
<i>i. Greenhouse Gases</i>
<i>ii. Water Consumption</i>
<b>b. Pollution Prevention</b>
<i>i. Wastes</i>
<i>ii. Hazardous Materials Management</i>
<i>iii. Fertilizer and Pesticide Use and Management</i>



**Table 2.7: Proposed changes for ESS 3**

Current PS3 Text	Description of change	Justification
<b>1. Introduction</b>		
<p>1. Performance Standard 3 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.<sup>1</sup> There is also a growing global consensus that the current and projected atmospheric concentration of greenhouse gases (GHG) threatens the public health and welfare of current and future generations. At the same time, more efficient and effective resource use and pollution prevention<sup>2</sup> and GHG emission avoidance and mitigation technologies and practices have become more accessible and achievable in virtually all parts of the world. These are often implemented through continuous improvement methodologies similar to those used to enhance quality or productivity, which are generally well known to most industrial, agricultural, and service sector companies.</p> <p>Footnotes:</p> <p>1. For the purposes of this Performance Standard, the term “pollution” is used to refer to both hazardous and non-hazardous chemical pollutants in the solid, liquid, or gaseous phases, and includes other components such as pests, pathogens, thermal discharge to water, GHG emissions, nuisance odors, noise, vibration, radiation, electromagnetic energy, and the creation of potential visual impacts including light.</p> <p>2. For the purpose of this Performance Standard, the term “pollution prevention” does not mean absolute elimination of emissions, but the avoidance at source whenever possible, and, if not possible, then subsequent minimization of pollution to the extent that the Performance Standard objectives are satisfied.</p>	<p>[No change proposed]</p>	<p>N/A</p>
<p>2. This Performance Standard outlines a project-level approach to resource efficiency and pollution prevention and control in line with internationally disseminated technologies and practices. In addition, this Performance</p>	<p>Remove reference to “private sector”.</p>	<p>Removes IFC focus on the private sector.</p>

Current PS3 Text	Description of change	Justification
<p>Standard promotes the ability of private sector companies to adopt such technologies and practices as far as their use is feasible in the context of a project that relies on commercially available skills and resources.</p>		
<h2 style="color: #00A0C0;">2. Objectives</h2>		
<ol style="list-style-type: none"> <li>1. To avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from project activities.</li> <li>2. To promote more sustainable use of resources, including energy and water.</li> <li>3. To reduce project-related GHG emissions.</li> </ol>	<p>Propose change to objective 2 to focus on embedding circular economy principles which will minimize both resource use and waste, including use of energy and water. To do this, replace current objective 2 with: <i>"To promote the more sustainable use of resources by applying circular economy principles thereby minimizing the use of water and energy amongst other benefits."</i></p>	<p>Changing this focus to be on circular economy establishes a more all-encompassing objective, which includes clear reference to waste minimization. This also links with embodied carbon as a part of resource minimization (fewer resources required typically correlates with lower levels of embodied carbon). Circular economy principles also emphasize "do good" as well as risk management.</p>
<h2 style="color: #00A0C0;">3. Scope of Application</h2>		
<p>3. The applicability of this Performance Standard is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client's Environmental and Social Management System, the elements of which are outlined in Performance Standard 1.</p>	<p>Change the scope of application to explicitly include all project stages, so that the end of the first sentence reads <i>"including throughout the stages of project conceptualization, design process, construction, operations and decommissioning"</i>. Also in the first sentence, as well as reference to "risks", "opportunities" is also added.</p>	<p>Emphasizing the different project stages explicitly draws attention to the need to consider the design stage as much as other stages. Many of the risks and opportunities in this standard are linked to how the project is designed and the project concept, and specific mention of these emphasizes the need for this standard to be considered at all times, as these early stages often include decision-making which will affect the whole project life. Furthermore, decommissioning stages are also explicitly mentioned for consideration for the same reason. Construction and operation stages are more understood but are also named for consistency.</p>

Current PS3 Text	Description of change	Justification
		Including the word "opportunities", as well as the current word "risks" puts more focus on a do-good approach of positive outcomes, which can be reported as co-benefits.
<h2 style="color: #00A086;">4. Requirements</h2>		
<p>4. During the project life-cycle, the client will consider ambient conditions and apply technically and financially feasible resource efficiency and pollution prevention principles and techniques that are best suited to avoid, or where avoidance is not possible, minimize adverse impacts on human health and the environment.<sup>3</sup> The principles and techniques applied during the project life-cycle will be tailored to the hazards and risks associated with the nature of the project and consistent with good international industry practice (GIIP)<sup>4</sup>, as reflected in various internationally recognized sources, including the World Bank Group Environmental, Health and Safety Guidelines (EHS Guidelines).</p> <p>Footnotes:</p> <p>3. Technical feasibility is based on whether the proposed measures and actions can be implemented with commercially available skills, equipment, and materials, taking into consideration prevailing local factors such as climate, geography, infrastructure, security, governance, capacity and operational reliability. Financial feasibility is based on commercial considerations, including relative magnitude of the incremental cost of adopting such measures and actions compared to the project's investment, operating, and maintenance costs.</p> <p>4. GIIP is defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally. The outcome of such exercise should be that the project employs the most appropriate technologies in the project-specific circumstances.</p>	<p>Add in paragraph which outlines the requirements for GCF activities to follow circular economy principles as follows: <i>"Where GCF activities specify construction materials, circular economy principles are to be followed through design, operation and decommissioning. To this end, where possible, projects will be designed:</i></p> <ul style="list-style-type: none"> <li>• <i>To maximize the use of existing assets and the reuse of existing materials</i></li> <li>• <i>To use materials efficiently (including considering whole-life impacts)</i></li> <li>• <i>So that elements where use of existing or recycled materials is not possible, specify materials with the lowest whole-life impacts, preferring those with appropriate certifications of sustainability (such as timber) or that can be sourced locally (if more sustainable to do so)</i></li> <li>• <i>To minimize resource use during construction (such as through offsite assembly or modular designs)</i></li> <li>• <i>To maximize longevity and adaptability</i></li> <li>• <i>To maximize the ease of maintenance during operation, in a way which minimizes resource use requirements and waste during operations</i></li> <li>• <i>To make decommissioning and dis-assembly as efficient as possible, maximizing the possibility to re-use or recycle project components and materials."</i></li> </ul>	<p>Explicit emphasis on the importance of the design phase for sustainable resource use is not made in the existing standard. This additional text emphasizes the need for design decisions to consider key sustainability criteria across the project lifecycle, as it is harder to influence the sustainability of a project later in the lifecycle. Design decisions can minimize resource use and waste arisings by following circular economy principles, and this correlates with lower levels of embodied carbon in designs. This aligns with the guiding principle of incorporating emerging trends.</p>

Current PS3 Text	Description of change	Justification
<p>5. The client will refer to the EHS Guidelines or other internationally recognized sources, as appropriate, when evaluating and selecting resource efficiency and pollution prevention and control techniques for the project. The EHS Guidelines contain the performance levels and measures that are normally acceptable and applicable to projects. When host country regulations differ from the levels and measures presented in the EHS Guidelines, clients will be required to achieve whichever is more stringent. If less stringent levels or measures than those provided in the EHS Guidelines are appropriate in view of specific project circumstances, the client will provide full and detailed justification for any proposed alternatives through the environmental and social risks and impacts identification and assessment process. This justification must demonstrate that the choice for any alternate performance levels is consistent with the objectives of this Performance Standard.</p>	<p>[No changes proposed]</p>	<p>N/A</p>
<p><b>a. Resource Efficiency</b></p>		
<p>6. The client will implement technically and financially feasible and cost effective<sup>5</sup> measures for improving efficiency in its consumption of energy, water, as well as other resources and material inputs, with a focus on areas that are considered core business activities. Such measures will integrate the principles of cleaner production into product design and production processes with the objective of conserving raw materials, energy, and water. Where benchmarking data are available, the client will make a comparison to establish the relative level of efficiency.</p> <p>Footnotes:</p> <p>5. Cost-effectiveness is determined according to the capital and operational cost and financial benefits of the measure considered over the life of the measure. For the purpose of this Performance Standard, a resource efficiency or GHG emissions reduction</p>	<p>Edit this text to emphasize circular economy, so that the second sentence reads: <i>"Such measures will integrate the principles of cleaner production and circular economy principles into product design..."</i></p> <p>Add in a new paragraph linking with the circular economy principles outlined in the requirements section above <i>"In line with the requirements for projects to follow circular economy principles, project designs will maximize the efficiency of use of material resources through careful consideration throughout the project's lifecycle. This will include consideration of:</i></p> <ul style="list-style-type: none"> <li><i>the size of the project being designed, and whether a smaller-scale of development would be more sustainable over a project lifecycle;</i></li> </ul>	<p>Although this update is quite descriptive, it is important to give guidance to entities on how circular economy principles can be applied. This paragraph provides more detail on the considerations that can be made so that the principles of maximizing use of existing assets and materials can be made.</p>

Current PS3 Text	Description of change	Justification
<p>measure is considered cost-effective if it is expected to provide a risk-rated return on investment at least comparable to the project itself.</p>	<ul style="list-style-type: none"> <li>● <i>specifying material types which are more sustainable - such as those which are reused or recycled;</i></li> <li>● <i>how to minimize waste production and maximize use of existing materials and assets;</i></li> <li>● <i>the use of alternative techniques, such as modular designs;</i></li> <li>● <i>the maintenance requirements throughout the project life and how these can be made more efficient;</i></li> <li>● <i>the materials demanded throughout the project lifecycle and how these can be minimized;</i></li> <li>● <i>the flexibility of the asset to be changed or re-purposed in the future to improve its lifespan; and</i></li> <li>● <i>the ability for all or part of the designs to be re-used, recycled and easily decommissioned at the end of its life."</i></li> </ul>	
<p><i>i. Greenhouse Gases</i></p>		
<p>7. In addition to the resource efficiency measures described above, the client will consider alternatives and implement technically and financially feasible and cost-effective options to reduce project-related GHG emissions during the design and operation of the project. These options may include, but are not limited to, alternative project locations, adoption of renewable or low carbon energy sources, sustainable agricultural, forestry and livestock management practices, the reduction of fugitive emissions and the reduction of gas flaring.</p>	<p>Where projects are expected to involve the installation of physical infrastructure, then the following text would apply and be added: <i>"Projects must show that opportunities to improve the resource efficiency and/or reduce embodied GHG emissions have been identified, considered, and implemented where feasible and proportionate" (or similar text).</i></p>	<p>In recognition of global standards in emissions appraisals there is a need to drive consideration of expanded emissions sources, including embodied carbon. Our view is also that disclosure should serve the purpose of decarbonization, and that embodied carbon can be challenging to calculate without sufficient resource or experience, so may be unduly onerous on small projects if it were a blanket requirement, however could be captured where appropriate within an expanded emissions reporting requirement below.</p> <p>Emphasizing on opportunities, as well as risks, helps move projects to focus on doing good, identifying and reporting of co-benefits.</p>

Current PS3 Text	Description of change	Justification
N/A	<p>It is proposed that the following requirements would apply:</p> <ul style="list-style-type: none"> <li>• All projects shall identify and disclose anticipated direct and indirect sources and sinks of GHGs (including emissions from energy use, combustion, materials, construction and from users, where relevant) across the project value chain.</li> <li>• For each identified emissions source, projects shall demonstrate that measures to mitigate such emissions have been identified, considered and implemented.</li> <li>• For identified emissions sinks, projects shall demonstrate that measures to enhance such sinks in a sustainable manner have been identified, considered and implemented (where feasible and proportionate), with due consideration to the appropriateness of the measures in terms of biodiversity, resilience and other factors.</li> </ul> <p>Projects should consult the appended table of guidance [Note: these are to be developed in Stage 3 of the ESS update process] for likely emissions sources and sinks for each project type, noting that this is not an exhaustive list, and that additional project-specific sources or sinks may be relevant. Such a table would also include suggested mitigation measures for each identified emissions source.</p>	<p>The scope of the emissions within the disclosure threshold should be expanded and the text on mitigation measures strengthened. It is also proposed to provide an appended table which would provide guidance on the likely relevant emissions sources per project type, which should include emissions from material use or from user activities, where relevant. As above, disclosure should drive decarbonization. It is therefore suggested that an initial scoping exercise which would serve the purpose of mitigation while providing a proportionate approach for small projects. However, GHG emissions reporting would be required for larger projects (which may be more emissions-intensive) in line with other performance standards. For reference, the World Bank and DBSA have no thresholds for GHG disclosure (though the WB does allow exceptions for small projects). The AIIB requires emissions disclosure where GHG emissions are expected to be 'significant'. The IDB has a 25kt threshold but requires material and user emissions assessment (where significant). In terms of mitigation, the IDB ESPS require projects to 'consider alternatives and implement technically and financially feasible and cost-effective options'.</p>
<p>8. For projects that are expected to or currently produce more than 25,000 tonnes of CO<sub>2</sub>- equivalent annually,<sup>6</sup> the client will quantify direct emissions from the facilities owned or controlled within the physical project boundary,<sup>7</sup> as well as indirect emissions associated with the off-site production of energy<sup>8</sup> used by the project. Quantification of GHG emissions will be conducted by the client annually in accordance with internationally recognized methodologies and good practice.<sup>9</sup></p>	<p>Projects should consider opportunities to reduce system-wide carbon emissions through the project activities and implement such measures where feasible and proportionate. If projects seek to disclose a quantified positive system impact / avoided emissions, project GHG emissions must also be assessed and reported separately from the positive impact (or similar).</p>	<p>This emphasizes the need for projects to consider and improve their impact on GHG emissions, included embedded emissions.</p>

Current PS3 Text	Description of change	Justification
<p>Footnotes:</p> <p>6. The quantification of emissions should consider all significant sources of greenhouse gas emissions, including non-energy related sources such as methane and nitrous oxide, among others.</p> <p>7. Project-induced changes in soil carbon content or above ground biomass, and project-induced decay of organic matter may contribute to direct emissions sources and shall be included in this emissions quantification where such emissions are expected to be significant.</p> <p>8. Refers to the off-site generation by others of electricity, and heating and cooling energy used in the project.</p> <p>9. Estimation methodologies are provided by the Intergovernmental Panel on Climate Change, various international organizations, and relevant host country agencies.</p>		
<p><i>ii. Water Consumption</i></p>		
<p>9. When the project is a potentially significant consumer of water, in addition to applying the resource efficiency requirements of this Performance Standard, the client shall adopt measures that avoid or reduce water usage so that the project's water consumption does not have significant adverse impacts on others. These measures include, but are not limited to, the use of additional technically feasible water conservation measures within the client's operations, the use of alternative water supplies, water consumption offsets to reduce total demand for water resources to within the available supply, and evaluation of alternative project locations.</p>	<p>Add additional text that says: <i>"Projects with a high risk for water consumption are to undertake a Water Demand Assessment (this may form part of other assessments, such as an ESIA). High water risk projects are those which:</i></p> <ul style="list-style-type: none"> <li>• <i>Have high demand that consume more than 5000m<sup>3</sup>/day; and/or</i></li> <li>• <i>Those which use water and are located in areas of water stress</i></li> </ul> <p><i>The Water Demand Assessment will outline how and where water for the project will be sourced, the sustainability of the source, the level of water stress the communities and ecosystems currently face, how much water demand the project will have, and the impacts (including cumulative impacts) this will likely have on the communities, users, ecosystems and wider environment (including downstream receptors). The impacts on the water environment from climate change should be considered for the points above.</i></p> <p><i>In order to minimize impacts on local water supplies, mitigation should be considered by all projects to</i></p>	<p>The impacts of climate change are likely to impact on the ability of communities and the environment to access water. Therefore, to manage these climate impacts, careful consideration of the impact of projects on local water demand is critical.</p> <p>Water risk will be managed in a scaled risk approach, with projects having greater risks on the environment and communities requiring a greater level of assessment and management. By increasing focus on water stress, both in terms of the activities of projects and the location, the impacts of projects on communities, biodiversity, and the wider environment can be better known and therefore more effective management can be incorporated and consideration of climate resilience will be at the core of water demanding projects.</p> <p>Using the definition of "high water demand projects" with the 5000m<sup>3</sup>/day outlined by</p>

Current PS3 Text	Description of change	Justification
	<p><i>minimize water demand. [Add as a footnote to this sentence: For larger scale projects this may include engineered wetlands for treatment (with biodiversity co-benefits) or wastewater treatment for non-potable use. Smaller-scale examples include grey water recycling for non-potable use, consideration of fixtures and fittings (e.g. non-concussive taps), and rainwater harvesting.]</i></p> <p><i>Where a Water Demand Assessment is undertaken, this assessment will include an outline of mitigation (such as water demand management, efficiency measures, benchmarking usage, alternative supplies, resource contamination avoidance, mitigation of impacts on downstream users, and water use offsets) and outlining the monitoring and reporting of water usage and impacts, including the project's water balance. Mitigation needs to consider climate change to ensure mitigation incorporates climate resilience. Opportunities for working with the community to provide combined more sustainable water demand and supply are to be considered and reported.</i></p> <p><i>Where a project is located in an area of water stress (i.e. where demand for water exceeds available supply of water, including due to poor water quality (<a href="https://www.eea.europa.eu/archived/archived-content-water-topic/wise-help-centre/glossary-definitions/water-stress">https://www.eea.europa.eu/archived/archived-content-water-topic/wise-help-centre/glossary-definitions/water-stress</a>)), then projects are to include drought stress testing and or scenario building in final project feasibility plans and demonstrate how the project aims to reach a net positive outcome for the impacted catchment and its users."</i></p>	<p>EBRD, creates improved alignment between organizations.</p> <p>The requirement to consider opportunities for working with communities to have a combined strategy for water demand and supply emphasizes a "do good" approach to water management, realizing opportunities for co-benefits.</p>
<p><b>b. Pollution Prevention</b></p>		
<p>10. The client will avoid the release of pollutants or, when avoidance is not feasible, minimize and/or control the intensity and mass flow of their release. This applies to the release of pollutants to air, water, and land due to routine, non-routine, and accidental circumstances with the</p>	<p>Additional text is to be added to this section that states that <i>"Throughout project lifecycles, resource pollution prevention techniques and mitigation are to be assessed, implemented, and evaluated. These</i></p>	<p>Considering pollution across the project lifecycle will place greater emphasis on a whole life approach to design and help protect workers, communities and the</p>



Current PS3 Text	Description of change	Justification
<p>potential for local, regional, and transboundary impacts.<sup>10</sup> Where historical pollution such as land or ground water contamination exists, the client will seek to determine whether it is responsible for mitigation measures. If it is determined that the client is legally responsible, then these liabilities will be resolved in accordance with national law, or where this is silent, with GIIP.<sup>11</sup></p> <p>Footnotes:</p> <p>10. Transboundary pollutants include those covered under the Convention on Long-Range Transboundary Air Pollution.</p> <p>11. This may require coordination with national and local government, communities, and the contributors to the contamination, and that any assessment follows a risk-based approach consistent with GIIP as reflected in the EHS Guidelines.</p>	<p><i>assessments will take into consideration technical and financial feasibility as well as cost-effectiveness. Mitigation is to consider the impacts of climate change on the environment."</i></p> <p>For historical pollution, a cross reference to the Standards for Community, Health, and Safety will be added to state that community wellbeing needs to be considered in whatever actions are proposed. Remediation should be undertaken by either GIIP or local laws (whichever is most stringent).</p> <p>A cross-reference will be added to the Standards for Workers and their Health and Safety, an issue which needs to be considered as part of remediation or working practices.</p>	<p>environment from future pollution. For projects that have minimal pollution, this will not be a significant task. A reporting framework is not presented so that there can be a scale risk approach so that reporting requirements are not onerous where the risk is low. Therefore, AEs working on lower risk projects can still operate within their capacity.</p> <p>Aspects concerning historical pollution would become more aligned to good practice from the World Bank standards.</p>
<p>11. To address potential adverse project impacts on existing ambient conditions,<sup>12</sup> the client will consider relevant factors, including, for example (i) existing ambient conditions; (ii) the finite assimilative capacity<sup>13</sup> of the environment; (iii) existing and future land use; (iv) the project's proximity to areas of importance to biodiversity; and (v) the potential for cumulative impacts with uncertain and/or irreversible consequences. In addition to applying resource efficiency and pollution control measures as required in this Performance Standard, when the project has the potential to constitute a significant source of emissions in an already degraded area, the client will consider additional strategies and adopt measures that avoid or reduce negative effects. These strategies include, but are not limited to, evaluation of project location alternatives and emissions offsets.</p> <p>Footnotes:</p> <p>12. Such as air, surface and groundwater, and soils.</p> <p>13. The capacity of the environment for absorbing an incremental load of pollutants while remaining below a threshold of unacceptable risk to human health and the environment.</p>	<p>Additional text is to be added which outlines that as part of these considerations, climate change may alter the local environment's absorptive capacity for pollution. Therefore, where a project considers the absorptive capacity of the environment, then the future absorptive capacity of the environment is to allow for climate change.</p>	<p>Added focus on climate change, to ensure the design of the project, including the specifying of mitigation, takes this into consideration. For example, if increased drought or flooding means that the absorptive capacity of the environment will change.</p>

Current PS3 Text	Description of change	Justification
<i>i. Wastes</i>		
<p>12. The client will avoid the generation of hazardous and non-hazardous waste materials. Where waste generation cannot be avoided, the client will reduce the generation of waste, and recover and reuse waste in a manner that is safe for human health and the environment. Where waste cannot be recovered or reused, the client will treat, destroy, or dispose of it in an environmentally sound manner that includes the appropriate control of emissions and residues resulting from the handling and processing of the waste material. If the generated waste is considered hazardous,<sup>14</sup> the client will adopt GIMP alternatives for its environmentally sound disposal while adhering to the limitations applicable to its transboundary movement.<sup>15</sup> When hazardous waste disposal is conducted by third parties, the client will use contractors that are reputable and legitimate enterprises licensed by the relevant government regulatory agencies and obtain chain of custody documentation to the final destination. The client should ascertain whether licensed disposal sites are being operated to acceptable standards and where they are, the client will use these sites. Where this is not the case, clients should reduce waste sent to such sites and consider alternative disposal options, including the possibility of developing their own recovery or disposal facilities at the project site.</p> <p>Footnotes:</p> <p>14. As defined by international conventions or local legislation.</p> <p>15. Transboundary movement of hazardous materials should be consistent with national, regional and international law, including the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal and the London Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter.</p>	<p>An additional paragraph in this section will introduce the waste hierarchy, highlighting that projects should aim to minimize waste through designing it out and re-using existing materials. This text will establish the principles of the waste hierarchy, how it links with circular economy principles, and how it should be followed.</p> <p><i>"The waste hierarchy is to be followed, which requires all project activities across the project lifecycle to manage waste in the following priority order:</i></p> <ol style="list-style-type: none"> <li><i>1. Prevent: design projects or activities to avoid waste generating activities;</i></li> <li><i>2. Re-use: Where prevention is not possible, then re-use the materials;</i></li> <li><i>3. Recycle: Where re-use is not possible, then recycle the materials with appropriate third parties;</i></li> <li><i>4. Recovery: Where recycling is not possible, then recover the materials, such as for energy production; and</i></li> <li><i>5. Disposal: This is only to be used when all other options are not possible. To be done in coordination with appropriate third parties, such as using licensed and regulated suppliers and landfill sites.</i></li> </ol> <p><i>Waste prevention should be prioritized through applying circular economy principles to designs from the outset which consider avoiding waste across the project lifecycle."</i></p> <p><i>Further text to be added which states: "Where avoidance and re-use is not possible, then recycling should be prioritized, followed by disposal only where there is no alternative. All projects are to seek to</i></p>	<p>A greater emphasis on minimizing waste, and linking this with circular economy principles and the need to minimize resource use over the project lifecycle, establishes this emerging issue as a core part of GCF projects. This will also link with circular economy principles which will emphasize greater re-use of materials to reduce waste, which also is likely to reduce embodied carbon through reduced new material specification, aligning with the objectives of the GCF.</p> <p>Explicit mention of minimizing use of materials which degrade more slowly encourages projects to move to materials with a lower environmental impact when wasted.</p> <p>The use of a Waste Management Lifecycle Assessment Plan for higher risk projects will establish reporting to GCF so that there is greater transparency on how these projects are minimizing waste in line with the waste hierarchy. No specification on how this reporting should be done is made so that it is not an onerous requirement and by having it for higher risk projects aligns with a scale risk approach.</p>

Current PS3 Text	Description of change	Justification
	<p><i>minimize waste and landfill use, and targets for landfill avoidance may be applied."</i></p> <p>Add text that states:</p> <p><i>"Projects should minimize the specification of materials, including packaging, that are more difficult to dispose of in line with the waste hierarchy, in particular for items that degrade slowly, such as plastics.</i></p> <p><i>For projects that are considered to be higher risk (such as due to their scale, size of waste arisings, use of hazardous waste, or poor access to suitable waste management facilities), the above is to be recorded in a Waste Management Plan which considers material transportation, handling, storage, recycling and disposal of wastes, incorporating preventive and contingency measures. This is to be in consultation with potentially affected workers and communities, to address impact of production and use or generation of hazardous materials or waste and will include a recycling and reutilization plan which outlines the potential to recycle waste and reuse material."</i></p>	
N/A	<p>Additional text to be added which concerns illegal dumping of waste: <i>"Illegal dumping of waste is prohibited on all projects. Where illegal dumping of waste by third parties takes place on the project, then this should be carefully managed to ensure minimal risks to the health and safety of workers and the community. If illegal waste dumping by third parties on a project site is considered a likely risk faced by the project, then preventative measures should be established to minimize the risk of such activities taking place. If illegal dumping takes place, then the nature of the waste should be assessed to understand if the waste contains hazardous materials. Disposal of the dumped waste should take place, maximizing reuse and recycling where possible.</i></p>	<p>Provides additional clarity on management of illegal dumping, which is something that standards currently don't address directly. A scale risk approach applies as only projects where this is considered a likely risk need to apply such measures.</p>

Current PS3 Text	Description of change	Justification
	<i>Preventative measures should be established to minimize a re-occurrence."</i>	
<i>ii. Hazardous Materials Management</i>		
<p>13. Hazardous materials are sometimes used as raw material or produced as product by the project. The client will avoid or, when avoidance is not possible, minimize and control the release of hazardous materials. In this context, the production, transportation, handling, storage, and use of hazardous materials for project activities should be assessed. The client will consider less hazardous substitutes where hazardous materials are intended to be used in manufacturing processes or other operations. The client will avoid the manufacture, trade, and use of chemicals and hazardous materials subject to international bans or phase-outs due to their high toxicity to living organisms, environmental persistence, potential for bioaccumulation, or potential for depletion of the ozone layer.<sup>16</sup></p> <p>Footnotes:</p> <p>16. Consistent with the objectives of the Stockholm Convention on Persistent Organic Pollutants and the Montreal Protocol on Substances that Deplete the Ozone Layer. Similar considerations will apply to certain World Health Organization (WHO) classes of pesticides.</p>	<p>Add sentence in the existing paragraph stating: <i>"Hazardous materials can be a pollution and health risk for communities and the environment, and also reduce the ability for projects to meet circular economy objectives due to the challenges of re-use and recycling."</i></p> <p>Add text stating <i>"Where the use of hazardous materials is justifiable and unavoidable, the consideration of health risks is required for communities, workers, biodiversity, and the wider environment), differentiating by different groups within these categories (e.g. people by sex or age) where appropriate. Projects are to ensure that any third party contractors that manage and dispose of project related hazardous waste provides chain of custody documentation and complies with relevant legislation and with the Basel Convention and Stockholm Convention."</i></p>	<p>The use of hazardous materials can pose risks to workers, communities and the environment. These additional controls and reporting will help minimize associated risks more explicitly than at present, and the process of extra management and reporting could also encourage projects to use alternative materials which are not hazardous and therefore don't require the extra management and reporting. Specifying the reporting breakdown means particular risks within the community (such as by sex or age), where appropriate, means risks and mitigation as less generic. Reference to the Stockholm Convention aligns with the GEF policies, enabling greater harmonization.</p>
<i>iii. Pesticide Use and Management</i>		
<p>14. The client will, where appropriate, formulate and implement an integrated pest management (IPM) and/or integrated vector management (IVM) approach targeting economically significant pest infestations and disease vectors of public health significance. The client's IPM and IVM program will integrate coordinated use of pest and environmental information along with available pest control methods, including cultural practices, biological, genetic, and, as a last resort, chemical means to prevent</p>	<p>Change the title above to "Fertilizer and Pesticide Use and Management".</p>	<p>This title change is to make clear this standard will also apply to fertilizers, noting that fertilizer chemicals can also have risks for workers, communities and the environment in a similar way as pesticides.</p>

Current PS3 Text	Description of change	Justification
economically significant pest damage and/or disease transmission to humans and animals.		
N/A	<p>Add "ecologically-based" pest control into the list of types of available pest control methods, and explicitly add in that there is a preference for ecologically-based and biological pest control methods where pest control is required.</p> <p>Add text to state that: <i>"Projects are to demonstrate a reduced reliance on synthetic chemical pesticides, and that projects are to aim to reduce the levels of harmful active substances by replacing the most dangerous ones with safer alternatives (including non-chemical alternatives)."</i></p> <p>Add cross-reference to Biodiversity standard to highlight the biodiversity risks of pesticide use in high risk areas for biodiversity.</p>	<p>Adds further emphasis on the need to protect people and the environment from synthetic chemicals, as a trigger to challenge projects to consider alternatives. Ecologically-based are more likely to work with natural systems, not against, so emphasizing this method will link with the aims of Standard 6 more closely.</p> <p>Additional text on fertilizers applies the same principle of prioritizing the use of alternatives to chemical pesticides to fertilizers as well.</p>
N/A	<p>Add paragraph on fertilizers: <i>"Where fertilizers are to be used, alternatives to the use of synthetic fertilizers are to be prioritized. This includes prioritizing alternative agricultural practices which help restore soil quality and the use of non-chemical fertilizers. Projects are to demonstrate a reduced reliance on synthetic chemical pesticides, and that projects are to aim to reduce the levels of harmful active substances by replacing the most dangerous ones with safer alternatives (including non-chemical alternatives)."</i></p> <p>Add cross-reference to Biodiversity standard to highlight the biodiversity risks of pesticide use in high risk areas for biodiversity.</p>	<p>Include new text on fertilizers to align it with the same principles for use minimization and avoidance as for pesticides.</p>
15. When pest management activities include the use of chemical pesticides, the client will select chemical pesticides that are low in human toxicity, that are known to be effective against the target species, and that have minimal effects on non-target species and the environment. When the client selects chemical pesticides, the selection will be based upon requirements that the pesticides be packaged in safe containers, be clearly labelled for safe	<p>Include text on registration that states: <i>"Where registration is required, all chemicals will be registered or otherwise authorized for use on the crops and livestock, or for the use patterns, for which they are intended under the project."</i></p>	<p>Although GCF already requires adherence with national requirements, this makes it more explicit when registration is needed.</p>

Current PS3 Text	Description of change	Justification
and proper use, and that the pesticides have been manufactured by an entity currently licensed by relevant regulatory agencies.	Update text so it is applicable for both fertilizers and pesticides (where applicable).	
16. The client will design its pesticide application regime to (i) avoid damage to natural enemies of the target pest, and where avoidance is not possible, minimize, and (ii) avoid the risks associated with the development of resistance in pests and vectors, and where avoidance is not possible minimize. In addition, pesticides will be handled, stored, applied, and disposed of in accordance with the Food and Agriculture Organization's International Code of Conduct on the Distribution and Use of Pesticides or other GIIP.	Add in requirement that pesticides and fertilizers are to be monitored throughout the project lifecycle.  Update text so it is applicable for both fertilizers and pesticides (where applicable).	This ensures that projects are not static with pesticide operations, but changes are made when risks change. This can mean reduced use of synthetic chemicals if pesticide risks are deemed to have reduced.
17. The client will not purchase, store, use, manufacture, or trade in products that fall in WHO Recommended Classification of Pesticides by Hazard Class Ia (extremely hazardous); or Ib (highly hazardous). The client will not purchase, store, use, manufacture or trade in Class II (moderately hazardous) pesticides, unless the project has appropriate controls on manufacture, procurement, or distribution and/or use of these chemicals. These chemicals should not be accessible to personnel without proper training, equipment, and facilities to handle, store, apply, and dispose of these products properly.	Add text to state that <i>"Users of pesticides and fertilizers are to be trained to handle them in a proper and responsible manner, and use appropriate application equipment and adequate PPE"</i> , and link with the protection of workers Standard.  Update text so it is applicable for both fertilizers and pesticides (where applicable).	Provides further clarity on the protection of workers and the community from pesticides.

## 2.8 ESS 4: Community Health, Safety and Security

ESS 4 has a focus on community exposure to impacts and risks due to project activities, equipment, and infrastructure. The relevance of climate adaptation in managing these issues takes on greater importance with the frequently modifying baseline, including changes to settlement locations and community compositions.. This Standard acknowledges that infrastructure activities can impact people and natural resources outside the footprint and that public authorities play a key role in promoting health, safety and security of the public. The Standard addresses the responsibility of relevant entities to avoid or minimize risks and impacts to community, health, safety and security which might arise from project-related activities.

The proposed changes to from IFC PS 4 to GCF ESS 4 are summarized as:

- Increasing the link between climate change and health and safety risks on communities, especially in emergency scenarios, while still recognizing the differences between risk assessments and impact assessments
- Increasing the focus on issues that have natural resource components that need management and mitigation, for instance communicable diseases, antimicrobial stewardship, ecosystem services and weather events.
- Reflecting the importance of using a risk control hierarchy
- Including more details for addressing accessibility (including for those with disabilities), product safety, road safety (rather than just activity traffic), dam safety.
- Introducing the concepts of project induced influx, gender-based violence (GBV) and sexual exploitation, abuse and harassment (SEAH) as health and safety risks which need addressing
- Reflecting the links between human rights and security management and requiring investigations for any unlawful or abusive acts.

The proposed updated structure can be seen below in Table 2.8, whilst the proposed changes from IFC PS 4 to GCF ESS 4 are described in more detail in Table 2.9.

**Table 2.8: ESS 4 proposed structure**

<b>PS4 Headings and Structure</b>
<b>1. Introduction</b>
<b>2. Objectives</b>
<b>3. Scope of Application</b>
<b>4. Requirements</b>
<b>a. Community Health and Safety</b>
<i>i. Infrastructure Equipment Design and Safety</i>
<i>ii. Hazardous Materials Management and Safety</i>
<i>iii. Ecosystem Services</i>
<i>iv. Community Exposure to Disease</i>
<i>v. Emergency Preparedness and Response</i>
<b>b. Security Personnel</b>

<b>Proposed ESS 4 Headings and Structure</b>
<b>1. Introduction</b>
<b>2. Objectives</b>
<b>3. Scope of Application</b>
<b>4. Requirements</b>
<b>a. Community Health and Safety</b>
<i>i. Infrastructure Equipment Design and Safety</i>
<i>ii. Product Safety</i>
<i>iii. Road Safety</i>
<i>iv. Dam Safety</i>
<i>v. Hazardous Materials Management and Safety</i>
<i>vi. Ecosystem Services and Natural Hazards</i>
<i>vii. Community Exposure to Disease</i>
<i>viii. Project Induced Immigration</i>
<i>ix. Gender-Based Violence and Sexual Exploitation, Abuse and Harassment</i>
<i>x. Emergency Preparedness and Response</i>
<b>b. Security Personnel</b>



**Table 2.9: Proposed changes for ESS 4**

Current PS4 Text	Description of change	Justification
<b>1. Introduction</b>		
<p>1. Performance Standard 4 recognizes that project activities, equipment, and infrastructure can increase community exposure to risks and impacts. In addition, communities that are already subjected to impacts from climate change may also experience an acceleration and/or intensification of impacts due to project activities. While acknowledging the public authorities' role in promoting the health, safety, and security of the public, this Performance Standard addresses the client's 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.</p>	<p>Add text to state: <i>"All GCF funded activity will assist and collaborate with communities and local government agencies in their preparations to respond to emergency situations, have resources and summarize plans in appropriate manner. Key areas risk areas will be considered, such as communicable diseases, accidents, chemical pollution, fire, structure collapse and natural hazards (floods, mudslides, landslides, earthquakes). The GCF-funded activity will also identify potential health/safety risks and impacts on ecosystem services and direct/indirect livelihood displacement."</i></p>	<p>This will support equality, non-discrimination and human rights principles of the GCF ESP, making sure GCF-financed activities will not discriminate anyone in providing services as part of livelihood restoration and resettlement programs.</p> <p>This will support harmonization by aligning with EBRD Performance Requirement 4 (community, health, safety and security) and WB ESS4 (community, health and safety) standards and add text/narrative on universal access, designing for disability and ecosystem services.</p>
<p>2. In conflict and post-conflict areas, the level of risks and impacts described in this Performance Standard may be greater. The risks that a project could exacerbate an already sensitive local situation and stress scarce local resources should not be overlooked as it may lead to further conflict.</p>	<p>Add a sentence that recognizes climate hazards and access and control to natural resources will be contributing more to conflicts in the future.</p>	<p>This ties with a climate change focused approach.</p>
<b>2. Objectives</b>		
<p>1. To anticipate and avoid adverse impacts on the health and safety of the Affected Community during the project life from both routine and non-routine circumstances.</p> <p>2. To ensure that the safeguarding of personnel and property is carried out in accordance with relevant human rights principles and in a manner that avoids or minimizes risks to the Affected Communities.</p>	<p>Add a sentence to "Objective 1" that says that non-routine circumstances can also reflect climate and disaster impacts: <i>"Climate change and natural hazards can increase the health and safety risk to workers and communities at different stages of the GCF funded activity, including both routine and non-routine circumstances."</i></p>	<p>This ties with a climate change focused approach.</p>
<b>3. Scope of Application</b>		
<p>3. The applicability of this Performance Standard is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet the requirements of this Performance Standard is</p>	<p>Include cross reference to Physical and Transition Climate Risk Assessment in PS1. Reference to be added that <i>"World Health Organization recommended</i></p>	<p>This will harmonize GCF policies and principles with WHO and development bank standards on health and safety. In addition, pro-actively considering WHO standards will enable</p>

Current PS4 Text	Description of change	Justification
<p>managed through the client's Environmental and Social Management System, the elements of which are outlined in Performance Standard 1.</p>	<p><i>standards and practices are to be considered in GCF-funded activities and issues related to health/safety."</i></p>	<p>knowledge-sharing of the best practice in managing health risks and ensuring the safety of communities and workers in GCF-funded activity. This ties in with a climate change focused approach.</p>
<p>4. This Performance Standard addresses potential risks and impacts to the Affected Communities from project activities. Occupational health and safety requirements for workers are included in Performance Standard 2, and environmental standards to avoid or minimize impacts on human health and the environment due to pollution are included in Performance Standard 3.</p>	<p>[No change proposed]</p>	<p>N/A</p>
<p>4. Requirements</p>		
<p><b>a. Community Health and Safety</b></p>		
<p>5. The client will evaluate the risks and impacts to the health and safety of the Affected Communities during the project life-cycle and will establish preventive and control measures consistent with good international industry practice (GIIP),<sup>1</sup> such as in the World Bank Group Environmental, Health and Safety Guidelines (EHS Guidelines) or other internationally recognized sources. The client will identify risks and impacts and propose mitigation measures that are commensurate with their nature and magnitude. These measures will favor the avoidance of risks and impacts over minimization.</p> <p>Footnote:</p> <p>1. Defined as the exercise of professional skill, diligence, prudence, and foresight that would reasonably be expected from skilled and experienced professionals engaged in the same type of undertaking under the same or similar circumstances globally or regionally.</p>	<p>Include additional text differentiating risk assessment (an assessment that considers the convergence of likelihood and severity of harm) and impact assessment (an assessment of impact magnitude with receptor sensitivity).</p> <p>Furthermore, text is proposed that considers the adoption of a hierarchy of risk control (similar to EBRD) <i>"The hierarchy of risk control refers to: (i) elimination of the risk; (ii) reduction of the risk by substituting the hazardous condition or substance with a non or less hazardous substance; (iii) isolation of the risk to prevent exposure; (iv) introduction of engineering controls which protect the workforce and community collectively; and (v) provision of information, instruction and training to workers and communities, as appropriate, on risks, safe systems of work, emergency plans, reporting requirements and mandatory supervision."</i></p> <p>Add text to explain that hierarchy risk control is the system to eliminate or mitigate exposure to hazards, which is derived from the hierarchy of risk elimination including substitution, engineering controls,</p>	<p>By explaining the difference then both types of assessment will receive balanced consideration; various ESS put more emphasis on risk assessment. This change will contribute to fit for purpose use and harmonize with other ESS. The differentiation is Mott MacDonald's understanding based on practice.</p>

Current PS4 Text	Description of change	Justification
	administrative controls and personal protective equipment (PPE) use.	
<p><b>i. Infrastructure Equipment Design and Safety</b></p>		
<p>6. The client will design, construct, operate, and decommission the structural elements or components of the project in accordance with GIIP, taking into consideration safety risks to third parties or Affected Communities. When new buildings and structures will be accessed by members of the public, the client will consider incremental risks of the public's potential exposure to operational accidents and/or natural hazards and be consistent with the principles of universal access. Structural elements will be designed and constructed by competent professionals, and certified or approved by competent authorities or professionals. When structural elements or components, such as dams, tailings dams, or ash ponds are situated in high-risk locations, and their failure or malfunction may threaten the safety of communities, the client will engage one or more external experts with relevant and recognized experience in similar projects, separate from those responsible for the design and construction, to conduct a review as early as possible in project development and throughout the stages of project design, construction, operation, and decommissioning. For projects that operate moving equipment on public roads and other forms of infrastructure, the client will seek to avoid the occurrence of incidents and injuries to members of the public associated with the operation of such equipment.</p>	<p>Where it says, "one or more external experts", refer also to climate and disaster specialists.</p> <p>Include text on universal access and designing for disability, using "where appropriate and feasible" as necessary.</p> <p>Additional text (based on EBRD/WB standards) to state: <i>"Infrastructure and building elements of all GCF-financed activity will be designed and operated in an inclusive manner, considering the needs of all people regardless of physical ability, age and other factors which could influence access. Hence, universal access principles will be implemented to make sure services and activities will include effective information delivery, flexibility in use, making sure enough space is considered for people with musculoskeletal needs and wheelchair users."</i></p>	<p>This change will help support the principle of inclusion and non-discrimination and will harmonize with EBRD and World Bank. It will strengthen a climate change approach.</p>
N/A	<p><b>ii. Product Safety</b></p>	
N/A	<p>Add new subsection titled "Product Safety" within the "Community Health and safety" section. This is proposed to align with EBRD text and approach, such as: <i>"Where the GCF-funded activity involves production</i></p>	<p>This is an emerging topic that EBRD has existing text for addressing.</p>

Current PS4 Text	Description of change	Justification
	<p><i>of or trade in consumer products, the Entity should ensure product safety through good design and manufacturing processes, as well as adequate storage, handling and transportation for the product distribution. Good international practice should be followed, including general safety requirements specific to the product safety standards and codes of practice in a given business sector and country"</i></p>	
N/A	<p><b>iii. Road Safety</b></p>	
N/A	<p>Remove text on traffic safety (last sentence in the Infrastructure and Equipment Design and Safety paragraph) and address topic in this new subsection called "Road Safety" within the "Community Health and Safety" section.</p> <p>Within this new section, add a paragraph to state: <i>"The Entity will identify, evaluate and monitor potential traffic and road safety risks to workers and potentially affected communities throughout the project life cycle and, where appropriate, will develop measures and plans to address them. For activities that operate moving equipment on public roads and other forms of infrastructure, the Entity will seek to prevent the occurrence of incidents and injuries to members of the public associated with the operation of such equipment."</i></p>	<p>This will support GCF-funded activities to harmonize with EBRD and World Bank and have fit-for-purpose approach in considering road safety risks and mitigation strategies.</p> <p>This provides greater emphasis on general road safety as 'road safety' (instead of 'traffic safety') can also include pedestrians, cyclists and equestrians. Infrastructure design process and explanation should recognize the health and safety issues due to road design, alignment and management. Include road safety text from EBRD and WB.</p> <p>Using text from EBRD and WB enables harmonization with other IFIs.</p>
N/A	<p><b>iv. Dam Safety</b></p>	
N/A	<p>Introduce a new subsection titled "Dam Safety" within the "Community Health and Safety" section. This new section is to include information related to:</p> <ul style="list-style-type: none"> <li>● using experienced and competent professionals for the supervision of the design and construction of dams;</li> <li>● the adoption of dam safety measures for new, existing and dams under construction; and</li> <li>● the contents of a dam safety reports.</li> </ul>	<p>Water pressures and conflicts may arise in coming years, and small dams may become more important components of GCF activities. The text changes will support a climate change agenda.</p>

Current PS4 Text	Description of change	Justification
	<p>The text will reflect the WB dam safety annex in its ESS4 but be less detailed with no differentiation between dam size, as GCF is expected to only invest in small dams that are part of watershed management, small water storage for irrigation, or weirs related to ecosystem services or natural hazard management. We will include WB text related to the need for dam safety measures following GIIP, referring need for a Panel when there is a dam that is considered "large". There will also be a section and paragraphs on existing dams and dams under construction, which emphasis safety design and measures requiring a dam safety assessment, dam safety program, and inspections. The need for dam safety reporting and their content will be explained.</p>	
<p>ii. Hazardous Materials Management and Safety</p>	<p>v. Hazardous Materials Management and Safety</p>	
<p>7. The client will avoid or minimize the potential for community exposure to hazardous materials and substances that may be released by the project. Where there is a potential for the public (including workers and their families) to be exposed to hazards, particularly those that may be life-threatening, the client will exercise special care to avoid or minimize their exposure by modifying, substituting, or eliminating the condition or material causing the potential hazards. Where hazardous materials are part of existing project infrastructure or components, the client will exercise special care when conducting decommissioning activities in order to avoid exposure to the community. The client will exercise commercially reasonable efforts to control the safety of deliveries of hazardous materials, and of transportation and disposal of hazardous wastes, and will implement measures to avoid or control community exposure to pesticides, in accordance with the requirements of Performance Standard 3.</p>	<p>Add text requiring accredited entities to take into account climatic trends and associated hazard frequencies and intensities in the selection, storage, and disposal of materials.</p>	<p>This supports a climate change focus.</p>

Current PS4 Text	Description of change	Justification
<p>iii. Ecosystem Services</p>	<p>vi. Ecosystem Services and Natural Hazards</p>	
<p>8. The project's direct impacts on priority ecosystem services may result in adverse health and safety risks and impacts to Affected Communities. With respect to this Performance Standard, ecosystem services are limited to provisioning and regulating services as defined in paragraph 2 of Performance Standard 6. For example, land use changes or the loss of natural buffer areas such as wetlands, mangroves, and upland forests that mitigate the effects of natural hazards such as flooding, landslides, and fire, may result in increased vulnerability and community safety-related risks and impacts. The diminution or degradation of natural resources, such as adverse impacts on the quality, quantity, and availability of freshwater,<sup>2</sup> may result in health-related risks and impacts. Where appropriate and feasible, the client will identify those risks and potential impacts on priority ecosystem services that may be exacerbated by climate change. Adverse impacts should be avoided, and if these impacts are unavoidable, the client will implement mitigation measures in accordance with paragraphs 24 and 25 of Performance Standard 6. With respect to the use of and loss of access to provisioning services, clients will implement mitigation measures in accordance with paragraphs 25–29 of Performance Standard 5.</p> <p>Footnote:</p> <p>2. Freshwater is an example of provisioning ecosystem services.</p>	<p>Include natural hazards in the subsection title so it reads "Ecosystem Services and Natural Hazards".</p> <p>Add text on how climate change is a compounding factor with ecosystem services and effects on community health and safety.</p> <p>Add invasive species and the emergence of zoonotic diseases as a natural hazard and health issue. Align with IDB text to state: <i>"The entity will avoid creating conditions that would facilitate the transmission of zoonotic diseases to workers, communities, and populated areas."</i></p> <p>State the need for risk assessment, impact assessment and use of mitigation hierarchy for specific risks with text such as: <i>"Where there are specific risks that could result in adverse effects on the health, safety, and well-being of people with sensitivities such as age, gender, disability, or short- or long-term health conditions, the entity will carry out a more detailed risk assessment and make adjustments to prevent injury and ill health."</i> (Based on IDB text).</p> <p>Delete "where appropriate and feasible" and make it a requirement for entities to identify the risks and impacts.</p>	<p>This will support the GCF ESP Mitigation Hierarchy principle to manage environmental risks and health impacts of the GCF-financed activities. It also references more directly climate change as a reality, in line with GCF's mandate. It limits the need for a risk assessment to specific situations, which should be more manageable for entities.</p>
<p>iv. Community Exposure to Disease</p>	<p>vii. Community Exposure to Disease</p>	
<p>9. The client will avoid or minimize the potential for community exposure to water-borne, water-based, water-related, and vector-borne diseases, and communicable diseases that could result from project</p>	<p>Add text on antimicrobial resistance aligned with other lenders including EBRD, explaining the concept, how it poses risk on GCF-funded activity and how it could be</p>	<p>This change will help address an emerging risk, informed by the policies of the WHO on risk</p>

Current PS4 Text	Description of change	Justification
<p>activities, taking into consideration differentiated exposure to and higher sensitivity of vulnerable groups. Where specific diseases are endemic in communities in the project area of influence, the client is encouraged to explore opportunities during the project life-cycle to improve environmental conditions that could help minimize their incidence.</p>	<p>mitigated. Proposed text: <i>"Where the project involves the provision of health services and / or the use of antibiotics, the entity will incorporate antimicrobial stewardship. Antimicrobial stewardship is a coordinated program as defined by the World Health Organization that promotes the appropriate use of antimicrobials (including antibiotics), improves patient outcomes, reduces microbial resistance, and decreases the spread of infections caused by multidrug-resistant organisms."</i> An explanation of antimicrobial resistance will be included, proposed as the WHO definition of: <i>"Antimicrobial resistance occurs when bacteria, viruses, fungi and parasites change (or mutate) over time and no longer respond to medicines. This makes infections harder to treat and control, increasing the risk of severe illness and death."</i></p> <p>Reference the need to <i>"Avoid creating conditions that would facilitate the transmission of zoonotic diseases to workers, communities, and populated areas."</i> from IDB PS6 ESS.</p> <p>After the reference to differentiated exposure, include the following additional text 'and changing exposure patterns from climatic trends and hazards'.</p>	<p>assessment and mitigation measures to tackle anti-microbial resistance.</p>
<p>10. The client will avoid or minimize transmission of communicable diseases that may be associated with the influx of temporary or permanent project labor.</p>	<p>[No change proposed]</p>	<p>N/A</p>
<p>N/A</p>	<p><a href="#">viii. Project Induced Immigration</a></p>	
<p>N/A</p>	<p>Introduce a new subsection heading titled "Project Induced Immigration" as part of the "Community health and Safety" section. Include text on labor influx, aligning with AIIB's need to assess impacts from this phenomena, and other ESS's like CIs: <i>"The entity will assess and appropriately manage the risks of adverse impacts on communities that may result from temporary Project-induced labor influx. If such risks are likely to exist, the entity will seek to avoid or minimize by tapping into local workforce whenever feasible. GCF-funded activity will also devise a site-specific</i></p>	<p>This will support GCF to harmonize with AIIB, CI, as well as WBG influx guidance.</p>

Current PS4 Text	Description of change	Justification
	<i>labor influx management plan and a workers' camp management plan."</i>	
N/A	<a href="#">ix. Gender-Based Violence and Sexual Exploitation, Abuse and Harassment</a>	
N/A	It is proposed to state that GCF has zero tolerance for all forms of SEAH and recognizes the imperative to prevent and respond effectively to SEAH and to protect persons and survivors. All GCF funded activities will consider, prevent and respond to risks associated with SEAH, providing protections to people in vulnerable positions. Use terminology related to all genders, for inclusion. Provide a link between this text with influx and new wage opportunities among existing community members.	Alignment with GCF's Revised Environmental and Social Policy, that now incorporates SEAH provisions. This will support GCF ESP Principles on human rights and having gender-based approach. Having an effective reporting and response measures will protect the rights of all affected people and survivors.
<a href="#">v. Emergency Preparedness and Response</a>	<a href="#">x. Emergency Preparedness and Response</a>	
11. In addition to the emergency preparedness and response requirements described in Performance Standard 1, the client will also assist and collaborate with the Affected Communities, local government agencies, and other relevant parties, in their preparations to respond effectively to emergency situations, especially when their participation and collaboration are necessary to respond to such emergency situations. If local government agencies have little or no capacity to respond effectively, the client will play an active role in preparing for and responding to emergencies associated with the project. The client will document its emergency preparedness and response activities, resources, and responsibilities, and will disclose appropriate information to Affected Communities, relevant government agencies, or other relevant parties.	After "emergency situations" include reference to climate hazards (particularly acute) and provide the definition of " <i>A climate hazard is a potentially damaging physical manifestation of climatic variability or change that can be both chronic and acute in nature</i> ".  Add " <i>Examples include earthquake, mass movement, volcanic activity, flood, landslide, wave action, convective storm, extratropical storm, extreme temperature, fog, tropical cyclone, drought, glacial lake outburst, wildfire, animal incident, disease, insect infestation, extra impact, airburst, and space weather.</i> "	This will help to provide more details on expectations for EPRPs, leading to a more fit-for-purpose ESS and also harmonize with EBRD and CI requirements. It places more emphasis on a climate change approach.
N/A	Add a general requirement for emergency preparedness that is more proactively responsible rather than assisting in response as follows: " <i>The entity will identify and assess major-accident hazards, and will take all measures necessary to prevent major</i>	This will help to provide more details on expectations for EPRPs, leading to a more fit-for-purpose ESS and also harmonize with EBRD and CI requirements. It places more emphasis on a climate change approach.



Current PS4 Text	Description of change	Justification
	<p><i>accidents or limit their risks on workers, project-affected communities and adverse impacts on the environment, with a view to ensuring high levels of protection to people and the environment in a consistent and effective manner. Such measures will be identified in a major-accident prevention/emergency preparedness policy and an appropriate management plan, integrated into the entity's overall ESMS. This plan will include organizational structures, responsibilities, procedures, communication, training, resources and other aspects required to implement such policy to ensure the entity has the capacity to respond effectively to emergencies associated with project hazards in accordance with GIIP."</i></p> <p>Add footnote on the main requirements for an Emergency Preparedness Response Plan (EPRP) from Conservation International details and other similar guidance: <i>"An emergency preparedness plan shall include (as appropriate): a) engineering controls (such as containment, automatic alarms, and shutoff systems) proportionate to the nature and scale of the hazard; (b) identification of and secure access to emergency equipment available on-site and nearby; (c) notification procedures for designated emergency responders; (d) diverse media channels for notification of the affected community and other stakeholders; (e) a training program for emergency responders including drills at regular intervals; (f) public evacuation procedures; (g) designated coordinator for implementation; and (h) measures for restoration and clean-up of the environment following any major accident."</i></p>	
<p><b>b. Security Personnel</b></p>		
<p>12. When the client retains direct or contracted workers to provide security to safeguard its personnel and property, it will assess risks posed by its security arrangements to those within and outside the project</p>	<p>Add references to human rights similar to EBRD requirements: <i>"When the entity directly retains security personnel, it will assess human rights risks to those</i></p>	<p>The new text will support the GCF ESP principle on human rights and making sure all risks are understood, analysed and acted upon in GCF-</p>

Current PS4 Text	Description of change	Justification
<p>site. In making such arrangements, the client will be guided by the principles of proportionality and good international practice<sup>3</sup> in relation to hiring, rules of conduct, training, equipping, and monitoring of such workers, and by applicable law. The client will make reasonable inquiries to ensure that those providing security are not implicated in past abuses; will train them adequately in the use of force (and where applicable, firearms), and appropriate conduct toward workers and Affected Communities; and require them to act within the applicable law. The client will not sanction any use of force except when used for preventive and defensive purposes in proportion to the nature and extent of the threat. The client will provide a grievance mechanism for Affected Communities to express concerns about the security arrangements and acts of security personnel.</p> <p>Footnote:</p> <p>3. Including practice consistent with the United Nation's (UN) Code of Conduct for Law Enforcement Officials, and UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials.</p>	<p><i>within and outside the project site or facilities posed by the security arrangements. All GCF-funded activity will include reasonable inquiries to ensure that those providing security are not implicated in past abuses. The entity will also make sure that the security staff or contractors are trained adequately in the use of force and appropriate conduct toward workers, local community and the rights of people."</i></p>	<p>financed activities, in relation to the right to security (from the United Nations Declaration on Human Rights).</p>
<p>13. The client will assess and document risks arising from the project's use of government security personnel deployed to provide security services. The client will seek to ensure that security personnel will act in a manner consistent with paragraph 12 above, and encourage the relevant public authorities to disclose the security arrangements for the client's facilities to the public, subject to overriding security concerns.</p>	<p>[No change proposed]</p>	<p>N/A</p>
<p>14. The client will consider and, where appropriate, investigate all allegations of unlawful or abusive acts of security personnel, take action (or urge appropriate parties to take action) to prevent recurrence, and report unlawful and abusive acts to public authorities.</p>	<p>Add text on security to make sure investigations are required for unlawful or abusive acts rather than just considering and where deemed appropriate as follows: <i>"The entity will investigate any allegations of unlawful or abusive acts of security personnel, take action (or urge appropriate parties to take action) to prevent recurrence, and where necessary report unlawful and abusive acts to public authorities ..."</i> (based on EBRD).</p>	<p>This will support the GCF E&amp;S Policy principle on human rights and making sure all risks are understood, analyzed and acted upon in GCF-financed activities, in relation to United Nations Declaration on Human Rights' right to security.</p>

<b>Current PS4 Text</b>	<b>Description of change</b>	<b>Justification</b>
	We recommend that entities need to report such acts to GCF because of their related reputational risks.	

## 2.9 ESS 5: Land Acquisition and Involuntary Resettlement

ESS 5 considers how issues concerning land acquisition and involuntary resettlement are to be managed. Over the decade since the IFC PS5 standard was developed, there has been increased emphasis on social issues, especially the sensitivities of this topic, and related lessons learned have been shared. The practicalities and challenges are now reflected in newer standards on this topic by other lenders, and GCF will consider.

The proposed changes from IFC PS 5 to GCF ESS 5 are summarized as:

- Expand to show clear links between human rights and land rights for owners and users;
- Recognise that management of resettlement is a sustainable development opportunity, and that specialist capability will often be needed;
- Provide more details on how to manage forced eviction;
- Place greater emphasis on promoting women's active involvement, to recognise that even seemingly homogenous communities can have differentiated needs because of intersectionality issues (such as age, gender, ethnicity, etc.), on accommodating needs of vulnerable groups;
- Identify more clearly the situations when the Standard is not applicable, and provide caveats for voluntary land donations;
- Expand on the key steps in the resettlement planning so entities have more understanding of expectations in relation to avoidance of impacts, field work to collect data on affected people and assets, eligibility, entitlements, provision of compensation, management capacity, monitoring and evaluation;
- Move from stakeholder engagement to meaningful consultation to place emphasis on useful and respectful interactions;
- Include measures to prevent reprisal and allow for privacy and confidentiality in the collection of data and as part of the grievance mechanisms requirements;
- Introduce the idea that climate change can impact on the suitability of land for resettlement and how this should be considered and addressed; and
- Acknowledge that various government departments are often involved in managing physical and economic displacement, and that even if the government entities are not responsible for management land acquisition they have crucial roles as stakeholders.

The proposed updated structure can be seen below in Table 2.10, whilst the proposed changes from IFC PS 5 to GCF ESS 5 are described in more detail in Table 2.11.

**Table 2.10: ESS 5 proposed structure**

<b>PS5 Headings and Structure</b>
<b>1. Introduction</b>
<b>2. Objectives</b>
<b>3. Scope of Application</b>
<b>4. Requirements</b>
<b>a. General</b>
<i>i. Project Design</i>
<i>ii. Compensation and Benefits for Displaced Persons</i>
<i>iii. Community Engagement</i>
<i>iv. Grievance Mechanism</i>
<i>v. Resettlement and Livelihood Restoration Planning and Implementation</i>
<b>b. Displacement</b>
<i>i. Physical Displacement</i>
<i>ii. Economic Displacement</i>
<b>c. Private Sector Responsibilities Under Government-Managed Resettlement</b>

<b>Proposed ESS 5 Headings and Structure</b>
<b>1. Introduction</b>
<b>2. Objectives</b>
<b>3. Scope of Application</b>
<b>4. Requirements</b>
<b>a. General</b>
<i>i. Avoidance or Minimization of Displacement</i>
<i>ii. Avoidance of Forced Eviction</i>
<i>iii. Negotiated Settlements</i>
<i>iv. Consideration of Vulnerable Groups</i>
<i>v. Consideration of Gender Aspects</i>
<i>vi. Eligibility Classification</i>
<i>vii. Compensation and Benefits for Displaced Persons</i>
<i>viii. Loss of Community Facilities, Utilities, and Public Amenities</i>
<i>ix. Stakeholder Engagement</i>
<i>x. Grievance Mechanism</i>
<i>xi. Resettlement and Livelihood Restoration Planning and Implementation</i>
<b>b. Displacement</b>
<i>i. Physical Displacement and Resettlement Assistance</i>
<i>ii. Economic Displacement and Livelihood Improvement or Restoration</i>
<i>iii. Monitoring and Evaluation</i>
<b>c. Government Coordination</b>

**Table 2.11: Proposed changes for ESS 5**

Current PS5 Text	Description of change	Justification
<p>1. Introduction</p>		
<p>1. Performance Standard 5 recognizes that project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons that use this land. Involuntary resettlement refers both to physical displacement (relocation or loss of shelter) and to economic displacement (loss of assets or access to assets that leads to loss of income sources or other means of livelihood<sup>1</sup>) as a result of project-related land acquisition<sup>2</sup> and/or restrictions on land use. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in physical or economic displacement. This occurs in cases of (i) lawful expropriation or temporary or permanent restrictions on land use and (ii) negotiated settlements in which the buyer can resort to expropriation or impose legal restrictions on land use if negotiations with the seller fail.</p> <p>Footnotes:</p> <p>1. The term “livelihood” refers to the full range of means that individuals, families, and communities utilize to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods, petty trade, and bartering.</p> <p>2. Land acquisition includes both outright purchases of property and acquisition of access rights, such as easements or rights of way.</p>	<p>Add text that links land rights to human rights, indicating this could contribute to meeting objectives such as food security and rural development, similar to EBRD wording: <i>“The application of this standard is consistent with the universal respect for, and observance of, human rights and freedoms (Add footnote: Namely, the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights.) specifically the right to private property, the right to adequate housing. (Add footnote: “Adequate housing” refers to adequate privacy; space; physical accessibility; security; security of tenure; structural stability and durability; lighting, heating and ventilation; basic infrastructure, such as water-supply, sanitation and waste-management facilities; suitable environmental quality and health-related factors; adequate and accessible location with regard to work and basic facilities) and to the continuous improvement of living conditions.”</i></p> <p>Include an expanded footnote for land acquisition, using EBRD wording:</p> <p><i>“ ‘Land acquisition’ refers to all methods of obtaining land for project purposes, which may include outright purchase, expropriation of land and assets and acquisition of temporary or permanent access rights, such as easements, rights of way, establishment of restrictions of access to protected and other areas. Land acquisition may also include: (a) acquisition of unoccupied or unutilized land whether or not the landholder relies upon such land for income or livelihood purposes; (b) repossession of public land that is used or occupied by individuals or households; and (c) project impacts that result in land being submerged or otherwise rendered unusable or inaccessible.”</i></p>	<p>This change will support having a human rights- based approach in GCF funded activities, so that rights of project impacted stakeholders and host communities are understood, recognized and upheld. It will harmonize with newer ESSs.</p> <p>More detailed explanations of concepts will help users understand resettlement terminology better, and contribute to better communication.</p>

Current PS5 Text	Description of change	Justification
	<p><i>“ ‘Land’ includes anything growing on or permanently affixed to land, such as crops, buildings and other improvements, and appurtenant water bodies. ”</i></p> <p>Include definition of restrictions on land use (similar to WB and EBRD): <i>“ ‘Restrictions on land use’ refers to limitations or prohibitions on the use of agricultural, residential, commercial or other land that are directly introduced and put into effect as part of the project. These may include restrictions on access to legally designated parks and protected areas, restrictions on access to other common property resources, and restrictions on land use within utility easements or safety zones.”</i></p> <p>Expand footnote to explain that “Livelihood” refers to the full range of means that individuals, families and communities utilize to make a living, such as wages from employment; cash income earned through an enterprise or through sale of produce, goods, handicrafts or services; rental income from land or premises; income from a harvest or animal husbandry, share of a harvest (such as various sharecropping arrangements) or livestock production; self-produced goods or produce used for exchange or barter; self-consumed goods or produce; food, materials, fuel and goods for personal or household use or trade derived from natural or common resources; pensions and various types of government allowances.</p>	
<p>2. Unless properly managed, involuntary resettlement may result in long-term hardship and impoverishment for the Affected Communities and persons, as well as environmental damage and adverse socio-economic impacts in areas to which they have been displaced. For these reasons, involuntary resettlement should be avoided. However, where involuntary resettlement is unavoidable, it should be minimized and appropriate measures to mitigate adverse impacts on displaced persons and host communities<sup>3</sup> should be carefully planned and implemented. The government often plays a central role in the land acquisition and</p>	<p>After the sentence referencing government, add in: "Close collaboration and coordination among government agencies and the project-affected people can result in more cost-effective, efficient, and timely implementation of those activities, as well as the introduction of innovative approaches to improving the livelihoods of those affected by resettlement."</p>	<p>This IDB wording supports government coordination rather than solely government management (an emerging theme in newer ESSs).</p>

Current PS5 Text	Description of change	Justification
<p>resettlement process, including the determination of compensation, and is therefore an important third party in many situations. Experience demonstrates that the direct involvement of the client in resettlement activities can result in more cost-effective, efficient, and timely implementation of those activities, as well as in the introduction of innovative approaches to improving the livelihoods of those affected by resettlement.</p> <p>Footnote:</p> <p>3. A host community is any community receiving displaced persons.</p>		
<p>3. To help avoid expropriation and eliminate the need to use governmental authority to enforce relocation, clients are encouraged to use negotiated settlements meeting the requirements of this Performance Standard, even if they have the legal means to acquire land without the seller's consent.</p>	<p>[No change proposed]</p>	<p>N/A</p>
<p>2. Objectives</p>		
<p>1. To avoid, and when avoidance is not possible, minimize displacement by exploring alternative project designs.</p>	<p>Modify objective to avoid involuntary resettlement rather than displacement, and include exploring alternative sites, as per EBRD and WB text: "avoid involuntary resettlement or, when unavoidable, minimize involuntary resettlement by exploring feasible alternative project designs and sites".</p>	<p>This is more specific about avoiding the root cause rather than the impact, and helps make it more fit for purpose. As well it includes attention to being reasonable by requiring exploration of "feasible" alternatives as some alternatives may be very costly and not considered a value for money option. The latter takes into account entity's capacity to address impacts.</p>
<p>2. To avoid forced eviction</p>	<p>Include WB objective related to undertaking resettlement as a sustainable development opportunity: "To conceive and execute resettlement activities as sustainable development programs, providing sufficient investment resources to enable displaced persons to benefit directly from the project, as the nature of the project may warrant."</p> <p>Add a sentence defining forced eviction and allowing eviction based on specific criteria. Propose to use EBRD's definition of "Forced eviction" which refers to the acts and/or omissions involving the coerced or permanent or temporary involuntary displacement of individuals, groups and communities from homes and/or lands and common</p>	<p>These changes reflect an increased human rights-based approach, coherence with GCF policies, and harmonization with various other organizations.</p>



Current PS5 Text	Description of change	Justification
	<p>property resources which they occupy or depend on. This is thus eliminating or limiting the ability of an individual, group or community to reside or work in a particular dwelling, residence or location, without the provision of, and access to, appropriate forms of legal or other protections provided for under this standard.</p> <p>The text on expropriation not being forced eviction is "The exercise of eminent domain, expropriation, compulsory acquisition or similar powers by a entity is not considered to be forced eviction providing it complies with the requirements of national law and the provisions of this [standard] and is conducted in a manner consistent with basic principles of due process (including provision of adequate advance notice, meaningful opportunities to lodge grievances and appeals, and avoidance of the use of unnecessary, disproportionate or excessive force)."</p>	
<p>3. To anticipate and avoid, or where avoidance is not possible, minimize adverse social and economic impacts from land acquisition or restrictions on land use by (i) providing compensation for loss of assets at replacement cost<sup>4</sup> and (ii) ensuring that resettlement activities are implemented with appropriate disclosure of information, consultation, and the informed participation of those affected.</p> <p>Footnote:</p> <p>4. Replacement cost is defined as the market value of the assets plus transaction costs. In applying this method of valuation, depreciation of structures and assets should not be taken into account. Market value is defined as the value required to allow Affected Communities and persons to replace lost assets with assets of similar value. The valuation method for determining replacement cost should be documented and included in applicable Resettlement and/or Livelihood Restoration plans (see paragraphs 18 and 25).</p>	<p>Change to providing "timely" compensation for loss of assets.</p> <p>Include compensation for "transitional hardships".</p> <p>Edit point (ii) to ensure that land acquisition, restrictions on land use, other assets and natural resources and involuntary resettlement activities are implemented with meaningful consultation, participation, and disclosure of information, in accordance with the requirements of the stakeholder engagement ESS.</p>	<p>This will support the mitigation hierarchy principle of the GCF ESP, managing environmental and social risks and impacts, and avoiding adverse effects. Including compensation for transitional hardships aligns with the IDB approach.</p>

Current PS5 Text	Description of change	Justification
<p>4. To improve, or restore, the livelihoods and standards of living of displaced persons.</p>	<p>Add "compared to pre-displacement levels" like EBRD</p>	<p>This will harmonize with other lenders and add relevant fit-for-purpose detail.</p>
<p>5. To improve living conditions among physically displaced persons through the provision of adequate housing with security of tenure<sup>5</sup> at resettlement sites.</p> <p>Footnote:</p> <p>5. Security of tenure means that resettled individuals or communities are resettled to a site that they can legally occupy and where they are protected from the risk of eviction.</p>	<p>After housing, add "(including essential services and utilities)" like EBRD</p> <p>Add at end "and where the tenure rights provided to them are socially and culturally appropriate." like EBRD.</p>	<p>This will harmonize with other lenders and add relevant fit-for-purpose detail.</p>
<p><b>3. Scope of Application</b></p>		
<p>4. The applicability of this Performance Standard is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client's Environmental and Social Management System, the elements of which are outlined in Performance Standard 1.</p>	<p>[No change proposed]</p>	<p>N/A</p>
<p>5. This Performance Standard applies to physical and/or economic displacement resulting from the following types of land-related transactions:</p> <ul style="list-style-type: none"> <li>• Land rights or land use rights acquired through expropriation or other compulsory procedures in accordance with the legal system of the host country;</li> <li>• Land rights or land use rights acquired through negotiated settlements with property owners or those with legal rights to the land if failure to reach settlement would have resulted in expropriation or other compulsory procedures;<sup>6</sup></li> <li>• Project situations where involuntary restrictions on land use and access to natural resources cause a community or groups within a community to lose access to resource usage where they have traditional or recognizable usage rights;<sup>7</sup></li> </ul>	<p>Define land rights in footnote as: " 'Land rights' include full and permanent ownership rights recognized by the law of the country, whether registered or customary; permanent or temporary usufruct (usage) rights derived from a formal or informal agreement or from custom, including long- or short-term lease, tenancy and sharecropping as well as formal or informal use of communally held natural resources such as forest, pasture, and water bodies; rights-of-way established by law or custom; and restrictions of use or access established by law or custom." (Similar to EBRD text).</p> <p>Include reference to applicability of "restrictions that result in people experiencing loss of access to land, assets, natural resources or livelihoods, irrespective of whether such rights of restriction are acquired through negotiation, expropriation, compulsory purchase, or by means of government regulation".</p>	<p>This will support a harmonized application, reflecting practical issues that have required more direct reference in the objectives by lenders. The wording will harmonize with other lenders' ESSs.</p>

Current PS5 Text	Description of change	Justification
<ul style="list-style-type: none"> <li>• Certain project situations requiring evictions of people occupying land without formal, traditional, or recognizable usage rights;<sup>8</sup> or</li> <li>• Restriction on access to land or use of other resources including communal property and natural resources such as marine and aquatic resources, timber and non-timber forest products, freshwater, medicinal plants, hunting and gathering grounds and grazing and cropping areas.<sup>9</sup></li> </ul> <p>Footnotes:</p> <p>6. This also applies to customary or traditional rights recognized or recognizable under the laws of the host country. The negotiations may be carried out by the government or by the company (in some circumstances, as an agent of the government).</p> <p>7. In such situations, affected persons frequently do not have formal ownership. This may include freshwater and marine environments. This Performance Standard may also apply when project-related biodiversity areas or legally designated buffer zones are established but not acquired by the client.</p> <p>8. While some people do not have rights over the land they occupy, this Performance Standard requires that non-land assets be retained, replaced, or compensated for; relocation take place with security of tenure; and lost livelihoods be restored.</p> <p>9. Natural resource assets referred to in this Performance Standard are equivalent to ecosystem provisioning services as described in Performance Standard 6.</p>	<p>Modify the bullet about recognizable usage right to mention national law and cut-off date, such as "relocation of people without formal, traditional, or recognizable usage rights under national laws, who are occupying or utilizing land prior to the cut-off date".</p> <p>Include new application referencing activities that would affect a portion of land but make the plot more unusable such as EBRD wording: "displacement of people as a result of project impacts that render their land or assets unusable or inaccessible."</p> <p>Align to WB by including text related to additional specific transactions: "Land rights or claims to land or resources relinquished by individuals or communities without full payment of compensation" and "Land acquisition or land use restrictions occurring prior to the project, but which were undertaken or initiated in anticipation of, or in preparation for, the project."</p> <p>Add text similar to EBRD's on applicability for a project with some ongoing activities: "When EBRD is approached to finance a project that is under construction, or where the project has received its permits from the host country, including the approval of local environmental and social impact assessments, the Bank's appraisal will include a gap analysis of the project design and implementation against the PRs to identify whether any additional studies and/or mitigation measures are required to meet EBRD's requirements."</p> <p>Include DBSA explanation that the standard is applicable to the "Displacement of community members, (other than the seller), who occupy, use or claim rights to the land where the landowner undertakes voluntary land transactions."</p>	
N/A	Text based on WB ESS on land acquisition to be added on where the restrictions on land use and involuntary resettlement do not apply to, such as land titling/regularization activities and regulation//planning of	This will harmonize with other lenders and add relevant fit-for-purpose detail.

Current PS5 Text	Description of change	Justification
	<p>natural resources on regional and national level to promote sustainability, management of refugees. For instance, text similar to the following WB text will be included:</p> <ul style="list-style-type: none"> <li>• <i>"This ESS does not apply to impacts on incomes or livelihoods that are not a direct result of land acquisition or land use restrictions imposed by the project. Such impacts will be addressed in accordance with ESS1."</i></li> <li>• <i>"Where a project supports land titling or other activities intended to confirm, regularize or determine land rights, a social, legal and institutional assessment will be required.... The assessment aims to identify potential risks and impacts, as well as appropriate design measures to minimize and mitigate adverse economic and social impacts, especially those that affect poor and vulnerable groups. This ESS does not apply to disputes between private parties in land titling or related contexts. However, where persons are required to vacate land as a direct result of a project-supported determination that the land in question is state land, this ESS will apply (in addition to the relevant provisions of ESS1 mentioned above)."</i></li> <li>• <i>"This ESS does not apply to land use planning or the regulation of natural resources to promote their sustainability on a regional, national or subnational level (including watershed management, groundwater management, fisheries management, and coastal zone management). Where a project supports such activities, the entity will be required to conduct a social, legal and institutional assessment in order to identify potential economic and social risks and impacts of the planning or regulation, and appropriate measures to minimize and mitigate them, in particular those that affect poor and vulnerable groups."</i></li> </ul>	
<p>6. This Performance Standard does not apply to resettlement resulting from voluntary land transactions (i.e., market transactions in which the seller is not obliged to sell and the buyer cannot resort to expropriation or other compulsory</p>	<p>Update text to include recognition that the standard can apply where voluntary land transactions may result in the displacement of persons other than the seller:</p>	<p>This is consistent with universal human rights and freedoms relating to property/housing/land ownership.</p>

Current PS5 Text	Description of change	Justification
<p>procedures sanctioned by the legal system of the host country if negotiations fail). It also does not apply to impacts on livelihoods where the project is not changing the land use of the affected groups or communities.<sup>10</sup></p> <p>Footnote:</p> <p>10. More generalized impacts on communities or groups of people are covered in Performance Standard 1. For example, disruption of access to mineral deposits by artisanal miners is covered by Performance Standard 1.</p>	<p><i>"However, this standard will apply where such voluntary land transactions may result in the displacement of persons, other than the seller, who occupy, use or claim rights to the land in question such as informal tenants or other land users that have no right under national law."</i> (Based on EBRD.)</p> <p>Also add that: "Compulsory acquisition is a last resort after a negotiated process"</p>	
<p>7. Where project impacts on land, assets, or access to assets become significantly adverse at any stage of the project, the client should consider applying requirements of this Performance Standard, even where no land acquisition or land use restriction is involved.</p>	<p>[No change proposed]</p>	<p>N/A</p>
<h2>4. Requirements</h2>		
<h3>a. General</h3>		
<p><i>i. Project Design</i></p>	<p><i>i. Avoidance or Minimization of Displacement</i></p>	
<p>8. The client will consider feasible alternative project designs to avoid or minimize physical and/or economic displacement, while balancing environmental, social, and financial costs and benefits, paying particular attention to impacts on the poor and vulnerable.</p>	<p>Change the above title from "Project Design" to "Avoidance or Minimization of Displacement" (like EBRD)</p> <p>Include reference from GCF E&amp;S policy to screening for potential involuntary resettlement impacts. Add the need to undertake an assessment characterizing baseline socio-economic circumstances of the displaced people, including the view of the displaced people and using resettlement experts to assist in the assessment. EBRD has several clauses for such text.</p>	<p>This will ensure coherence with GCF's E&amp;S policy. As well, various other lenders put more emphasis on the screening stage of an ESIA, and more details about what the assessment needs to cover.</p>
<p>N/A</p>	<p><i>ii. Avoidance of Forced Eviction</i></p>	

Current PS5 Text	Description of change	Justification
N/A	<p>Include new subsection titled "Avoidance of Forced Eviction" (based on EBRD text) which comprises the following: "The entity shall not resort to forced eviction. The exercise of eminent domain, expropriation, compulsory acquisition or similar powers by an entity is not considered to be forced eviction provide it complies with the requirements of national law and the provisions of this standard and is conducted in a manner consistent with basic principles of due process (including provision of adequate advance notice, meaningful opportunities to lodge grievances and appeals, and avoidance of the use of unnecessary, disproportionate or excessive force).</p>	<p>This change harmonizes with a topic that most recent ESS put greater emphasis on. Having a separate subsection reinforces the objective to avoid forced evictions.</p>
N/A	<p><i>iii. Negotiated Settlements</i></p>	
N/A	<p>Include new subsection titled "Negotiated Settlements" (based on EBRD text) which comprises the following: "The entity will seek to acquire land rights through negotiated settlements even if it has the legal means to gain access to the land without the consent of the seller. Negotiated settlements help avoiding or minimizing expropriation and administrative or judicial delays associated with formal expropriation, and to the extent possible to reduce the impacts on affected persons associated with formal expropriation. Negotiated settlements can usually be achieved by providing fair and appropriate compensation to affected persons or communities."</p>	<p>Negotiated settlements are by far the preferred approach: having a subsection stresses this point. The text also helps to create more understanding on this approach, which various other ESSs confuse with "voluntary resettlement". The change helps make the ESS fit for purpose.</p>
N/A	<p><i>iv. Consideration of Vulnerable Groups</i></p>	
N/A	<p>Include new subsection titled "Consideration of Vulnerable Groups" like EBRD. Text to state: "The entity shall identify, assess and address impacts on vulnerable groups, specifically:</p> <p>(I) carry out, at the time of the socio- economic surveys, an analysis to determine pertinent vulnerability factors in the context of the project area, in cooperation with relevant stakeholders including affected communities;</p>	<p>Most institutions are putting more emphasis on vulnerability in their ESSs. This change follows that trend and signposts it with a subsection title. The EBRD text captures details that other ESSs promote.</p>

Current PS5 Text	Description of change	Justification
	<p>(ii) identify vulnerable groups based on the results of this vulnerability analysis;</p> <p>(iii) conduct specific consultations with vulnerable groups; and</p> <p>(iv) plan assistance measures tailored to the different needs of vulnerable groups, describe these measures in the resettlement planning document, and provide for their implementation and funding as part of the overall land acquisition and resettlement budget.”</p>	
N/A	<i>v. Consideration of Gender Aspects</i>	
N/A	<p>Include new subsection titled "Consideration of Gender Aspects"</p> <p>Move footnote 16 concerning ensuring women's perspective into main text under this new sub-section title. Stress women's involvement more by making referencing accessibility: "Measures will be in place to ensure meaningful participation of women and men in any consultations about resettlement, including appropriate times of meetings, transport, childcare support, as well as convening women-only meetings when necessary" (based on EBRD wording).</p> <p>Develop further the concept that women's and men's preferences may be different and require projects to seek to understand the differential aspects. Clause 16 of EBRD has this sentencing with bullets about including, as appropriate, intra-household analysis, analysis of women's right over land and the impact of resettlement on women's ability to conduct work. EBRD has additional clauses to be used related to gender equality and differences for compensational entitlement, consultation to include women's perspectives, and appropriate assistance for livelihood improvements. IDB has some similar clauses related to resettlement in its gender ESS.</p> <p>For appropriate assistance, IDB text will be used: "The [entity] will make available to individuals equally regardless</p>	<p>Most institutions' ESSs have a greater emphasis on women's involvement. The changes will support a gender equality approach. IDB, one of the newest revised ESS, has its own gender ESS and "all genders" is used in some places.</p>

Current PS5 Text	Description of change	Justification
	<p>of gender, and adapted to their respective needs, assistance to livelihood improvement or restoration" such as improvement of existing agriculture activities, skills training, access to credit, entrepreneurship, and job opportunities."</p> <p>Use "all genders" where appropriate instead of women and men. IDB, one of the newest revised ESS, has its own gender ESS and "all genders" is used in some places.</p>	
N/A	<p>Include new subsections on a) socio-economic surveys, and b) census, inventory of affected assets and cut-off date, c) valuation of affected lands and assets; d) eligibility classification. There is text in the IFC PS5 resettlement planning section that is appropriate for use and there is EBRD text that can be used. The proposed text for these sections is presented in the next rows.</p> <p>For socio-economic surveys, text similar to EBRD's is proposed: "The entity shall carry out socio-economic surveys to describe the baseline circumstances of affected people where the project may entail physical displacement or economic displacement. Such surveys will use a combination of quantitative and qualitative methods and will be designed to facilitate further social and economic monitoring of the circumstances of affected persons. Socio-economic baseline surveys shall:</p> <ul style="list-style-type: none"> <li>● establish a social and economic profile of the affected communities and people with a disaggregation of data by sex and age;</li> <li>● identify sources of livelihoods that are affected and their significance to the overall livelihoods of affected people</li> <li>● identify land tenure regimes in the affected area</li> <li>● identify any gender issues that may affect the land acquisition and resettlement process</li> <li>● identify relevant factors of vulnerability and establish a list of vulnerable groups. "</li> </ul>	<p>This order generally follows the resettlement planning order, requiring fieldwork to determining who and what are impacted. This makes the ESS more fit for purpose and promotes wider understanding for a generally sensitive issue. This is aligned with EBRD which is considered to be good practice.</p>



Current PS5 Text	Description of change	Justification
N/A	<p>Add same or similar text to EBRD under the heading "Census, Inventory of Affected Assets and Cut-off Date":</p> <p>"The entity shall carry out a census of affected people to: (i) identify persons who are affected by the project; and (ii) determine who will be eligible for compensation and assistance. The census shall also take into account seasonal resource users who may not be present in the project area at the time of the census.</p> <p>The entity shall carry out an inventory (add footnote: 'Inventory' should include a detailed account, prepared through a consultative, impartial and transparent process, of the full range of rights held or asserted by affected people, including those based on custom or practice, secondary rights such as rights of access or use for livelihoods purposes, and rights held in common) of affected assets, including land, structures, crops, communal amenities and natural resources to establish the basis for further valuation of such assets.</p> <p>The entity shall establish a cut-off date for eligibility (footnote: Includes definition of displaced persons and criteria for determining their eligibility for compensation and other resettlement assistance, including relevant cut-off dates.) either: (i) as foreseen in applicable legislation; or (ii) using the end date of the census or of the inventory (whichever is the latest). The entity shall inform affected persons of the cut-off date.</p> <p>Information regarding the cut-off date will be well documented and will be disseminated throughout the project area at regular intervals in written and non-written forms (as appropriate) and in relevant local languages. This will include posted warnings that persons settling in the project area after the cut-off date may be subject to removal. The entity is not required to compensate or assist opportunistic settlers who encroach on the project area after the cut-off date.</p>	<p>This order generally follows the resettlement planning order, requiring fieldwork to determine who and what are impacted. This makes the ESS more fit for purpose and promotes wider understanding for a generally sensitive issue. This is aligned with EBRD which is considered to be good practice.</p>

Current PS5 Text	Description of change	Justification
	<p>The cut-off date for eligibility shall be valid either: (i) for the period foreseen in national laws; or (ii) for a reasonable time period from the census or inventory date. Where a longer period elapses between the cut-off date and compensation of the affected land by the entity, the census, inventory and resulting valuation shall be updated."</p>	
N/A	<p>Add text under the heading "Valuation of Affected Lands and Assets" based on EBRD standards:</p> <p>"Valuation shall be at full replacement cost and shall be performed by qualified valuers. The valuation methodology for determining replacement cost shall be documented and included in relevant resettlement planning documents. To ensure compensation at replacement cost, planned compensation rates may require updating in project areas where inflation is high or the period of time between calculation of compensation rates and delivery of compensation is extensive.</p>	<p>This order generally follows the resettlement planning order, requiring fieldwork to determine who and what are impacted. This makes the ESS more fit for purpose and promotes wider understanding for a generally sensitive issue. This is aligned with EBRD which is considered to be good practice.</p>
N/A	<p><i>vi. Eligibility Classification</i></p>	
N/A	<p>Include new subsection titled "Eligibility Classification", using EBRD text which is slightly more detailed than the similarly phrased WB text: "Affected persons may be classified as follows:</p> <p>(i) persons who have formal legal rights to the land (including customary and traditional rights recognized under national laws) or assets;</p> <p>(ii) persons who do not have formal legal rights to land or assets at the time of the census, but who have a claim to land or assets that is recognized or recognizable under national laws; or</p> <p>(iii) persons who have no recognizable legal right or claim to the land or assets they occupy or use."</p>	<p>Eligibility criteria is included in PS5 later in the text and without a subsection of its own. This improved signposting and slightly more detailed description will make the text more fit-for-purpose.</p>

Current PS5 Text	Description of change	Justification
<p><i>ii. Compensation and Benefits for Displaced Persons</i></p>	<p><i>vii. Compensation and Benefits for Displaced Persons</i></p>	
<p>9. When displacement cannot be avoided, the client will offer displaced communities and persons compensation for loss of assets at full replacement cost and other assistance<sup>11</sup> to help them improve or restore their standards of living or livelihoods, as provided in this Performance Standard. Compensation standards will be transparent and applied consistently to all communities and persons affected by the displacement. Where livelihoods of displaced persons are land-based,<sup>12</sup> or where land is collectively owned, the client will, where feasible,<sup>13</sup> offer the displaced land-based compensation. The client will take possession of acquired land and related assets only after compensation has been made available<sup>14</sup> and, where applicable, resettlement sites and moving allowances have been provided to the displaced persons in addition to compensation.<sup>15</sup> The client will also provide opportunities to displaced communities and persons to derive appropriate development benefits from the project.</p> <p>Footnotes:</p> <p>11. As described in paragraphs 19 and 26.</p> <p>12. The term "land-based" includes livelihood activities such as subsistence cropping and grazing of livestock as well as the harvesting of natural resources.</p> <p>13. Refer to paragraph 26 of this Performance Standard for further requirements.</p> <p>14. In certain cases it may not be feasible to pay compensation to all those affected before taking possession of the land, for example when the ownership of the land in question is in dispute. Such circumstances shall be identified and agreed on a case-by-case basis, and compensation funds shall be made available for example through deposit into an escrow account before displacement takes place.</p> <p>15. Unless government-managed resettlement is involved and where the client has no direct influence over the timing of compensation payments. Such cases should be handled in accordance with paragraphs 27–29 of this Performance Standard. Staggered compensation</p>	<p>Include a footnote that livelihood restoration can be a multiyear activity that may go beyond the construction phase.</p> <p>Add clarity that the provision of legal assistance can be provided as appropriate and feasible. It is suggested that provision of legal assistance is kept as an option instead of being mandatory, taking into account implementing entities' capacity and recognizing that legal assistance can be costly to projects.</p> <p>Similar to various lenders, identify the situations when compensation will not be provided (i.e. encroachment after the project cut-off date, repeated efforts to contact have failed, repeated rejection of compensation offered in accordance with laws and the RAP).</p> <p>Add text based on EBRD as follows: " In cases where affected persons reject compensation offers that meet the requirements of this ESS and, as a result, expropriation or other legal procedures are initiated, the entity shall explore opportunities to cooperate with the responsible government authority to obtain outcomes consistent with this PR, including compensation at full replacement cost, resettlement assistance and livelihood improvement or restoration assistance."</p> <p>For when a property or its valuation are in dispute, include reference (similar to DBSA) to use of an interest-bearing escrow or other deposit account to proceed with project activities. These compensation funds will then be made available to eligible persons as land conflict is resolved.</p> <p>Include a cross reference to the Indigenous Peoples Standard, such as "Where communities of indigenous peoples are affected, the entity shall meet the applicable requirements of this Standard as well as those of ESS 7."</p>	<p>The footnote proposed reflects a reality of projects. Newer ESSs are reflecting provision of legal assistance as a mechanism in both Standard 5 and Standard 7. Clarifying when compensation will not be paid will support a wider audience understand the entities' position. Escrow accounts are common practice. These changes are aimed at making text more fit-for-purpose.</p>

Current PS5 Text	Description of change	Justification
<p>payments may be made where one-off cash payments would demonstrably undermine social and/or resettlement objectives, or where there are ongoing impacts to livelihood activities.</p>		
<p>N/A</p>	<p>Add further details about providing land-based compensation and when cash compensation will be acceptable, using text similar to EBRD such as: "Where livelihoods of displaced persons are land-based or where land is collectively owned, the entity shall offer land-based compensation, unless proven unfeasible or unacceptable to affected persons." and "Payment of cash compensation for lost land or assets at full replacement cost in-lieu of in-kind compensation may be appropriate where: (i) livelihoods are not land-based; (ii) livelihoods are land-based but the land taken for the project is a small fraction of the affected asset and the residual land is economically viable; or (iii) active markets for land, housing and labor exist, displaced persons use such markets, and there is sufficient supply of land and housing."</p>	<p>This addition addresses a key issue often faced by entities regarding when the use of cash compensation is acceptable, making the standard more fit for purpose.</p>
<p>N/A</p>	<p>Include new subsection on voluntary land donations (similar to EBRD text): "In some circumstances, it may be proposed that part or all of the land to be used by the project is donated on a voluntary basis without payment of full compensation. Subject to prior approval, this may be acceptable provided the entity demonstrates that all of the following requirements are met:</p> <ul style="list-style-type: none"> <li>● the potential donor or donors have been appropriately informed and consulted about the project and the choices available to them;</li> <li>● the potential donor or donors have confirmed their willingness in writing;</li> <li>● no coercion, intimidation or bribery is used;</li> <li>● the amount of land being donated will not reduce the donor's current livelihood levels; and the land donation entails no residual livelihood impact;</li> <li>● no household relocation is involved;</li> </ul>	<p>For a while now, voluntary land donations have been allowed, specifically by the Asian Development Bank (ADB), and various lenders have this topic in their newer ESS revisions so there would be harmonization.</p>

Current PS5 Text	Description of change	Justification
	<ul style="list-style-type: none"> <li>the donors are expected to benefit directly from the project;</li> <li>for community or collective land, donation can only occur with the consent of individuals using or occupying the land; and</li> <li>the entity will maintain a transparent record of all consultations and agreements reached."</li> </ul>	
N/A	<p>Include new subsection on "Loss of Community Facilities, Utilities, and Public Amenities" requiring better or similar level of service based on consultation with affected community and relevant government stakeholders, similar to EBRD's text: "Where a project involves the loss of community facilities, utilities or public amenities, or access thereto, the entity shall replace these to ensure a better or similar level of service, based on consultation with the affected community and relevant government stakeholders to identify and agree upon suitable alternatives."</p>	<p>Often, resettlement action plans (RAPs) have to address these types of impacts. This change addresses expectations of what is to be provided, contributing to the ESS' fit-for-purpose approach.</p>
<i>iii. Community Engagement</i>	<i>ix. Stakeholder Engagement</i>	
N/A	Change heading above to "Stakeholder engagement"	Provides more breadth as to who is engaged.
<p>10. The client will engage with Affected Communities, including host communities, through the process of stakeholder engagement described in Performance Standard 1. Decision-making processes related to resettlement and livelihood restoration should include options and alternatives, where applicable. Disclosure of relevant information and participation of Affected Communities and persons will continue during the planning, implementation, monitoring, and evaluation of compensation payments, livelihood restoration activities, and resettlement to achieve outcomes that are consistent with the objectives of this Performance Standard.<sup>16</sup> Additional provisions apply to consultations with Indigenous Peoples, in accordance with Performance Standard 7.</p> <p>Footnote:</p>	<p>Add reference to "meaningful consultation" here and throughout similar to EBRD. Make specific references to information disclosure, provision of options from which affected households and communities, may choose, consultation involvement in the full lifecycle of resettlement activities including monitoring and evaluation, training all genders and vulnerable groups, and necessity of documenting consultations.</p> <p>Any reference to indigenous peoples will be referenced in accordance with the GCF Indigenous Peoples Policy, which prevails.</p>	<p>This addition will reflect GCF ESP Guiding Principle on inclusive engagements and the management of environmental and social risks in activities and harmonize with EBRD. Most of the ESSs have a greater emphasis on women's involvement.</p>

Current PS5 Text	Description of change	Justification
<p>16. The consultation process should ensure that women's perspectives are obtained and their interests factored into all aspects of resettlement planning and implementation. Addressing livelihood impacts may require intra-household analysis in cases where women's and men's livelihoods are affected differently. Women's and men's preferences in terms of compensation mechanisms, such as compensation in kind rather than in cash, should be explored.</p>	<p>Move this footnote into main text (like the WB), under a subsection called "Consideration of Gender Aspects" (to be moved up under vulnerable people).</p>	
<p><i>iv. Grievance Mechanism</i></p>	<p><i>x. Grievance Mechanism</i></p>	
<p>11. The client will establish a grievance mechanism consistent with Performance Standard 1 as early as possible in the project development phase. This will allow the client to receive and address specific concerns about compensation and relocation raised by displaced persons or members of host communities in a timely fashion, including a recourse mechanism designed to resolve disputes in an impartial manner.</p>	<p>Include text on preventing reprisal and allowing for privacy and confidentiality, for instance in alignment with AIIB text. All ESSs with grievance text will use similar text.</p> <p>Reference addressing "specific concerns about compensation, relocation or livelihood restoration measures raised by displaced persons (or others) in a timely fashion." (WB text) adding in " host communities" (like IDB).</p> <p>Provide a cross reference that the Grievance Redress Mechanism (GRM) needs to be consistent with the objectives and principles in the stakeholder engagement ESS.</p> <p>Require documentation and reporting of GRM use, similar to EBRD text: "The outcomes of the grievance mechanism (including numbers of grievances received, resolved and outstanding) shall be reflected in monitoring reports."</p>	<p>Grievance mechanisms are generally receiving more attention in ESSs. These changes provide fit-for-purpose details that harmonize with other lenders.</p>
<p><i>v. Resettlement and Livelihood Restoration Planning and Implementation</i></p>	<p><i>xi. Resettlement and Livelihood Restoration Planning and Implementation</i></p>	
<p>12. Where involuntary resettlement is unavoidable, either as a result of a negotiated settlement or expropriation, a census will be carried out to collect appropriate socio-economic baseline data to identify the persons who will be displaced by the project, determine who will be eligible for compensation and assistance,<sup>17</sup> and discourage ineligible persons,</p>	<p>As per further above, add sub-headings and paragraph text on surveys, census, inventories, cut-off date, valuation, eligibility classification, and more to reflect the normal process for producing and implementing a resettlement plan and move relevant text in this section on the topics to the new subsections. (See for instance the</p>	<p>This will help make the ESS more fit-for-purpose by providing clarity on expectations. It will present the principle of equality and non-discrimination.</p> <p>The novelty information on intersectionality and life phase will address an emerging concept and recognition how</p>

Current PS5 Text	Description of change	Justification
<p>such as opportunistic settlers, from claiming benefits. In the absence of host government procedures, the client will establish a cut-off date for eligibility. Information regarding the cut-off date will be well documented and disseminated throughout the project area.</p> <p>Footnote:</p> <p>17. Documentation of ownership or occupancy and compensation arrangements should be issued in the names of both spouses or heads of households, and other resettlement assistance, such as skills training, access to credit, and job opportunities, should be equally available to women and adapted to their needs. Where national law and tenure systems do not recognize the rights of women to hold or contract in property, measures should be considered to provide women as much protection as possible with the objective to achieve equity with men.</p>	<p>row for paragraph 8 above and subsequent rows) Include EBRD text on identifying and preparing a resettlement plan for projects with minor impacts, physical displacement, economic displacement, and land use restrictions.</p> <p>Include a new reference to intersectionality and considering how life phase changes need reflection in resettlement plans (teenagers becoming adults and wanting their own house; elderly people passing and land being shared by heirs; changes in ability to undertake physical livelihoods as one ages, etc.). Mention the need to minimize timing between preparing and implementing the plan, or updating census information and implementation.</p> <p>Noting that biodiversity guidance uses "recent" data (usually signifying two to three years), reference to be added here to "recent" data. Include a sentence on considering or asking about legacy issues. Reference the need to gather information on former land use and legacy issues where readily available.</p>	<p>time changes people. These changes will contribute to fit-for-purpose, gender sensitive and human rights approach.</p>
<p>N/A</p>	<p>Reference the need to use specialist resettlement expertise, similar to EBRD. This capacity can be temporary or longer term, can be individual or team, within or outside the entity. Reflect AIIB approach to consider capacity of institutions representing displaced people and host communities to address resettlement issues and provide support where appropriate and feasible.</p> <p>It is suggested that providing capacity building is an option, and not a mandatory requirement. This reflects that capacity building can be costly and may require a long-term investment. Identify use of experienced independent experts for monitoring and closeout analysis.</p>	<p>This will improve the capacity of implementation entities.</p>
<p>13. In cases where affected persons reject compensation offers that meet the requirements of this Performance Standard and, as a result, expropriation or other legal procedures are initiated, the client will explore opportunities to collaborate with the responsible government agency, and, if permitted by the agency, play an active role in</p>	<p>[No change proposed]</p>	<p>N/A</p>

Current PS5 Text	Description of change	Justification
resettlement planning, implementation, and monitoring (see paragraphs 30–32).		
<p>14. The client will establish procedures to monitor and evaluate the implementation of a Resettlement Action Plan or Livelihood Restoration Plan (see paragraphs 19 and 25) and take corrective action as necessary. The extent of monitoring activities will be commensurate with the project’s risks and impacts. For projects with significant involuntary resettlement risks, the client will retain competent resettlement professionals to provide advice on compliance with this Performance Standard and to verify the client’s monitoring information. Affected persons will be consulted during the monitoring process.</p>	[No change proposed]	N/A
<p>15. Implementation of a Resettlement Action Plan or Livelihood Restoration Plan will be considered completed when the adverse impacts of resettlement have been addressed in a manner that is consistent with the relevant plan as well as the objectives of this Performance Standard. It may be necessary for the client to commission an external completion audit of the Resettlement Action Plan or Livelihood Restoration Plan to assess whether the provisions have been met, depending on the scale and/or complexity of physical and economic displacement associated with a project. The completion audit should be undertaken once all mitigation measures have been substantially completed and once displaced persons are deemed to have been provided adequate opportunity and assistance to sustainably restore their livelihoods. The completion audit will be undertaken by competent resettlement professionals once the agreed monitoring period is concluded. The completion audit will include, at a minimum, a review of the totality of mitigation measures implemented by the Client, a comparison of implementation outcomes against agreed objectives, and a conclusion as to whether the monitoring process can be ended.<sup>18</sup></p> <p>Footnote:</p> <p>18. The completion audit of the Resettlement Action Plan and/or Livelihood Restoration Plan, will be undertaken</p>	[No change proposed]	N/A



Current PS5 Text	Description of change	Justification
<p>by external resettlement experts once the agreed monitoring period is concluded, and will involve a more in-depth assessment than regular resettlement monitoring activities, including at a minimum a review of all mitigation measures with respect to the physical and/or economic displacement implemented by the Client, a comparison of implementation outcomes against agreed objectives, a conclusion as to whether the monitoring process can be ended and, where necessary, a Corrective Action Plan listing outstanding actions necessary to met the objectives.</p>		
<p>16. Where the exact nature or magnitude of the land acquisition or restrictions on land use related to a project with potential to cause physical and/or economic displacement is unknown due to the stage of project development, the client will develop a Resettlement and/or Livelihood Restoration Framework outlining general principles compatible with this Performance Standard. Once the individual project components are defined and the necessary information becomes available, such a framework will be expanded into a specific Resettlement Action Plan or Livelihood Restoration Plan and procedures in accordance with paragraphs 19 and 25 below.</p>	<p>Align with EBRD text to include more information on the seasonality by adding: "The census shall also take into account seasonal resource users who may not be present in the project area at the time of the census" and add a reference of recognition of fallow land rotation systems. This could be a component of livelihood restoration planning, especially for agro-pastoralist livelihoods or livelihoods dependent on seasonal agriculture.</p>	<p>This will support the integration of climate change consideration in GCF funded activity, along with equality and non-discrimination principles.</p>
<p><b>b. Displacement</b></p>		
<p>17. Displaced persons may be classified as persons (i) who have formal legal rights to the land or assets they occupy or use; (ii) who do not have formal legal rights to land or assets but have a claim to land that is recognized or recognizable under national law;<sup>19</sup> or (iii) who have no recognizable legal right or claim to the land or assets they occupy or use. The census will establish the status of the displaced persons.</p> <p>Footnote: 19. Such claims could be derived from adverse possession or from customary or traditional tenure arrangements.</p>	<p>[No change proposed]</p>	<p>N/A</p>
<p>18. Project-related land acquisition and/or restrictions on land use may result in the physical displacement of people as well as their economic displacement. Consequently, requirements of this</p>	<p>[No change proposed]</p>	<p>N/A</p>

Current PS5 Text	Description of change	Justification
<p>Performance Standard in respect of physical displacement and economic displacement may apply simultaneously.<sup>20</sup></p> <p>Footnote:</p> <p>20. Where a project results in both physical and economic displacement, the requirements of paragraphs 25 and 26 (Economic Displacement) should be incorporated into the Resettlement Action Plan or Framework (i.e., there is no need to have a separate Resettlement Action Plan and Livelihood Restoration Plan).</p>		
<p><i>i. Physical Displacement</i></p>	<p><i>i. Physical Displacement and Resettlement Assistance</i></p>	
<p>N/A</p>	<p>Change the heading to "Physical Displacement and Resettlement Assistance"</p>	<p>The heading provides clarity on the scope of the section with the proposed updates</p>
<p>N/A</p>	<p>Begin with a subsection on planning and implementation. Add text based on EBRD stating: <i>"To address the risks and impacts identified in the environmental and social assessment, the entity shall prepare a resettlement plan proportionate to the risks and impacts associated with the project:</i></p> <p><i>(i) for projects with minor land acquisition or restrictions on land use, as a result of which there will be no significant impact to livelihoods, the plan will establish eligibility criteria for affected persons, set out procedures and standards for compensation, and incorporate arrangements for consultations, monitoring and addressing grievances;</i></p> <p><i>(ii) for projects causing physical displacement, the plan will set out the additional measures relevant to relocation of affected persons;</i></p> <p><i>(iii) for projects involving economic displacement with significant impacts on livelihoods or income generation, the plan will set out the additional measures relating to livelihood improvement or restoration; and</i></p> <p><i>(iv) for projects that may impose changes in land use that restrict access to resources in legally designated parks or</i></p>	<p>This change will help entities to the type of details expected, supporting the ESS to be fit for purpose.</p>

Current PS5 Text	Description of change	Justification
	<p><i>protected areas or other common property resources on which local people may depend for livelihood purposes, the plan will establish a participatory process for determining appropriate restrictions on use and set out the mitigation measures to address adverse impacts on livelihoods that may result from such restrictions."</i></p>	
<p>19. In the case of physical displacement, the client will develop a Resettlement Action Plan that covers, at a minimum, the applicable requirements of this Performance Standard regardless of the number of people affected. This will include compensation at full replacement cost for land and other assets lost. The Plan will be designed to mitigate the negative impacts of displacement; identify development opportunities; develop a resettlement budget and schedule; and establish the entitlements of all categories of affected persons (including host communities). Particular attention will be paid to the needs of the poor and the vulnerable. The client will document all transactions to acquire land rights, as well as compensation measures and relocation activities.</p>	<p>Add "<i>Mitigation measures consulted with the host communities will be included in the resettlement plan.</i>"</p>	<p>Including host communities in consultation activities can lead to improved social outcomes. This change reflects a fit-for-purpose approach.</p>
<p>20. If people living in the project area are required to move to another location, the client will (i) offer displaced persons choices among feasible resettlement options, including adequate replacement housing or cash compensation where appropriate; and (ii) provide relocation assistance suited to the needs of each group of displaced persons. New resettlement sites built for displaced persons must offer improved living conditions. The displaced persons' preferences with respect to relocating in pre-existing communities and groups will be taken into consideration. Existing social and cultural institutions of the displaced persons and any host communities will be respected.</p>	<p>Include text that replacement land needs to consider climate exposure protection "where possible", taking into account that this assessment of vulnerability may change over time, for instance text such as: "<i>Where the project includes new buildings and structures, the incremental risks ... potential exposure to operational accidents or natural hazards, including extreme weather events. Where technically and financially feasible, apply the principles of universal access to the design and construction of such new buildings and structures.</i>" (based on AIIB text). Include consideration of climate resilience structure design for replacement housing where appropriate and feasible.</p> <p>Add text that states: "<i>Where the development of resettlement sites and the reconstruction of affected housing and other affected structures are undertaken by the entity, all Performance Requirements are applicable.</i>" (based on EBRD text).</p>	<p>This will support the integration of climate change into GCF-supported activity.</p>

Current PS5 Text	Description of change	Justification
<p>21. In the case of physically displaced persons under paragraph 17 (i) or (ii), the client will offer the choice of replacement property of equal or higher value, security of tenure, equivalent or better characteristics, and advantages of location or cash compensation where appropriate. Compensation in kind should be considered in lieu of cash. Cash compensation levels should be sufficient to replace the lost land and other assets at full replacement cost in local markets<sup>21</sup></p> <p>Footnote:</p> <p>21. Payment of cash compensation for lost assets may be appropriate where (i) livelihoods are not land-based; (ii) livelihoods are land-based but the land taken for the project is a small fraction of the affected asset and the residual land is economically viable; or (iii) active markets for land, housing, and labor exist, displaced persons use such markets, and there is sufficient supply of land and housing.</p>	<p>[No change proposed]</p>	<p>N/A</p>
<p>22. In the case of physically displaced persons under paragraph 17 (iii), the client will offer them a choice of options for adequate housing with security of tenure so that they can resettle legally without having to face the risk of forced eviction. Where these displaced persons own and occupy structures, the client will compensate them for the loss of assets other than land, such as dwellings and other improvements to the land, at full replacement cost, provided that these persons have been occupying the project area prior to the cut-off date for eligibility. Based on consultation with such displaced persons, the client will provide relocation assistance sufficient for them to restore their standard of living at an adequate alternative site.<sup>22</sup></p> <p>Footnote:</p> <p>22. Relocation of informal settlers in urban areas may involve trade-offs. For example, the relocated families may gain security of tenure, but they may lose advantages of location. Changes in location that may affect livelihood opportunities should be addressed in</p>	<p>[No change proposed]</p>	<p>N/A</p>

Current PS5 Text	Description of change	Justification
accordance with the principles of this Performance Standard (see in particular paragraph 25).		
23. The client is not required to compensate or assist those who encroach on the project area after the cut-off date for eligibility, provided the cut-off date has been clearly established and made public.	Move this paragraph to the compensation section (paragraph 9) above.	This is an important operational detail which helps make the Standard fit for purpose.
24. Forced evictions <sup>23</sup> will not be carried out except in accordance with law and the requirements of this Performance Standard.  Footnote: 23. The permanent or temporary removal against the will of individuals, families, and/or communities from the homes and/or lands which they occupy without the provision of, and access to, appropriate forms of legal and other protection.	Address forced eviction in the proposed new subsection above (after paragraph 8).	The change reflects an increased human rights-based approach, coherence with GCF policies, and harmonisation with various other organisations.
<i>ii. Economic Displacement</i>	<i>ii. Economic Displacement and Livelihood Improvement or Restoration</i>	
N/A	Change above title to “Economic Displacement and Livelihood Improvement or Restoration”.	This supports a fit-for-purpose approach.
25. In the case of projects involving economic displacement only, the client will develop a Livelihood Restoration Plan to compensate affected persons and/or communities and offer other assistance that meet the objectives of this Performance Standard. The Livelihood Restoration Plan will establish the entitlements of affected persons and/or communities and will ensure that these are provided in a transparent, consistent, and equitable manner. The mitigation of economic displacement will be considered complete when affected persons or communities have received compensation and other assistance according to the requirements of the Livelihood Restoration Plan and this Performance Standard and are deemed to have been provided with adequate opportunity to re-establish their livelihoods.	[No change proposed]	N/A
26. If land acquisition or restrictions on land use result in economic displacement defined as loss of assets and/or means of livelihood, regardless of whether or not the affected people are physically	[No change proposed]	N/A

Current PS5 Text	Description of change	Justification
displaced, the client will meet the requirements in paragraphs 27–29 below, as applicable.		
<p>27. Economically displaced persons who face loss of assets or access to assets will be compensated for such loss at full replacement cost. § In cases where land acquisition or restrictions on land use affect commercial structures, affected business owners will be compensated for the cost of re-establishing commercial activities elsewhere, for lost net income during the period of transition, and for the costs of the transfer and reinstallation of the plant, machinery, or other equipment. § In cases affecting persons with legal rights or claims to land which are recognized or recognizable under national law (see paragraph 17 (i) and (ii)), replacement property (e.g., agricultural or commercial sites) of equal or greater value will be provided, or, where appropriate, cash compensation at full replacement cost. § Economically displaced persons who are without legally recognizable claims to land (see paragraph 17 (iii)) will be compensated for lost assets other than land (such as crops, irrigation infrastructure and other improvements made to the land), at full replacement cost. The client is not required to compensate or assist opportunistic settlers who encroach on the project area after the cut-off date for eligibility.</p>	<p>Include reference to communally-used natural resources, adding text such as: <i>"Where communally used natural resources are affected, initiatives that enhance the productivity of the remaining resources to which the community has access, and in-kind or cash compensation for loss of access or provision of access to alternative sources of the lost resource; "</i></p> <p>Move the reference to not compensating for encroachment to the compensation subsection addressed in paragraph 9.</p>	<p>Lenders are recognizing more directly the importance of addressing communal resources. This change contributes to fit for purpose.</p>
<p>28. In addition to compensation for lost assets, if any, as required under paragraph 27, economically displaced persons whose livelihoods or income levels are adversely affected will also be provided opportunities to improve, or at least restore, their means of income-earning capacity, production levels, and standards of living: § For persons whose livelihoods are land-based, replacement land that has a combination of productive potential, locational advantages, and other factors at least equivalent to that being lost should be offered as a matter of priority. § For persons whose livelihoods are natural resource-based and where project-related restrictions on access envisaged in paragraph 5 apply, implementation of measures will be made to either allow continued access to affected resources or provide access to alternative resources with</p>	<p>Add text to clarify that employees losing pay or employment are eligible for assistance.</p>	<p>In practice, employees often receive some wage assistance, so this inclusion is making the principle clearer and the text fit-for-purpose.</p>

Current PS5 Text	Description of change	Justification
<p>equivalent livelihood-earning potential and accessibility. Where appropriate, benefits and compensation associated with natural resource usage may be collective in nature rather than directly oriented towards individuals or households. § If circumstances prevent the client from providing land or similar resources as described above, alternative income earning opportunities may be provided, such as credit facilities, training, cash, or employment opportunities. Cash compensation alone, however, is frequently insufficient to restore livelihoods.</p>		
<p>29. Transitional support should be provided as necessary to all economically displaced persons, based on a reasonable estimate of the time required to restore their income-earning capacity, production levels, and standards of living.</p>	<p>[No change proposed]</p>	<p>N/A</p>
<p>N/A</p>	<p>ii. <i>Monitoring and Evaluation</i></p>	
<p>N/A</p>	<p>Include a new subsection title “Monitoring and evaluation”. New text will require the identification of procedures to monitor and evaluate implementation, in a manner proportionate to the project’s risks and impacts. Where there are significant impacts, require use of competent professionals. Make the entity responsible for provision of monitoring reports.</p> <p>Add proposed text: <i>“Responsibilities for providing the GCF with monitoring reports remain with the entity even where land acquisition and resettlement are implemented by a third party such as the government.”</i> Identify the need for external compliance reviews and completion audits (which are already mentioned in IFC PS5).</p>	<p>IFC PS5 is generally focused on preparation. These changes provide a life cycle approach to resettlement activities, bringing more focus on ensuring that the resettlement planning is appropriate for meeting the ESS requirements. This is more fit-for-purpose.</p>
<p><b>c. Private Sector Responsibilities Under Government-Managed Resettlement</b></p>	<p><b>c. Government Coordination</b></p>	
<p>30. Where land acquisition and resettlement are the responsibility of the government, the client will collaborate with the responsible government agency, to the extent permitted by the agency, to achieve outcomes that are consistent with this Performance Standard. In addition, where government capacity is</p>	<p>Follow IDB's lead and change title name above to "Project Coordination with Government Agencies".</p> <p>Include text on the entity collaborating with the responsible agencies and the need for coordination among</p>	<p>This will make the ESS more fit-for-purpose by reflecting how project staff normally need to interact and moves away from IFC's private sector focus.</p>

Current PS5 Text	Description of change	Justification
<p>limited, the client will play an active role during resettlement planning, implementation, and monitoring, as described below.</p>	<p>government agencies to achieve the outcomes aligned with the ESS. DBSA has a list of organizational responsibilities including for government entities and some of those can be reflected in a footnote.</p>	
<p>31. In the case of acquisition of land rights or access to land through compulsory means or negotiated settlements involving physical displacement, the client will identify and describe<sup>24</sup> government resettlement measures. If these measures do not meet the relevant requirements of this Performance Standard, the client will prepare a Supplemental Resettlement Plan that, together with the documents prepared by the responsible government agency, will address the relevant requirements of this Performance Standard (the General Requirements and requirements for Physical Displacement and Economic Displacement above). The client will need to include in its Supplemental Resettlement Plan, at a minimum (i) identification of affected people and impacts; (ii) a description of regulated activities, including the entitlements of displaced persons provided under applicable national laws and regulations; (iii) the supplemental measures to achieve the requirements of this Performance Standard as described in paragraphs 19–29 in a way that is permitted by the responsible agency and implementation time schedule; and (iv) the financial and implementation responsibilities of the client in the execution of its Supplemental Resettlement Plan.</p> <p>Footnote:</p> <p>24. Government documents, where available, may be used to identify such measures.</p>	<p>Instead of requiring preparation of a Supplementary Resettlement Plan add text to state that the entity will prepare a Resettlement Plan or Framework that complements the documents of the responsible government agency, similar to EBRD.</p>	<p>This approach helps keep governmental responsibility while still meeting the ESS requirements. It is a fit-for-purpose approach, harmonized with EBRD.</p>
<p>32. In the case of projects involving economic displacement only, the client will identify and describe the measures that the responsible government agency plans to use to compensate Affected Communities and persons. If these measures do not meet the relevant requirements of this Performance Standard, the client will develop an Environmental and Social Action Plan to complement government action. This may include</p>	<p>Propose new denomination: Environmental and Social Corrective Action Plan, instead of Environmental and Social Action Plan</p>	<p>Alignment with new ESS from other IFIs</p>



<b>Current PS5 Text</b>	<b>Description of change</b>	<b>Justification</b>
additional compensation for lost assets, and additional efforts to restore lost livelihoods where applicable.		

## 2.10 ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

The strong links between climate change and biodiversity mean that current crises in both domains are heavily inter-twined. Therefore, the proposed updates which result in ESS 6 seek to explicitly emphasise these links as part of managing issues related to biodiversity and living natural resources. As climate change affects biodiversity in the future, it is important to consider that future projects not only focus on managing the risk but also to establish a “do good” focus using ecosystems-based approaches that are resilient to climate change and should be designed to deliver multiple benefits including for climate adaptation.

Developments in biodiversity trends in recent years have been reflected in more recent standards of other institutions (such as WB, EBRD, AIIB, UNDP, CI, IUCN) and these developments since the most recent updates to the IFC Performance Standards are a focus of the updates proposed as part of this GCF update. In addition, there are emerging trends (such as Genetically Modified Organisms and Antimicrobial Resistance) that are not widely adopted across the sector, but have been considered for inclusion here.

The proposed changes from IFC PS 6 to GCF ESS 6 are summarised as:

- The objectives should have an emphasis on opportunities to enhance biodiversity and establish a “do good” focus of this standard alongside protection;
- Applying the precautionary approach on all projects;
- Providing an increased clarity on the definition of a natural habitat and what the requirements for significant biodiversity values are, rather than through professional judgement;
- Include new sites that require additional consideration;
- Outline the integration climate change and biodiversity crises as inter-related and addressed together;
- Include a new section called “Genetically Modified Organisms” as an emerging issue; and
- Include additional requirement for projects to minimise Antimicrobial Resistance.

The proposed updated structure can be seen below in Table 2.12, whilst the proposed changes from IFC PS 6 to GCF ESS 6 are described in more detail in Table 2.13.

**Table 2.12: ESS 6 proposed structure**

PS6 Headings and Structure	Proposed ESS 6 Headings and Structure
<b>1. Introduction</b>	<b>1. Introduction</b>
<b>2. Objectives</b>	<b>2. Objectives</b>
<b>3. Scope of Application</b>	<b>3. Scope of Application</b>
<b>4. Requirements</b>	<b>4. Requirements</b>
<b>a. General</b>	<b>a. General</b>
<b>b. Protection and Conservation of Biodiversity</b>	<b>b. Protection and Conservation of Biodiversity</b>
<i>i. Modified Habitat</i>	<i>i. Modified Habitat</i>
<i>ii. Natural Habitat</i>	<i>ii. Natural Habitat</i>
<i>iii. Critical Habitat</i>	<i>iii. Critical Habitat</i>
<i>iv. Legally Protected and internationally Recognized Areas</i>	<i>iv. Legally Protected and internationally Recognized Areas</i>
<i>v. Invasive Alien Species</i>	<i>v. Invasive Alien Species</i>
	<i>vi. Climate change and Biodiversity</i>
<b>c. Management of Ecosystem Services</b>	<b>c. Management of Ecosystem Services</b>
	<b>d. Genetically Modified Organisms</b>
<b>d. Sustainable Management of Living Natural Resources</b>	<b>e. Sustainable Management of Living Natural Resources</b>
<b>e. Supply Chain</b>	<b>f. Supply Chain</b>

**Table 2.13: Proposed changes for ESS 6**

Current PS6 Text	Description of change	Justification
<b>1. Introduction</b>		
<p>1. Performance Standard 6 recognizes that protecting and conserving biodiversity, maintaining ecosystem services, and sustainably managing living natural resources are fundamental to sustainable development. The requirements set out in this Performance Standard have been guided by the Convention on Biological Diversity, which defines biodiversity as “the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems.”</p>	<p>Amend text to include enhancement of biodiversity in first sentence by stating: <i>“ESS6 recognizes that protecting, conserving and enhancing biodiversity, maintaining ecosystem services, and sustainably managing ....”</i></p>	<p>Establishes a “do good” element of this standard by including “enhancing biodiversity” which means the focus of the standard isn’t just on protection.</p>
<p>2. Ecosystem services are the benefits that people, including businesses, derive from ecosystems. Ecosystem services are organized into four types: (i) provisioning services, which are the products people obtain from ecosystems; (ii) regulating services, which are the benefits people obtain from the regulation of ecosystem processes; (iii) cultural services, which are the nonmaterial benefits people obtain from ecosystems; and (iv) supporting services, which are the natural processes that maintain the other services<sup>1</sup></p> <p>Footnote:</p> <p>1. Examples are as follows: (i) provisioning services may include food, freshwater, timber, fibers, medicinal plants; (ii) regulating services may include surface water purification, carbon storage and sequestration, climate regulation, protection from natural hazards; (iii) cultural services may include natural areas that are sacred sites and areas of importance for recreation and aesthetic enjoyment; and (iv) supporting services may include soil formation, nutrient cycling, primary production.</p>	<p>[No change proposed]</p>	<p>N/A</p>
<p>3. Ecosystem services valued by humans are often underpinned by biodiversity. Impacts on biodiversity</p>	<p>[No change proposed]</p>	<p>N/A</p>

Current PS6 Text	Description of change	Justification
<p>can therefore often adversely affect the delivery of ecosystem services. This Performance Standard addresses how clients can sustainably manage and mitigate impacts on biodiversity and ecosystem services throughout the project's lifecycle.</p>		
<h2>2. Objectives</h2>		
<p>1. To protect and conserve biodiversity.  2. To maintain the benefits from ecosystem services.  3. To promote the sustainable management of living natural resources through the adoption of practices that integrate conservation needs and development priorities.</p>	<p>Amend Objective 1 to include “enhancement of biodiversity” as per the proposed change to the introduction above.</p>	<p>Establishes a “do good” focus of this standard alongside protection.</p>
<h2>3. Scope of Application</h2>		
<p>4. The applicability of this Performance Standard is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client's Environmental and Social Management System (ESMS), the elements of which are outlined in Performance Standard 1.</p>	<p>[No change proposed]</p>	<p>N/A</p>
<p>5. Based on the risks and impacts identification process, the requirements of this Performance Standard are applied to projects (i) located in modified, natural, and critical habitats; (ii) that potentially impact on or are dependent on ecosystem services over which the client has direct management control or significant influence; or (iii) that include the production of living natural resources (e.g., agriculture, animal husbandry, fisheries, forestry).</p>	<p>[No change proposed]</p>	<p>N/A</p>

Current PS6 Text	Description of change	Justification
<b>4. Requirements</b>		
<b>a. General</b>		
<p>6. The risks and impacts identification process as set out in Performance Standard 1 should consider direct and indirect project-related impacts on biodiversity and ecosystem services and identify any significant residual impacts. This process will consider relevant threats to biodiversity and ecosystem services, especially focusing on habitat loss, degradation and fragmentation, invasive alien species, overexploitation, hydrological changes, nutrient loading, and pollution. It will also take into account the differing values attached to biodiversity and ecosystem services by Affected Communities and, where appropriate, other stakeholders. Where paragraphs 13–19 are applicable, the client should consider project-related impacts across the potentially affected landscape or seascape.</p>	<p>Add new paragraph below this one on the use of the precautionary principle on all projects: <i>"The precautionary principle should be used in impact assessments and the design and implementation of mitigation when there are uncertainties, insufficient information or insufficient evidence regarding mitigation measures."</i></p> <p>Provide examples of what precautionary approach means for biodiversity either in the main ESS or the associated guidance. Such as: <i>"For example, when baseline data is limited (because of access problems, inappropriate methods, insufficient effort/budget, insufficiently qualified staff etc.), assume that habitats and species of conservation importance may be present."</i></p>	<p>IFC PSs (1-8) do not mention the precautionary principle or approach. However, there is general agreement that the precautionary approach is GIIP and the E&amp;S standards of most lenders do include the precautionary principle or approach (e.g. WB, EBRD, AIIB, UNDP, CI, IUCN). AIIB standard states that 'mitigation measures should be adopted even if scientific evidence regarding the optimal measures is lacking'. Using a precautionary approach minimizes the project risks with regards to biodiversity.</p>
<p>7. As a matter of priority, the client should seek to avoid impacts on biodiversity and ecosystem services. When avoidance of impacts is not possible, measures to minimize impacts and restore biodiversity and ecosystem services should be implemented. Given the complexity in predicting project impacts on biodiversity and ecosystem services over the long term, the client should adopt a practice of adaptive management in which the implementation of mitigation and management measures are responsive to changing conditions and the results of monitoring throughout the project's lifecycle.</p>	<p>[No change proposed]</p>	<p>N/A</p>
<p>8. Where paragraphs 13–15 are applicable, the client will retain competent professionals to assist in conducting the risks and impacts identification process. Where paragraphs 16–19 are applicable, the client should retain external experts with appropriate regional experience to assist in the</p>	<p>[No change proposed]</p>	<p>N/A</p>

Current PS6 Text	Description of change	Justification
development of a mitigation hierarchy that complies with this Performance Standard and to verify the implementation of those measures.		
<b>b. Protection and Conservation of Biodiversity</b>		
9. Habitat is defined as a terrestrial, freshwater, or marine geographical unit or airway that supports assemblages of living organisms and their interactions with the non-living environment. For the purposes of implementation of this Performance Standard, habitats are divided into modified, natural, and critical. Critical habitats are a subset of modified or natural habitats.	[No change proposed]	N/A
<p>10. For the protection and conservation of biodiversity, the mitigation hierarchy includes biodiversity offsets, which may be considered only after appropriate avoidance, minimization, and restoration measures have been applied.<sup>2</sup> A biodiversity offset should be designed and implemented to achieve measurable conservation outcomes<sup>3</sup> that can reasonably be expected to result in no net loss and preferably a net gain of biodiversity; however, a net gain is required in critical habitats. The design of a biodiversity offset must adhere to the “like-for-like or better” principle<sup>4</sup> and must be carried out in alignment with best available information and current practices. When a client is considering the development of an offset as part of the mitigation strategy, external experts with knowledge in offset design and implementation must be involved.</p> <p>Footnotes:</p> <p>2. Biodiversity offsets are measurable conservation outcomes resulting from actions designed to compensate for significant residual adverse biodiversity impacts arising from project development and persisting after appropriate avoidance, minimization and restoration measures have been taken.</p> <p>3. Measurable conservation outcomes for biodiversity must be demonstrated in situ (on-the-ground) and on</p>	[No change proposed]	N/A

Current PS6 Text	Description of change	Justification
<p>an appropriate geographic scale (e.g., local, landscape-level, national, regional).</p> <p>4. The principle of “like-for-like or better” indicates that biodiversity offsets must be designed to conserve the same biodiversity values that are being impacted by the project (an “in-kind” offset). In certain situations, however, areas of biodiversity to be impacted by the project may be neither a national nor a local priority, and there may be other areas of biodiversity with like values that are a higher priority for conservation and sustainable use and under imminent threat or need of protection or effective management. In these situations, it may be appropriate to consider an “out-of-kind” offset that involves “trading up” (i.e., where the offset targets biodiversity of higher priority than that affected by the project) that will, for critical habitats, meet the requirements of paragraph 17 of this Performance Standard.</p>		
<p><i>i. Modified Habitat</i></p>		
<p>11. Modified habitats are areas that may contain a large proportion of plant and/or animal species of non-native origin, and/or where human activity has substantially modified an area’s primary ecological functions and species composition.<sup>5</sup> Modified habitats may include areas managed for agriculture, forest plantations, reclaimed<sup>6</sup> coastal zones, and reclaimed wetlands.</p> <p>Footnotes:</p> <p>5. This excludes habitat that has been converted in anticipation of the project.</p> <p>6. Reclamation as used in this context is the process of creating new land from sea or other aquatic areas for productive use.</p>	<p>[No change proposed]</p>	<p>N/A</p>
<p>12. This Performance Standard applies to those areas of modified habitat that include significant biodiversity value, as determined by the risks and impacts identification process required in Performance Standard 1. The client should minimize impacts on such biodiversity and implement mitigation measures as appropriate.</p>	<p>[No change proposed]</p>	<p>N/A</p>



Current PS6 Text	Description of change	Justification
<i>ii. Natural Habitat</i>		
<p>13. Natural habitats are areas composed of viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area's primary ecological functions and species composition.</p>	<p>Provide further clarification on the distinction between natural and modified habitats. The naturalness and wilderness concepts will be used to define natural habitat. Clarify that natural habitat includes a range from pristine/wild habitat to sub-natural and semi-natural habitat.</p> <p>A threshold of maximum 30% non-native species cover and/or number will be specified above which the habitat is modified. The recovery potential of the habitat will be also used to distinguish between natural and modified habitat: i.e. the habitat is classified as natural provided it can be restored using natural or assisted regeneration, while modified habitat can be only restored using habitat reconstruction (these are all defined in the standard published by the Ecological Restoration Society).</p>	<p>In IFC PS6, the difference between natural and modified habitat is not clearly explained and relies mainly on professional judgement. This difference is key to the biodiversity risk allocation and management requirements and this is why clarification is needed. This clarification would not pose any additional capacity issues to GCF or implementing entities.</p>
<p>14. The client will not significantly convert or degrade<sup>7</sup> natural habitats, unless all of the following are demonstrated:</p> <ul style="list-style-type: none"> <li>- No other viable alternatives within the region exist for development of the project on modified habitat;</li> <li>- Consultation has established the views of stakeholders, including Affected Communities, with respect to the extent of conversion and degradation<sup>8</sup>; and</li> <li>- Any conversion or degradation is mitigated according to the mitigation hierarchy.</li> </ul> <p>Footnotes:</p> <p>7. Significant conversion or degradation is (i) the elimination or severe diminution of the integrity of a habitat caused by a major and/or long-term change in land or water use; or (ii) a modification that substantially minimizes the habitat's ability to maintain viable populations of its native species.</p> <p>8. Conducted as part of the stakeholder engagement and consultation process, as described in Performance Standard 1.</p>	<p>Add new paragraph under the 'Natural Habitat' heading to specify that requirements for natural habitat also apply to significant biodiversity values that are affected by the project but do not trigger critical habitat. Define significant biodiversity values as globally/nationally threatened species (critically endangered (CR), endangered (EN) and vulnerable (VU)), endemic/restricted-range, migratory/congregatory species, which do not meet the thresholds for trigger critical habitat.</p>	<p>In IFC PS6 it is not clear what the requirements are for significant biodiversity values (e.g. threatened, endemic/restricted-range, migratory/congregatory species) that do not trigger critical habitat. Whilst there is typically an expectation for no net loss for these features (the same as for natural habitat), this is not stated in PS6. Not including this requirement for significant biodiversity features that do not trigger critical habitat would pose a significant reputational risk to the projects and organizations involved.</p> <p>Implementing the proposed change would not involve additional work on the baseline collection and impact assessment compared. However, the mitigation for these features may need to increase on some projects. In most cases, the mitigation for these features is covered under the existing requirements for</p>

Current PS6 Text	Description of change	Justification
		natural habitat as most projects use a habitat-based approach in the mitigation/offset strategy.
<p>15. In areas of natural habitat, mitigation measures will be designed to achieve no net loss<sup>9</sup> of biodiversity where feasible. Appropriate actions include:</p> <ul style="list-style-type: none"> <li>● Avoiding impacts on biodiversity through the identification and protection of set-asides;<sup>10</sup></li> <li>● Implementing measures to minimize habitat fragmentation, such as biological corridors;</li> <li>● Restoring habitats during operations and/or after operations; and</li> <li>● Implementing biodiversity offsets.</li> </ul> <p>Footnotes:</p> <p>9. No net loss is defined as the point at which project-related impacts on biodiversity are balanced by measures taken to avoid and minimize the project's impacts, to undertake on-site restoration and finally to offset significant residual impacts, if any, on an appropriate geographic scale (e.g., local, landscape-level, national, regional).</p> <p>10. Set-asides are land areas within the project site, or areas over which the client has management control, that are excluded from development and are targeted for the implementation of conservation enhancement measures. Set-asides will likely contain significant biodiversity values and/or provide ecosystem services of significance at the local, national and/or regional level. Set-asides should be defined using internationally recognized approaches or methodologies (e.g., High Conservation Value, systematic conservation planning).</p>	<p>Include a new requirement that projects located in natural habitat and/or those that affect significant biodiversity values (as defined in the new paragraph described above) are to develop and implement a construction Biodiversity Management Plan (BMP) in line with IFC Guidance Note 6.</p>	<p>IFC PS6 does not mention a Biodiversity Management Plan but the latest IFC Guidance Note 6 (GN50) states that 'For all projects that have the potential to significantly convert or degrade natural habitats and for projects in critical habitats, these biodiversity actions should be captured in a single dedicated Biodiversity Management Plan (BMP) or integrated into one or more topic-specific management plans (for example, Invasive Species Management Plan, Induced Access Management Plan, or Water Management Plan). The BMP or equivalents should be auditable management plans and integrated into a project's ESMS, which defines parties responsible for an action, monitoring and/or verification requirements of an action, and an implementation schedule or frequency for an action. The BMP or equivalents are operational tools for' site managers and contractors, with focus on on-site mitigation measures.'</p> <p>Some projects have an Ecological Management Plan as part of the Construction Environmental Management Plan (CEMP) but this is usually not detailed. A structured BMP would help projects to address and manage their risks on biodiversity.</p> <p>World Bank ESS6 requires projects to develop a Biodiversity Management Plan (BMP) for the construction phase of projects where significant risks and adverse impacts on biodiversity (including critical habitat) have been identified. Development Bank of Southern Africa ESS9 requires projects to 'develop and implement a Biodiversity (or Ecosystem) Management Plan (BMP) to address opportunities for positive</p>

Current PS6 Text	Description of change	Justification
		<p>impacts and significant biodiversity dependencies, risks and adverse impacts'.</p> <p>Projects located in critical habitat should still prepare a full Biodiversity Action Plan (BAP) (see IFC PS paragraph 18 below) to cover all project phases.</p> <p>This new requirement would not be a significant change to the current situation as most projects have some form of ecological/biodiversity plan anyway.</p>
<p><i>iii. Critical Habitat</i></p>		
<p>16. Critical habitats are areas with high biodiversity value, including (i) habitat of significant importance to Critically Endangered and/or Endangered<sup>11</sup> species; (ii) habitat of significant importance to endemic and/or restricted-range species; (iii) habitat supporting globally significant concentrations of migratory species and/or congregatory species; (iv) highly threatened and/or unique ecosystems; and/or (v) areas associated with key evolutionary processes.</p> <p>Footnote:</p> <p>11. As listed on the International Union for the Conservation of Nature (IUCN) Red List of Threatened Species. The determination of critical habitat based on other listings is as follows: (i) If the species is listed nationally / regionally as critically endangered or endangered, in countries that have adhered to IUCN guidance, the critical habitat determination will be made on a project by project basis in consultation with competent professionals; and (ii) in instances where nationally or regionally listed species' categorizations do not correspond well to those of the IUCN (e.g., some countries more generally list species as "protected" or "restricted"), an assessment will be conducted to determine the rationale and purpose of the listing. In this case, the critical habitat determination will be based on such an assessment.</p>	<p>Amend Criterion (i) to include animal and plant species of EU community interest in need of strict protection (as listed in EU Habitats Directive, Annex IV).</p>	<p>These species are protected under the Habitats Directive and would also pose a significant risk to project and organizations that affect such species. European Bank for Reconstruction and Development PR6 guidance include these species as critical habitat triggers.</p> <p>This new requirement would be applicable to projects in EU countries only. There are over 400 species in need of strict protection in the EU (Annex IV of Habitats Directive). Most of these species should already fall under the existing critical habitat Criteria 1 to 3 so this additional requirement would not pose significant capacity issues.</p>

Current PS6 Text	Description of change	Justification
N/A	After the five main criteria for critical habitat, insert a new paragraph to state that habitats supporting great apes are automatically classified as critical (irrespective of the Criterion 1 thresholds for critically endangered or endangered species). A new footnote will state that the IUCN/Species Survival Commission (SSC) Primate Specialist Group (PSG) Section on Great Apes (SGA) must be consulted and should be involved in the development of mitigation where great apes may potentially occur.	This requirement is outlined in the updated IFC Guidance Note 6 (2019), not in the main IFC PS6 (2012) and so the proposed update would align with this. Financing and implementing a development project in great ape habitat would have very high reputational risks for the organizations involved so it is best to avoid this.
<p>17. In areas of critical habitat, the client will not implement any project activities unless all of the following are demonstrated:</p> <ul style="list-style-type: none"> <li>- No other viable alternatives within the region exist for development of the project on modified or natural habitats that are not critical;</li> <li>- The project does not lead to measurable adverse impacts on those biodiversity values for which the critical habitat was designated, and on the ecological processes supporting those biodiversity values;<sup>12</sup></li> <li>- The project does not lead to a net reduction in the global and/or national/regional population<sup>13</sup> of any Critically Endangered or Endangered species over a reasonable period of time;<sup>14</sup> and</li> <li>- A robust, appropriately designed, and long-term biodiversity monitoring and evaluation program is integrated into the client's management program.</li> </ul> <p>Footnotes:</p> <p>12. Biodiversity values and their supporting ecological processes will be determined on an ecologically relevant scale.</p> <p>13. Net reduction is a singular or cumulative loss of individuals that impacts on the species' ability to persist at the global and/or regional/national scales for many generations or over a long period of time. The scale (i.e., global and/or regional/national) of the potential net reduction is determined based on the species' listing on either the (global) IUCN Red List and/or on regional/national lists. For species listed on both the (global) IUCN Red List and the</p>	<p>After the five main criteria and the additional paragraph on great apes (see above), add new paragraph to state that certain legally protected and internationally recognized areas are automatically classified as critical habitat. These are proposed to include: Natural and Mixed World Heritage Sites, Alliance for Zero Extinction, Ramsar Sites, IUCN Category I (Strictly Protected Areas) and Category II (National Parks). All other legally protected areas and internationally recognized areas should be assessed for critical habitat using the criteria already stated in IFC PS6 plus the additional criterion on great habitat that we proposed above.</p>	<p>IFC Guidance Note 6 states that 'Projects that are located within internationally and/or nationally recognized areas of high biodiversity value may require a critical habitat assessment. Examples include the following: Areas that meet the criteria of the IUCN's Protected Area Categories Ia, Ib and II and Key Biodiversity Areas (KBAs) and Important Bird and Biodiversity Areas (IBAs)'.</p> <p>UNDP has additional critical habitat criteria: 'areas that are (i) legally protected, (ii) officially proposed for protection, (iii) identified by authoritative sources for their high conservation value (such as areas that meet criteria of the World Conservation Union classification, the Ramsar List of Wetlands of International Importance, and the UNESCO's (WHS), or (iv) recognized as protected by traditional local communities'. This UNDP definition of critical is too broad and onerous, and it would limit very much the areas where projects could be implemented. Some of these areas that are of the highest importance to biodiversity do merit to be classified automatically as critical habitat (see the proposal here on the left) rather than undertaking a critical habitat assessment to draw a conclusion.</p>

Current PS6 Text	Description of change	Justification
<p>national/regional lists, the net reduction will be based on the national/regional population.</p> <p>14. The timeframe in which clients must demonstrate "no net reduction" of Critically Endangered and Endangered species will be determined on a case-by-case basis in consultation with external experts.</p>		<p>The definition of critical natural habitats is much broader and extremely onerous in CI ESS2 compared to IFC PS6 and include 'habitats considered essential for biodiversity conservation, provision of ecosystem services and the well-being of people at the local, national, regional or global levels. They include, among others, existing protected areas, areas officially proposed as protected areas, areas recognized as protected by traditional local communities, as well as areas identified as important for conservation, such as Key Biodiversity Areas (KBAs), AZE Sites, Important Bird and Biodiversity Areas (IBAs), Biodiversity Hotspot, Ramsar Sites, areas identified as important for ecosystem services such as carbon storage, freshwater provision and regulation. Some of the aspects listed above are either too vague and difficult to assess or too onerous as they include all protected areas. We recommend that only the protected and internationally recognized areas of the highest biodiversity value are classified automatically as critical habitat. See the proposal here on the left.</p> <p>The proposed change to automatically classify these areas as critical habitat would reduce the effort put into the assessment. Existing IFC PS6 paragraph 20 specifies that projects in any legally protected and internationally recognized areas must meet the requirements for critical habitat too. Therefore, this proposal is more of a clarification to simplify the process rather than involving additional mitigation by projects.</p>
<p>18. In such cases where a client is able to meet the requirements defined in paragraph 17, the project's mitigation strategy will be described in a Biodiversity Action Plan and will be designed to achieve net gains<sup>15</sup> of those biodiversity values for which the critical habitat was designated.</p>	<p>Amend existing paragraph to specify that for projects located in critical habitat, the BAP must cover all project phases and all steps in the mitigation hierarchy. For projects in critical habitat, the BAP should</p>	<p>Current IFC PS6 does not make this aspect as clear as it could. The standards of other lenders vary very much in terms of the BAP and BMP scope and project requirements. A BAP that covers all project phases would ensure</p>

Current PS6 Text	Description of change	Justification
<p>Footnote:</p> <p>15. Net gains are additional conservation outcomes that can be achieved for the biodiversity values for which the critical habitat was designated. Net gains may be achieved through the development of a biodiversity offset and/or, in instances where the client could meet the requirements of paragraph 17 of this Performance Standard without a biodiversity offset, the client should achieve net gains through the implementation of programs that could be implemented in situ (on-the-ground) to enhance habitat, and protect and conserve biodiversity.</p>	<p>incorporate the construction-related BMP mentioned above under natural habitat.</p>	<p>consistency and continuity. This is important given that different contractors and companies may be involved in different project phases.</p>
<p>19. In instances where biodiversity offsets are proposed as part of the mitigation strategy, the client must demonstrate through an assessment that the project's significant residual impacts on biodiversity will be adequately mitigated to meet the requirements of paragraph 17.</p>	<p>Specify that offsets such as habitat creation and restoration should be designed to deliver other co-benefits in addition to biodiversity (climate adaptation and people wellbeing in particular). All infrastructure projects should consider and implement ecosystem-based approaches that address at least one global societal challenges in addition to biodiversity loss and environmental degradation. Mention in a footnote that the six global societal challenges are: climate change mitigation and adaptation, disaster risk reduction, environmental degradation and biodiversity loss, food security, human health, social and economic development, and water security.</p> <p>State that rewilding can be an option to deliver biodiversity and other benefits offsite.</p>	<p>The six global societal challenges are: climate change mitigation and adaptation, disaster risk reduction, environmental degradation and biodiversity loss, food security, human health, social and economic development, and water security. Biodiversity offsets should address at least one other global societal challenge.</p> <p>This new requirement is to ensure positive outcomes, co-benefits, and resource efficiency. No additional effort/costs would be required, or they would be small compared to the current situation. This is because any biodiversity offsets would address anyway some other global challenges (e.g. climate change mitigation and adaptation, human health) but this new requirements is to ensure a more integrated approach in the design of offsets.</p>
<p><i>iv. Legally Protected and internationally Recognized Areas</i></p>		
<p>20. In circumstances where a proposed project is located within a legally protected area<sup>16</sup> or an internationally recognized area,<sup>17</sup> the client will meet the requirements of paragraphs 13 through 19 of this Performance Standard, as applicable. In addition, the client will:</p>	<p>Insert a new paragraph to state that projects are not to be located in World Heritage Sites (WHS) and Alliance for Zero Extinction (AZE) sites except for projects specifically designed to contribute to the conservation of the area.</p>	<p>The latest IFC Guidance Note 6 (June 2019) introduced this requirement, which is not in the main IFC PS6. Some other lenders and companies have made commitments not to implement projects in WHS or AZE sites. Some organizations have this commitment in a dedicated exclusion list rather than in the</p>

Current PS6 Text	Description of change	Justification
<ul style="list-style-type: none"> <li>● Demonstrate that the proposed development in such areas is legally permitted;</li> <li>● Act in a manner consistent with any government recognized management plans for such areas;</li> <li>● Consult protected area sponsors and managers, Affected Communities, Indigenous Peoples and other stakeholders on the proposed project, as appropriate; and</li> <li>● Implement additional programs, as appropriate, to promote and enhance the conservation aims and effective management of the area.<sup>18</sup></li> </ul> <p>Footnotes:</p> <p>16. This Performance Standard recognizes legally protected areas that meet the IUCN definition: "A clearly defined geographical space, recognized, dedicated and managed, through legal or other effective means, to achieve the long-term conservation of nature with associated ecosystem services and cultural values." For the purposes of this Performance Standard, this includes areas proposed by governments for such designation.</p> <p>17. Exclusively defined as UNESCO Natural World Heritage Sites, UNESCO Man and the Biosphere Reserves, Key Biodiversity Areas, and wetlands designated under the Convention on Wetlands of International Importance (the Ramsar Convention).</p> <p>18. Implementing additional programs may not be necessary for projects that do not create a new footprint.</p>		<p>biodiversity standards. Financing and implementing a development project in a WHS or AZE would have very high reputational risks for the organizations involved.</p>
<p>N/A</p>	<p>Amend existing paragraph to cover both direct and indirect impacts on legally protected and internationally recognized areas. This will cover situations where the project is situated outside the boundary of a protected area but the qualifying features are affected by disturbance, air/water pollution, induced impacts in long-term etc.</p>	<p>This aspect is a gap in the existing standard. Other lenders (WB, EBRD) require that project impacts on legally protected and internationally recognized areas should be addressed even if the project is located outside these areas. This is also in line with GIIP. Not addressing indirect impact would pose a significant reputational risk to any organization involved in such projects.</p>

Current PS6 Text	Description of change	Justification
N/A	Amend footnote to include Natura 2000 sites, which are protected under the Habitats Directive in the EU.	This is only relevant to projects implemented in the EU countries. IFC PS6 does not mention areas protected at the EU level. Natura 2000 sites are both a legal requirement and a significant reputational risk and therefore they need to be covered in the new ESS.
<i>v. Invasive Alien Species</i>		
21. Intentional or accidental introduction of alien, or non-native, species of flora and fauna into areas where they are not normally found can be a significant threat to biodiversity, since some alien species can become invasive, spreading rapidly and out-competing native species.	[No change proposed]	N/A
22. The client will not intentionally introduce any new alien species (not currently established in the country or region of the project) unless this is carried out in accordance with the existing regulatory framework for such introduction. Notwithstanding the above, the client will not deliberately introduce any alien species with a high risk of invasive behavior regardless of whether such introductions are permitted under the existing regulatory framework. All introductions of alien species will be subject to a risk assessment (as part of the client's environmental and social risks and impacts identification process) to determine the potential for invasive behavior. The client will implement measures to avoid the potential for accidental or unintended introductions including the transportation of substrates and vectors (such as soil, ballast, and plant materials) that may harbor alien species.	[No change proposed]	N/A
23. Where alien species are already established in the country or region of the proposed project, the client will exercise diligence in not spreading them into areas in which they have not already been established. As practicable, the client should take measures to eradicate such species from the natural habitats over which they have management control.	[No change proposed]	N/A



Current PS6 Text	Description of change	Justification
N/A	<i>vi. Climate change and Biodiversity</i>	
N/A	<p>Add new section called “Climate change and Biodiversity”. This is to integrate biodiversity and climate change aspects and requirements in the new ESS. These will cover the following aspects:</p> <p>a) biodiversity baseline in environmental assessments to consider the future trends and changes in biodiversity (without the project) as a result of climate change.</p> <p>b) environmental assessments to consider the climate change impact on biodiversity as part of the cumulative impacts.</p> <p>c) Habitat creation or restoration for biodiversity (on site and off site) should be resilient to climate change and should be designed to deliver multiple benefits including for climate adaptation.</p>	<p>There is general agreement that the climate change and biodiversity crises are inter-related, and they should be addressed together. IFC PS6 does not make the link between biodiversity and climate change and the need to tackle the biodiversity and climate crises simultaneously.</p> <p>EBRD PR6 requires projects to assess impacts on biodiversity and ecosystem services, which could be exacerbated by climate change. AIBB requires projects to ‘consider risks associated with climate change impacts on biodiversity and ecosystems throughout the Project’s design, implementation and operation, and include any measures needed for climate adaptation in the ESMP’.</p> <p>The additional effort/cost to implement this new requirement is not considered to be significant both in terms of assessment stage and mitigation (climate change adaptation is a co-benefit that is delivered by most habitat creation/restoration anyway).</p>
<b>c. Management of Ecosystem Services</b>		
<p>24. Where a project is likely to adversely impact ecosystem services, as determined by the risks and impacts identification process, the client will conduct a systematic review to identify priority ecosystem services. Priority ecosystem services are two-fold: (i) those services on which project operations are most likely to have an impact and, therefore, which result in adverse impacts to Affected Communities; and/or (ii) those services on which the project is directly dependent for its operations (e.g. water). When Affected Communities are likely to be impacted, they should participate in the determination of priority ecosystem services in</p>	<p>Provide further clarification in the new ESS regarding the type of assessment and mitigation required for ecosystem services. The new ESS requirement should be for projects likely to have significant impacts on priority ecosystem services to undertake a qualitative assessment of ecosystem services. We recommend that this assessment focusses on provisioning and cultural services.</p>	<p>IFC PS6 requirements regarding ecosystem services (assessment and mitigation) are vague and open to much interpretation in terms of the methods (qualitative vs quantitative) and level of detail required. A quantitative evaluation of ecosystem services is unrealistic in most cases within the program, budget and with the resources of an ESIA. This is why the ESS should require a qualitative assessment and only for the projects likely to have significant impacts on priority ecosystem services. A</p>

Current PS6 Text	Description of change	Justification
<p>accordance with the stakeholder engagement process as defined in Performance Standard 1.</p>		<p>quantitative evaluation could be necessary on some projects as a specialist study after the ESIA. The guidance to be used for the qualitative assessment should be that published by the World Resources Institute (2013), although this should be kept open to allow the use of any updated or different guidance on ecosystem services. A scale-risk approach is applied as it will apply for where projects are likely to have significant effects.</p>
<p>25. With respect to impacts on priority ecosystem services of relevance to Affected Communities and where the client has direct management control or significant influence over such ecosystem services, adverse impacts should be avoided. If these impacts are unavoidable, the client will minimize them and implement mitigation measures that aim to maintain the value and functionality of priority services. With respect to impacts on priority ecosystem services on which the project depends, clients should minimize impacts on ecosystem services and implement measures that increase resource efficiency of their operations, as described in Performance Standard 3. Additional provisions for ecosystem services are included in Performance Standards 4, 5, 7, and 8.<sup>19</sup></p> <p>Footnote:</p> <p>19. Ecosystem service references are located in Performance Standard 4, paragraph 8; Performance Standard 5, paragraphs 5 and 25–29; Performance Standard 7, paragraphs 13–17 and 20; and Performance Standard 8, paragraph 11.</p>	<p>[No change proposed]</p>	<p>N/A</p>

Current PS6 Text	Description of change	Justification
N/A	<b>d. Genetically Modified Organisms</b>	
N/A	<p>Include new section called “Genetically Modified Organisms”.</p> <p>This is to require projects not to use or release Genetically Modified Organisms (GMO) without approval by the competent authorities at national level. Where GMOs are not regulated at national level, the project should undertake a risk assessment in accordance with the Cartagena Protocol on Biosafety.</p>	<p>This is an emerging issue and there are already specific requirements in some countries, the EU and the standards of some lenders. EBRD PR6 states that 'In EU member states, Genetically Modified Organisms (GMOs) may not be used or released to the environment without approval being given by the competent authorities. In other countries, GMOs may not be used or released to the environment without a risk assessment'. UNDP SES1 includes 'additional requirements for projects that may involve the transfer, handling and use of GMOs/LMOs that result from modern biotechnology and that may have adverse effects on biological diversity. A risk assessment must be carried out in accordance with Annex III of the Cartagena Protocol on Biosafety to the Convention on Biological Diversity, and measures to manage any risks identified must be identified and implemented.' DBSA states that: Clients must 'apply the precautionary principle and adopt adequate risk assessments guided by the Cartagena Protocol on Biosafety.' Thus, no GMOs should be used/released to the environment without approval being given by the competent authorities.</p> <p>This new requirement could go under the existing heading of Sustainable Management of Living Natural Resources. However, it is considered to be better as a separate heading because there may be situations where GMOs are used for a different purpose.</p>
<b>d. Sustainable Management of Living Natural Resources</b>	<b>e. Sustainable Management of Living Natural Resources</b>	

Current PS6 Text	Description of change	Justification
<p>26. Clients who are engaged in the primary production of living natural resources, including natural and plantation forestry, agriculture, animal husbandry, aquaculture, and fisheries, will be subject to the requirements of paragraphs 26 through 30, in addition to the rest of this Performance Standard. Where feasible, the client will locate land-based agribusiness and forestry projects on unforested land or land already converted. Clients who are engaged in such industries will manage living natural resources in a sustainable manner, through the application of industry-specific good management practices and available technologies. Where such primary production practices are codified in globally, regionally, or nationally recognized standards, the client will implement sustainable management practices to one or more relevant and credible standards as demonstrated by independent verification or certification.</p>	<p>Incorporate the following requirement in WB ESS6: <i>"Projects involved in large-scale commercial farming, including breeding, rearing, housing, transport, and slaughter of animals for meat or other animal products will employ GIIP in animal husbandry techniques, with due consideration for religious and cultural principles."</i></p> <p>Furthermore, specify that projects involved in industrial-scale commercial forest harvesting operations must be either certified under an independent forest certification system or adhere to a time-bound phased action plan for achieving certification to such a system.</p> <p>Additionally, specify that industrial scale commercial forest harvesting must not convert critical habitat.</p>	<p>This new requirement is GIIP. Companies involved in agribusiness have long used certifications schemes on a voluntary basis. The existing IFC PS6 does mention credible standards but this requirement should be clearer that a certification is required or the entity agrees to a plan to achieve the certification.</p> <p>In addition to the WB requirement that we recommend to adopt, DBSA ESS9 includes the following additional requirements for projects involving industrial-scale commercial forest harvesting or primary production:</p> <ul style="list-style-type: none"> <li>• Ensure these projects are located on converted or highly degraded land and do not convert or degrade any critical habitat;</li> <li>• Prevent and mitigate any potential threats to natural habitats and offset the high potential of introducing invasive alien species and threaten biodiversity;</li> <li>• Undergo an independent, third-party forest management performance assessment;</li> <li>• Adhere to a time-bound phased action plan to achieve appropriate certification</li> </ul>
<p>27. Credible globally, regionally, or nationally recognized standards for sustainable management of living natural resources are those which (i) are objective and achievable; (ii) are founded on a multi-stakeholder consultative process; (iii) encourage step-wise and continual improvements; and (iv) provide for independent verification or certification through appropriate accredited bodies for such standards.<sup>20</sup></p> <p>Footnote:</p> <p>20. A credible certification system would be one which is independent, cost-effective, based on objective and measurable performance standards and developed through consultation with relevant stakeholders,</p>	<p>[No change proposed]</p>	<p>N/A</p>

Current PS6 Text	Description of change	Justification
<p>such as local people and communities, Indigenous Peoples, and civil society organizations representing consumer, producer and conservation interests. Such a system has fair, transparent and independent decision-making procedures that avoid conflicts of interest.</p>		
<p>28. Where relevant and credible standard(s) exist, but the client has not yet obtained independent verification or certification to such standard(s), the client will conduct a pre-assessment of its conformity to the applicable standard(s) and take actions to achieve such verification or certification over an appropriate period of time.</p>	<p>Include additional requirement for projects to minimize Antimicrobial Resistance (AMR) and use antibiotics in accordance with national standards (where they exist), EU standards (for projects in the EU) or GIIP. Link to ESS 4 where this is also discussed.</p>	<p>This is an emerging issue that should be covered in the new ESS. EBRD PR6 requires projects 'To minimize Antimicrobial Resistance (AMR), use antibiotics on healthy food producing animals in accordance with EU substantive environmental standards'. Other lenders do not mention this aspect but their updated standards are likely to include it.</p>
<p>29. In the absence of a relevant and credible global, regional, or national standard for the particular living natural resource in the country concerned, the client will:</p> <ul style="list-style-type: none"> <li>• Commit to applying good international industry operating principles, management practices, and technologies; and</li> <li>• Actively engage and support the development of a national standard, where relevant, including studies that contribute to the definition and demonstration of sustainable practices.</li> </ul>	<p>[No change proposed]</p>	<p>N/A</p>
<p><b>e. Supply Chain</b></p>	<p><b>f. Supply Chain</b></p>	
<p>30. Where a client is purchasing primary production (especially but not exclusively food and fiber commodities) that is known to be produced in regions where there is a risk of significant conversion of natural and/or critical habitats, systems and verification practices will be adopted as part of the client's ESMS to evaluate its primary suppliers.<sup>21</sup> The systems and verification practices will (i) identify where the supply is coming from and the habitat type of this area; (ii) provide for an ongoing review of the client's primary supply chains; (iii) limit procurement to those suppliers that can</p>	<p>[No change proposed]</p>	<p>N/A</p>

Current PS6 Text	Description of change	Justification
<p>demonstrate that they are not contributing to significant conversion of natural and/or critical habitats (this may be demonstrated by delivery of certified product, or progress towards verification or certification under a credible scheme in certain commodities and/or locations); and (iv) where possible, require actions to shift the client's primary supply chain over time to suppliers that can demonstrate that they are not significantly adversely impacting these areas. The ability of the client to fully address these risks will depend upon the client's level of management control or influence over its primary suppliers.</p> <p>Footnote:</p> <p>21. Primary suppliers are those suppliers who, on an ongoing basis, provide the majority of living natural resources, goods, and materials essential for the core business processes of the project.</p>		

## 2.11 ESS 7: Indigenous Peoples

ESS 7 considers how Indigenous Peoples (IPs) issues are to be incorporated in the management and implementation of GCF-financed activities. In 2018, GCF published its Indigenous Peoples Policy (IPP). The process for producing the IPP included careful review and analysis of other investors' approach. The result was a carefully worded and detailed policy. Hence, the key focus of the update to this Standard is to align it with the IPP. If there is any inconsistency between this safeguard and the IPP, the IPP will prevail on the basis that it represents the Policy governing a specific subject matter.

In addition, similar to the management of resettlement impacts, interactions and management of activities impacts to IPs has received increased attention and analysis in the last decade. Globally, the knowledge and understanding of the rights of IPs has also increased. The updated Standard reflects new ideas about emerging ideas about how to support IPs consistent with the objectives and guiding principles of the IPP.

The proposed changes to from IFC PS 7 to GCF ESS 7 are summarized as:

- Broadening terms used which reflect IP groups consistent with the IPP;
- Increased emphasis on the rights of IPs, including specific links to IP rights as human rights;
- Consideration of transboundary groups;
- Recognition that GCF supported activities can create co-benefits for IP groups and need to try to minimize conflicts both within IP groups, between IP groups, and between IPs and mainstream society;
- Acknowledge that free, prior and informed consent (FPIC) is a process and an outcome, and is based on meaningful consultation and understanding of community heterogeneity aspects;
- Provision of access to appropriate legal advice for IP defense of rights and interests when feasible and appropriate;
- Expansion of IP's connection to lands and natural resources to include waters or territories; and
- Reviewing the section on Private Sector Responsibilities.

The proposed updated structure can be seen below in Table 2.14, whilst the proposed changes from IFC PS 7 to GCF ESS 7 are described in more detail in Table 2.15.

**Table 2.14: ESS 7 proposed structure**

PS7 Headings and Structure	Proposed ESS 7 Headings and Structure
<b>1. Introduction</b>	<b>1. Introduction</b>
<b>2. Objectives</b>	<b>2. Objectives</b>
<b>3. Scope of Application</b>	<b>3. Scope of Application</b>
<b>4. Requirements</b>	<b>4. Requirements</b>
<b>a. General</b>	<b>a. General</b>
<i>i. Avoidance of Adverse Impacts</i>	<i>i. Avoidance of Adverse Impacts</i>
<i>ii. Participation and Consent</i>	<i>ii. Participation and Consent</i>
	<i>iii. Grievance Redress Mechanism</i>
<b>b. Circumstances Requiring Free, Prior, and Informed Consent (FPIC)</b>	<b>b. Meaningful Consultation and Free, Prior, and Informed Consent (FPIC)</b>
<i>i. Impacts on Lands and Natural Resources Subject to Traditional Ownership or Under Customary Use</i>	<i>i. Impacts on Lands and Natural Resources Subject to Traditional Ownership or Under Customary Use</i>
<i>ii. Relocation of Indigenous Peoples from Lands and Natural Resources Subject to Traditional Ownership or Under Customary Use</i>	<i>ii. Relocation of Indigenous Peoples from Lands and Natural Resources Subject to Traditional Ownership or Under Customary Use</i>
<i>iii. Critical Cultural Heritage</i>	<i>iii. Cultural heritage</i>
<b>c. Mitigation and Development Benefits</b>	<b>c. Mitigation and Development Benefits</b>
<b>d. Private Sector Responsibilities Where Government is Responsible for Managing Indigenous Peoples Issues</b>	<b>d. Private Sector Responsibilities Where Government is Responsible for Managing Indigenous Peoples Issues</b>



**Table 2.15: Proposed changes for ESS 7**

Current PS7 Text	Description of change	Justification
<p><b>1. Introduction</b></p>		
<p>1. Performance Standard 7 recognizes that Indigenous Peoples, as social groups with identities that are distinct from mainstream groups in national societies, are often among the most marginalized and vulnerable segments of the population. In many cases, their economic, social, and legal status limits their capacity to defend their rights to, and interests in, lands and natural and cultural resources, and may restrict their ability to participate in and benefit from development. Indigenous Peoples are particularly vulnerable if their lands and resources are transformed, encroached upon, or significantly degraded. Their languages, cultures, religions, spiritual beliefs, and institutions may also come under threat. As a consequence, Indigenous Peoples may be more vulnerable to the adverse impacts associated with project development than non-indigenous communities. This vulnerability may include loss of identity, culture, and natural resource-based livelihoods, as well as exposure to impoverishment and diseases.</p>	<p>Add text that GCF-financed activities will avoid adverse impacts on indigenous peoples and when avoidance is not possible, will minimize and/or compensate equitably and appropriately to improve outcomes.</p> <p>Use GCF's IP Policy introduction as additional text.</p> <p>Ensure reference to IPs as vulnerable is maintained, in line with other lenders' text. Reference IP rights as human rights. Mention that IPs are groups whose livelihoods may be connected to ecosystems and play a natural resource stewardship role.</p> <p>UNDP mentions, among other items that IP groups pursue their own concept and way of human development; trying to maintain its own distinct group identity, beliefs, customs, worldviews and more; exercising control and management of lands, territories and natural resources historically used or occupied with which it has a special connection; and predates those who colonized the land within which the collective was originally found or which it was then dispossessed. Weave the above points into the introduction.</p> <p>Consider including references to IUCN terminology regarding customary management regimes for environmental sustainability. For instance, identifying that executing entities will be <i>"aware of customary management regimes and support their improvement as required from a perspective of environmental sustainability, and these are integrated into planned processes and activities."</i></p>	<p>The GCF IP Policy wording will be used as a basis for the ESS. Consider the introduction of terms such as ecosystem-based approaches, customary management or stewardship. These will help link to a climate change agenda which GCF supports.</p>
<p>2. Private sector projects can create opportunities for Indigenous Peoples to participate in, and benefit from</p>	<p>As above, use GCF's IP Policy introduction. The Policy makes specific reference to international human rights</p>	<p>Using the GCF IP Policy introduction text as the basis for the ESS will provide direct alignment.</p>

Current PS7 Text	Description of change	Justification
<p>project-related activities that may help them fulfil their aspiration for economic and social development. Furthermore, Indigenous Peoples may play a role in sustainable development by promoting and managing activities and enterprises as partners in development. Government often plays a central role in the management of Indigenous Peoples' issues, and clients should collaborate with the responsible authorities in managing the risks and impacts of their activities.<sup>1</sup></p> <p>Footnote:</p> <p>1. In addition to meeting the requirements under this Performance Standard, clients must comply with applicable national law, including those laws implementing host country obligations under international law.</p>	<p>instruments, including binding treaties and the UNDRIP in its introduction which is aligned with other lenders' ESS which also, in various locations, cite UNDRIP.</p>	
<h2 data-bbox="190 608 385 643">2. Objectives</h2>		
<ol style="list-style-type: none"> <li>1. To ensure that the development process fosters full respect for the human rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples.</li> <li>2. To anticipate and avoid adverse impacts of projects on communities of Indigenous Peoples, or when avoidance is not possible, to minimize and/or compensate for such impacts</li> <li>3. To promote sustainable development benefits and opportunities for Indigenous Peoples in a culturally appropriate manner.</li> <li>4. To establish and maintain an ongoing relationship based on Informed Consultation and Participation (ICP) with the Indigenous Peoples affected by a project throughout the project's life-cycle.</li> <li>5. To ensure the Free, Prior, and Informed Consent (FPIC) of the Affected Communities of Indigenous Peoples when the circumstances described in this Performance Standard are present.</li> <li>6. To respect and preserve the culture, knowledge, and practices of Indigenous Peoples.</li> </ol>	<p>Use GCF's IP Policy thirteen objectives.</p> <p>(a) To support and promote the welfare, positive contributions and leadership of indigenous peoples to climate change mitigation and adaptation, based on their traditional knowledge systems, livelihoods, sustainable resource management systems and practices, in a manner that is accessible, rights-based, gender-responsive, culturally appropriate and inclusive;</p> <p>(b) To enable the critical role of indigenous peoples in assisting GCF to ensure more effective, sustainable and equitable climate change results, outcomes and impacts and to enable them to be active leaders and participants in the process;</p> <p>(c) To enable indigenous peoples present in, or with collective attachment to, the areas where GCF-financed activities are implemented (or activities proposed for GCF-financing will be implemented) to be fully informed and consulted about, and have opportunities to actively participate in, project design and the determination of project implementation arrangements;</p>	<p>Using the GCF IP Policy objectives for the ESS will provide direct alignment.</p>

Current PS7 Text	Description of change	Justification
	<p>(d) To provide a framework for GCF to anticipate and avoid any adverse impacts of its activities on indigenous peoples' rights, interests and well-being, and when avoidance is not possible to minimize, mitigate and/or compensate appropriately and equitably for such impacts;</p> <p>(e) To pay particular attention to the different challenges faced by women and girls and other groups within indigenous communities, and to promote the participation and leadership of women in GCF activities, given their role as traditional knowledge holders and custodians of cultural and spiritual heritage and values;</p> <p>(f) To enable and further realize full respect for the rights, dignity, aspirations, identity, culture, lifestyle, autonomy, protagonism, and natural resource-based livelihoods of indigenous peoples and territory management in the whole spectrum of activities and initiatives of GCF, and follow the principle in paragraph 22(c) of this Policy and the applicable international and regional instruments, where appropriate, such as ILO Convention 169 and UNDRIP;</p> <p>(g) To promote and respect indigenous peoples' rights to own, use, develop and control the lands, territories, and resources that they possess by reason of traditional ownership or other traditional occupation or use, as well as those that they have otherwise acquired;</p> <p>(h) To recognize, respect and preserve the culture, knowledge and practices of indigenous peoples, and to provide them with an opportunity to adapt to changing conditions in a manner and in a timeframe acceptable to them;</p> <p>(i) To foster full respect of as well as promote and preserve indigenous peoples' cultural and spiritual heritage and values, traditional knowledge, natural and economic resource management systems and practices, occupations and livelihoods, customary institutions and overall well-being;</p>	

Current PS7 Text	Description of change	Justification
	<p>(j) To recognize and effectively apply the principle of free, prior and informed consent, as described in this Policy;</p> <p>(k) To establish and maintain continuing engagement based on fully informed consultation and effective participation of the indigenous peoples – including indigenous women, youth and elders – affected by GCF-financed activities throughout the implementation of the activities;</p> <p>(l) To ensure that all grievance mechanisms associated with GCF activities are effective in addressing issues raised by indigenous peoples and are accessible, fair, transparent and culturally appropriate; and</p> <p>(m) To recognize and operationalize indigenous peoples' equitable access to the benefits of GCF-funded activities.</p>	
<h3>3. Scope of Application</h3>		
<p>3. The applicability of this Performance Standard is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client's Environmental and Social Management System, the elements of which are outlined in Performance Standard 1.</p>	<p>Update this with GCF's IP Policy scope of application text. Include UNDP's text stating that IPs as distinct people are equal to all other peoples entitled to enjoy and exercise their human rights without discrimination. Reference that the ESS is applicable "<i>whether the project is located within or outside of the lands and territories inhabited by the indigenous peoples</i>" (UNDP wording) i.e. if the affected land is used by the IPs then this ESS is applicable.</p>	<p>Using the GCF IP Policy scope of application as the basis for the ESS will provide direct alignment.</p>
<p>4. There is no universally accepted definition of "Indigenous Peoples." Indigenous Peoples may be referred to in different countries by such terms as "Indigenous ethnic minorities," "aboriginals," "hill tribes," "minority nationalities," "scheduled tribes," "first nations," or "tribal groups."</p>	<p>Reflect all the types of IPs named in GCF's IP Policy, which is more than the current PS5 list: "in other countries, they may be referred to by other terms, such as "indigenous peoples and local communities", "local communities", "sub-Saharan African historically underserved traditional local communities", "indigenous ethnic minorities", "Afro-descendent communities of South America and the Caribbean", "ethnic groups",</p>	<p>More naming creates more knowledge of who is recognized as an IP, leading to more inclusion and non-discrimination.</p>

Current PS7 Text	Description of change	Justification
	<p>“aboriginals”, “hill tribes”, “vulnerable and marginalized groups”, “minority nationalities”, “scheduled tribes”, “first nations”, “tribal groups”, “pastoralists”, “hunter-gatherers”, “nomadic groups” or “forest dwellers”. Regardless of which terminology is used, the requirements of this Policy will apply to all such groups.”</p> <p>Also include IDB’s references to ‘original peoples’ (pueblos originarios), ‘autochthonous peoples’ (pueblos autóctonos), residents of indigenous counties (comarcas) or reserves (resguardos).</p>	
<p>5. In this Performance Standard, the term “Indigenous Peoples” is used in a generic sense to refer to a distinct social and cultural group possessing the following characteristics in varying degrees:</p> <ul style="list-style-type: none"> <li>• Self-identification as members of a distinct indigenous cultural group and recognition of this identity by others;</li> <li>• Collective attachment to geographically distinct habitats or ancestral territories in the project area and to the natural resources in these habitats and territories;</li> <li>• Customary cultural, economic, social, or political institutions that are separate from those of the mainstream society or culture; or</li> <li>• A distinct language or dialect, often different from the official language or languages of the country or region in which they reside.</li> </ul>	<p>In addition to para 14 of the IPP, include WB’s references to other groups who have lost collective attachment, pastoralists, hunter gatherers, nomadic groups, forest dwellers, etc. These references are already with the GCF IP Policy and will be included.</p>	<p>The changes will allow harmonizing with other lenders and also with GCF’s IP Policy.</p>
<p>6. This Performance Standard applies to communities or groups of Indigenous Peoples who maintain a collective attachment, i.e., whose identity as a group or community is linked, to distinct habitats or ancestral territories and the natural resources therein. It may also apply to communities or groups that have lost collective attachment to distinct habitats or ancestral territories in the project area, occurring within the concerned group members’ lifetime, because of forced severance, conflict, government resettlement programs, dispossession of their lands, natural disasters, or incorporation of such territories into an urban area.</p>	<p>Include EBRD citations regarding project life cycle requirements, namely projects which have not yet commenced and for projects where construction or operation has commenced. The GCF IEU highlights the mentions of rights of IPs in relation to lands in their possession, which is clearly in one of the GFC’s IP Policy objectives and will be included.</p>	<p>These changes will harmonize with other lenders. It also provides clarity for ongoing activities where GCF may provide support to IPs who are affected after the preparation phase. Referencing possession provides a fit for purpose detail.</p>

Current PS7 Text	Description of change	Justification
	<p>From GCF IPP:</p> <p>This Policy applies regardless of whether indigenous peoples are affected positively or negatively, and regardless of the significance of any such impacts.</p>	<p>Alignment to the IPP</p>
	<p>From GCF IPP:</p> <p>The application of this Policy will not be limited by the absence of legal recognition or identification of indigenous peoples by a state. It will also not be limited by the legal status of titling of indigenous lands, resources and territories.</p>	<p>Alignment to the IPP</p>
	<p>From GCF IPP:</p> <p>This Policy also applies irrespective of the presence or absence of discernible economic, political or social vulnerabilities, although the nature and extent of vulnerability will be a key variable in designing plans to promote equitable access to benefits or to mitigate adverse impacts.</p>	<p>Alignment to the IPP</p>
<p>7. The client may be required to seek inputs from competent professionals to ascertain whether a particular group is considered as Indigenous Peoples for the purpose of this Performance Standard.</p>	<p>Include IDB reference to transborder people (a requirement for regional projects involving two or more countries or in border areas where IPs are present, that measures will be adopted to address adverse impacts of the project that might affect transborder peoples.)</p> <p>Additional text to this effect to state: <i>"In regional projects involving two or more countries or in border areas where indigenous peoples are present, the [entity] will adopt measures to address adverse impacts of the project that might affect transborder peoples. Among others, measures will include consultation and good faith negotiation processes, legal security and territorial control programs, and other culturally appropriate programs related to rights and priorities in health, freedom of movement, dual nationality (within the context of the applicable legal obligations and commitments), and cultural, social, and economic integration between the affected peoples."</i></p>	<p>This change will address an emerging issue.</p>

Current PS7 Text	Description of change	Justification
<h2 style="color: #0070C0;">4. Requirements</h2>		
<h3 style="color: #0070C0;">a. General</h3>		
<h4 style="color: #0070C0;">i. Avoidance of Adverse Impacts</h4>		
<p>8. The client will identify, through an environmental and social risks and impacts assessment process, all communities of Indigenous Peoples within the project area of influence who may be affected by the project, as well as the nature and degree of the expected direct and indirect economic, social, cultural (including cultural heritage<sup>2</sup>), and environmental impacts on them.</p> <p>Footnote:</p> <p>2. Additional requirements on protection of cultural heritage are set out in Performance Standard 8.</p>	<p>Include IPP para 46 where ‘adverse impacts on indigenous peoples will be avoided to the maximum possible extent’.</p> <p>Include IPP para 47 about IP groups who are in voluntary isolation. Various other lenders also address this topic. GCF’s IP Policy includes the following:</p> <p><i>“GCF will respect the prerogative of indigenous peoples living in voluntary isolation, or remote groups with limited external contact, also known as peoples “in voluntary isolation”, “isolated peoples” or “in initial contact”, to remain isolated and to live freely according to their culture. Activities that may affect these peoples, their lands and territories, or their ways of life will include the appropriate measures to recognize, respect and protect their lands and territories, environment, health and culture, and to avoid contact with them as a consequence of the activity;”</i></p> <p>And:</p> <p><i>“When situations arise in which GCF-financed activities may potentially affect remote groups with limited external contact, also known as peoples “in voluntary isolation”, “isolated peoples” or “in initial contact”, the accredited entities will take all appropriate measures to recognize, respect and protect their lands and territories, environment, health and culture, as well as measures to avoid all undesired contact with them as a consequence of the GCF-financed activities. The aspects of the GCF-</i></p>	<p>This change will align the text with the GCF IP Policy, harmonize with other lenders, and reflect a human rights approach.</p>

Current PS7 Text	Description of change	Justification
	<i>financed activities that would result in such undesired contact will not be processed further.”</i>	
<p>9. Adverse impacts on Affected Communities of Indigenous Peoples should be avoided where possible. Where alternatives have been explored and adverse impacts are unavoidable, the client will minimize, restore, and/or compensate for these impacts in a culturally appropriate manner commensurate with the nature and scale of such impacts and the vulnerability of the Affected Communities of Indigenous Peoples. The client’s proposed actions will be developed with the ICP of the Affected Communities of Indigenous Peoples and contained in a time-bound plan, such as an Indigenous Peoples Plan, or a broader community development plan with separate components for Indigenous Peoples.<sup>3</sup></p> <p>Footnote:</p> <p>3. The determination of the appropriate plan may require the input of competent professionals. A community development plan may be appropriate in circumstances where Indigenous Peoples are a part of larger Affected Communities.</p>	<p>Add text regarding reviewing the potential for activities to contribute to or generating ethnic conflicts, promoting conflicting cultural practices, inter- or intra-community conflicts, as IUCN does in its discussion of negative impacts.</p>	<p>These changes reflect recognition that projects can contribute to conflict if care is not taken and supports the objectives of GCF’s IP Policy.</p>
N/A	<p>Include new text which indicates that assessment and mitigation will take into account legacy and past territory conflicts based on readily available information and in a manner that does not contribute to conflict.</p>	<p>This change will provide a larger emphasis on acknowledging, an important step of reconciliation, with an aim to looking at positive intervention, which is linked to co-benefits. This change will address a comment from GCF’s IEU that recognizing legacy issues needs to be done in a manner that acknowledges the issues rather than investigates them, and in a manner that does not exacerbate or create new conflict</p>
<p><i>ii. Participation and Consent</i></p>		
<p>10. The client will undertake an engagement process with the Affected Communities of Indigenous Peoples as required in Performance Standard 1. This engagement process includes stakeholder analysis and engagement planning, disclosure of information, consultation, and participation, in a culturally appropriate manner. In addition, this process will:</p>	<p>Use GCF’s IP Policy text on meaningful consultation, which is aligned with other lenders’ ESS also referencing meaningful consultation. The Policy text (section 7.1.5) will be used, namely:</p>	<p>There will be coherence with GCF policy and harmony with other lenders’ terminology.</p>



Current PS7 Text	Description of change	Justification
<ul style="list-style-type: none"> <li>● Involve Indigenous Peoples' representative bodies and organizations (e.g., councils of elders or village councils), as well as members of the Affected Communities of Indigenous Peoples; and</li> <li>● Provide sufficient time for Indigenous Peoples' decision-making processes.<sup>4</sup></li> </ul> <p>Footnote:</p> <p>4. Internal decision making processes are generally but not always collective in nature. There may be internal dissent, and decisions may be challenged by some in the community. The consultation process should be sensitive to such dynamics and allow sufficient time for internal decision making processes to reach conclusions that are considered legitimate by the majority of the concerned participants.</p>	<p><i>“To promote the effective design of GCF-financed activities, to build local project support or ownership or buy-in, and to reduce the risk of delays or controversies, the accredited entities will undertake an engagement process with indigenous peoples. This engagement process will commence as soon as is feasible and prior to the commencement of any activities that may affect their rights or interests and will carry on throughout the life of the project. The engagement process will include stakeholder analysis and engagement planning, the disclosure of information, and meaningful consultation in local language(s) and in a culturally appropriate and gender- and inter-generationally inclusive manner in accordance with the customs, norms, and values of the affected people and through their chosen representatives.</i></p> <p><i>For indigenous peoples, the process of meaningful consultation will also:</i></p> <p><i>(a) Involve indigenous peoples' representative bodies and organizations (e.g. councils of elders, village councils, or chieftains) and, where appropriate, other community members, including indigenous women and youth. For GCF-financed activities that have a regional or national scope, it must be carefully evaluated whether meaningful consultation can only be carried out with indigenous peoples organizations or legitimate representatives at the relevant national or regional levels. Meaningful consultations may require that consultations be carried out at a local level in addition to at the regional and national levels. These organizations or representatives will be identified in the stakeholder engagement process described in the GCF ESS standards and other relevant policies of GCF;</i></p> <p><i>(b) Begin as early as possible in the project design and development process and will provide sufficient time for indigenous peoples' decision-making processes. Internal decision-making processes are generally but not always</i></p>	

Current PS7 Text	Description of change	Justification
	<p><i>collective in nature. There may be internal dissent and decisions may be challenged by some in the community. The consultation process will, therefore, allow sufficient time for internal deliberations and decision-making processes to reach conclusions. The consultation process will be free of external manipulation, interference, coercion and intimidation;</i></p> <p><i>(c) Allow for indigenous peoples' effective and legitimate participation in the design of GCF-financed activities that could potentially affect them either positively or negatively;</i></p> <p><i>(d) Take into account the interests of community members that are particularly affected and marginalized, especially women, youth, indigenous persons with disabilities and the elderly, including being cognizant of traditional cultural approaches that may exclude segments of the community from the decision-making process. Additionally, spaces should be created to allow for their direct participation in consultation and in the decision-making process; and</i></p> <p><i>(e) Assess the capacity of the indigenous peoples to engage and consider and implement effective communication and capacity-building programs to enhance the effectiveness of the process with indigenous peoples. This should include the possibility and availability of resources to ensure adequate preparation and participation in the process.</i></p> <p><i>The accredited entities and indigenous peoples will agree on appropriate engagement and consultation processes as early as possible, commensurate with the scale of impact and vulnerability of the communities. This will be done through framework documents or plans that identify representatives of indigenous peoples, the agreed consultation process and protocols, the reciprocal responsibilities of parties to the engagement process, and agreed avenues of recourse in the event of</i></p>	

Current PS7 Text	Description of change	Justification
<p>11. Affected Communities of Indigenous Peoples may be particularly vulnerable to the loss of, alienation from or exploitation of their land and access to natural and cultural resources.<sup>5</sup> In recognition of this vulnerability, in addition to the General Requirements of this Performance Standard, the client will obtain the FPIC of the Affected Communities of Indigenous Peoples in the circumstances described in paragraphs 13–17 of this Performance Standard. FPIC applies to project design, implementation, and expected outcomes related to impacts affecting the communities of Indigenous Peoples. When any of these circumstances apply, the client will engage external experts to assist in the identification of the project risks and impacts.</p> <p>Footnote:</p> <p>5. Natural resources and natural areas with cultural value referred to in this Performance Standard are equivalent to ecosystem provisioning and cultural services as described in Performance Standard 6.</p>	<p><i>an impasse occurring. The entity will document support for the agreed process from the indigenous peoples."</i></p> <p>Include text requiring "<i>understanding and respect for any relevant customary laws</i>" and "<i>effective participation of indigenous peoples in the design of project activities or mitigation measures that could potentially affect them either positively or negatively</i>" (based on EBRD).</p>	<p>Meaningful engagement has emerged as a concept that goes beyond ICP. It contributes to a human rights approach and is central to GCP's IP Policy and stakeholder engagement principles.</p>
<p>12. There is no universally accepted definition of FPIC. For the purposes of Performance Standards 1, 7 and 8, "FPIC" has the meaning described in this paragraph. FPIC builds on and expands the process of ICP described in Performance Standard 1 and will be established through good faith negotiation between the client and the Affected Communities of Indigenous Peoples. The client will document: (i) the mutually accepted process between the client and Affected Communities of Indigenous Peoples, and (ii) evidence of agreement between the parties as the outcome of the negotiations. FPIC does not necessarily require unanimity and may be achieved even when individuals or groups within the community explicitly disagree.</p>	<p>Add new text that recognizes community heterogeneity: "<i>recognition of community heterogeneity, taking into account the following:</i></p> <ul style="list-style-type: none"> <li>• <i>indigenous peoples may live in mixed communities with non-indigenous peoples; and</i></li> <li>• <i>communities of indigenous peoples are multi-vocal; consultations and participation must be multigenerational and inclusive of gender and excluded groups. "</i> (Based on EBRD).</li> </ul>	<p>This is a practical reference to the concept of intersectionality, and recognizes that people from the same group may not have the same interests or needs. It contributes to inclusiveness and both gender equality and human rights approaches.</p>

Current PS7 Text	Description of change	Justification
N/A	<i>iii. Grievance Redress Mechanism</i>	
N/A	Insert a new sub-section titled "Grievance Redress Mechanism". This would be based on the GCF IP Policy. Similar to EBRD, require that: " <i>During project implementation, the entity will bring to the immediate attention of EBRD any conflicts between indigenous peoples and the entity that remain unresolved despite having gone through the project grievance mechanism. "</i>	This will align with the GCF Policy and address a current common practice, harmonizing with other lenders.
<b>b. Circumstances Requiring Free, Prior, and Informed Consent (FPIC)</b>	<b>b. Meaningful Consultation and Free, Prior, and Informed Consent (FPIC)</b>	
N/A	Ensure alignment with IPP paras 54-57. There will be subsections for each of the three circumstances where FPIC is required, which are currently subsections for 1) impacts on lands and natural resources subject to traditional ownership or under customary use; 2) relocation of indigenous peoples from lands and natural resources subject to traditional ownership or under customary use; and 3) critical cultural heritage.	The section will align with the GCF IPP. Some experience has been gained about how to address FPIC as both a process and an outcome. The additional text will help make the Standard fit-for-purpose and provide expectations related to operationalizing the concept.
N/A	Include in a new FPIC introductory paragraph that provision of legal assistance for defending rights and interests is to be provided in FPIC circumstances, but only "where feasible and appropriate" in other project conditions. A footnote will include suggestions of subjects that the legal advice might be focused on.	This text relates to an objective of IUCN to provide affirmative action for IPs to be able to uphold and advocate for their rights and interests. As well, practical experience suggests that for FPIC, where an agreement is signed, that IP groups can benefit from having a third party that helps them understand their rights and negotiate a satisfactory agreement. This all links to a human rights approach.
<i>i. Impacts on Lands and Natural Resources Subject to Traditional Ownership or Under Customary Use</i>		
N/A	Ensure alignment to IPP paras 58-59. State in the introduction (paragraph 1) that FPIC is a process and an outcome, with both needing to be documented. The GCF IP Policy (clause 55c) requires documentation of the process and the agreement and such text can be	This approach is clearer than IFC's "soft" (IEU wording) approach to FPIC requirements. The changes will align the ESS with the GCF IP Policy.

Current PS7 Text	Description of change	Justification
	<p>included. Some mention that legacy of land ownership/use may affect IP trust and interest in consulting and negotiating FPIC would be realistic. Ensuring good faith in FPIC negotiations, as EBRD does, will be included, e.g.: "FPIC builds on and expands the process of meaningful consultation defined above and is established through good-faith negotiations between the entity and affected indigenous peoples, at the conclusion of which the latter arrive at a decision, in accordance with their cultural traditions, customs and practices".</p> <p>GCF's IPP clause 69 text requires appropriate staff. Add similar text requiring qualified, independent experts to assist in conducting and documenting good faith negotiations and FPIC processes,</p>	
<p>13. Indigenous Peoples are often closely tied to their lands and related natural resources.<sup>6</sup> Frequently, these lands are traditionally owned or under customary use.<sup>7</sup> While Indigenous Peoples may not possess legal title to these lands as defined by national law, their use of these lands, including seasonal or cyclical use, for their livelihoods, or cultural, ceremonial, and spiritual purposes that define their identity and community, can often be substantiated and documented.</p> <p>Footnotes:</p> <p>6. Examples include marine and aquatic resources timber, and non-timber forest products, medicinal plants, hunting and gathering grounds, and grazing and cropping areas. Natural resource assets, as referred to in this Performance Standard, are equivalent to provisioning ecosystem services as described in Performance Standard 6.</p> <p>7. The acquisition and/or leasing of lands with legal title is addressed in Performance Standard 5: Land Acquisition and Involuntary Resettlement.</p>	<p>Expand explanation from lands and natural resources to also include "waters or territories" similar to IUCN.</p>	<p>This is more explicit, contributes to a human rights approach and aligns with GCF's IPP.</p>
<p>14. If the client proposes to locate a project on, or commercially develop natural resources on lands traditionally owned by, or under the customary use of, Indigenous Peoples, and adverse impacts<sup>8</sup> can be expected, the client will take the following steps:</p>	<p>Expand text to indicate that "FPIC of IPs is required in a number of circumstances in accordance with domestic legislation and applicable international instruments (removal prior to the extraction of natural resources, removal of cultural, intellectual, religious or spiritual</p>	<p>This change takes into account IEU comments that the IFC PS do not explicitly require FPIC prior to accessing genetic resources from the territory of IPs. It will contribute to the ESS being fit-for-purpose.</p>

Current PS7 Text	Description of change	Justification
<ul style="list-style-type: none"> <li>• Document efforts to avoid and otherwise minimize the area of land proposed for the project;</li> <li>• Document efforts to avoid and otherwise minimize impacts on natural resources and natural areas of importance<sup>9</sup> to Indigenous People;</li> <li>• Identify and review all property interests and traditional resource uses prior to purchasing or leasing land;</li> <li>• Assess and document the Affected Communities of Indigenous Peoples' resource use without prejudicing any Indigenous Peoples' land claim.<sup>10</sup> The assessment of land and natural resource use should be gender inclusive and specifically consider women's role in the management and use of these resources;</li> <li>• Ensure that Affected Communities of Indigenous Peoples are informed of their land rights under national law, including any national law recognizing customary use rights; and</li> <li>• Offer Affected Communities of Indigenous Peoples compensation and due process in the case of commercial development of their land and natural resources, together with culturally appropriate sustainable development opportunities, including:               <ul style="list-style-type: none"> <li>• Providing land-based compensation or compensation-in-kind in lieu of cash compensation where feasible.<sup>11</sup></li> <li>• Ensuring continued access to natural resources, identifying the equivalent replacement resources, or, as a last option, providing compensation and identifying alternative livelihoods if project development results in the loss of access to and the loss of natural resources independent of project land acquisition.</li> <li>• Ensuring fair and equitable sharing of benefits associated with project usage of the resources where the client intends to utilize natural resources that are central to the identity and livelihood of</li> </ul> </li> </ul>	<p>property, prior to the adoption of legislative or administrative measures that may affect IPs, prior to the storage or disposal of hazardous materials on the land or territory of IPs, prior to accessing genetic resources or traditional knowledge associated with them)." (See also footnote 14 update)</p>	

Current PS7 Text	Description of change	Justification
<p>Affected Communities of Indigenous People and their usage thereof exacerbates livelihood risk.</p> <ul style="list-style-type: none"> <li>• Providing Affected Communities of Indigenous Peoples with access, usage, and transit on land it is developing subject to overriding health, safety, and security considerations.</li> </ul> <p>Footnotes:</p> <p>8. Such adverse impacts may include impacts from loss of access to assets or resources or restrictions on land use resulting from project activities.</p> <p>9. Natural resources and natural areas of importance" as referred to in this Performance Standard are equivalent to priority ecosystem services as defined in Performance Standard 6. They refer to those services over which the client has direct management control or significant influence, and those services most likely to be sources of risk in terms of impacts on Affected Communities of Indigenous Peoples.</p> <p>10. While this Performance Standard requires substantiation and documentation of the use of such land, clients should also be aware that the land may already be under alternative use, as designated by the host government.</p> <p>11. If circumstances prevent the client from offering suitable replacement land, the client must provide verification that such is the case. Under such circumstances, the client will provide non land-based income-earning opportunities over and above cash compensation to the Affected Communities of Indigenous Peoples.</p>		
<p><i>ii. Relocation of Indigenous Peoples from Lands and Natural Resources Subject to Traditional Ownership or Under Customary Use</i></p>		
<p>15. The client will consider feasible alternative project designs to avoid the relocation of Indigenous Peoples from communally held<sup>12</sup> lands and natural resources subject to traditional ownership or under customary use. If such relocation is unavoidable the client will not proceed with the project unless FPIC has been obtained as described above. Any relocation of Indigenous Peoples will be consistent with the requirements of Performance Standard 5. Where feasible, the relocated Indigenous Peoples should be able to return to their traditional or customary lands, should the cause of their relocation cease to exist.</p>	<p>Reference paras 60 - 62 of the IPP which state that the GCF will not finance activities that would result in the involuntary resettlement of indigenous peoples except as permitted by Para 61.</p>	<p>Align to IPP</p>

Current PS7 Text	Description of change	Justification
<p>Footnote:</p> <p>12. Typically, Indigenous Peoples claim rights and access to, and use of land and resources through traditional or customary systems, many of which entail communal property rights. These traditional claims to land and resources may not be recognized under national laws. Where members of the Affected Communities of Indigenous Peoples individually hold legal title, or where the relevant national law recognizes customary rights for individuals, the requirements of Performance Standard 5 will apply, rather than the requirements under paragraph 17 of this Performance Standard.</p>		
<p><i>iii. Critical Cultural Heritage</i></p>		
<p>16. Where a project may significantly impact on critical cultural heritage<sup>13</sup> that is essential to the identity and/or cultural, ceremonial, or spiritual aspects of Indigenous Peoples lives, priority will be given to the avoidance of such impacts. Where significant project impacts on critical cultural heritage are unavoidable, the client will obtain the FPIC of the Affected Communities of Indigenous Peoples.</p> <p>Footnote:</p> <p>13. Includes natural areas with cultural and/or spiritual value such as sacred groves, sacred bodies of water and waterways, sacred trees, and sacred rocks. Natural areas with cultural value are equivalent to priority ecosystem cultural services as defined in Performance Standard 6.</p>	<p>Change to "cultural heritage" (i.e. without the word "critical") as it is in the GCF IP Policy. IFC PS7 uses a different definition than IFC PS8 for critical cultural heritage.</p>	<p>This change will align the ESS with GCF's IP policy and help readers understand better what cultural heritage is referencing. Other lenders follow a similar approach and define cultural heritage in the text instead of in a footnote.</p>
<p>17. Where a project proposes to use the cultural heritage including knowledge, innovations, or practices of Indigenous Peoples for commercial purposes, the client will inform the Affected Communities of Indigenous Peoples of (i) their rights under national law; (ii) the scope and nature of the proposed commercial development; (iii) the potential consequences of such development; and (iv) obtain their FPIC. The client will also ensure fair and equitable sharing of benefits from commercialization of such knowledge, innovation, or practice, consistent with the customs and traditions of the Indigenous Peoples.</p>	<p>[No change proposed]</p>	<p>N/A</p>



Current PS7 Text	Description of change	Justification
<p><b>c. Mitigation and Development Benefits</b></p>		
<p>18. The client and the Affected Communities of Indigenous Peoples will identify mitigation measures in alignment with the mitigation hierarchy described in Performance Standard 1 as well as opportunities for culturally appropriate and sustainable development benefits. The client will ensure the timely and equitable delivery of agreed measures to the Affected Communities of Indigenous Peoples.</p>	<p>Recall the IPP overall objective (para 10) that notes that activities should be designed in a way that fosters full respect, promotion, and safeguarding of indigenous peoples so that they (a) benefit from GCF activities and projects in a culturally appropriate manner...</p> <p>Include Section 7.1.4 of the IP Policy on Mitigation and Development Benefits</p> <p>Include text on the promotion and protection of indigenous and local knowledge.</p> <p>Include GCF IP Policy text for when activities are undertaken in locations where IPs are the sole beneficiaries and when they are not (paras 42-45 of IPP). EBRD also includes text that community heterogeneity is needed when IPs may live in communities with non-IPs. The Policy text states, "Activities designed solely to benefit indigenous peoples</p> <p>Where GCF-financed activities are designed to provide benefits only to indigenous peoples, the accredited entities and executing entities will proactively engage with the relevant indigenous peoples to ensure their ownership, buy-in and participation in the design, implementation, equitable benefit sharing, monitoring and evaluation of GCF-financed activities.</p> <p>The accredited entities will consult with the indigenous peoples as to the cultural appropriateness of proposed services or facilities and will seek to identify and address any economic, social or capacity constraints (including those relating to gender, the elderly, youth and persons with disabilities) that may limit opportunities to benefit from, or participate in, the GCF financed activity.</p> <p>When indigenous peoples are the sole or constitute the overwhelming majority of beneficiaries of GCF-financed activities, the elements of the IPP will be included in the</p>	<p>These changes help show learning about the need to address these issues. They help align with GCF IPP and also other lenders who are addressing the type of plan needed when IPs are not the sole beneficiaries.</p>

Current PS7 Text	Description of change	Justification
	<p>overall design and the environmental and social management plans in relation to environmental and social due diligence of the GCF-financed activities. The preparation of a standalone IPP or Indigenous Peoples Policy Framework (IPPF) will not be necessary.</p> <p>Activities where indigenous peoples are not the sole beneficiaries</p> <p>When indigenous peoples are not the only beneficiaries of the activities proposed for GCF financing, the planning documents and procedures may vary in form and presentation and will meet the requirements of this Policy regardless of form and presentation. The accredited entities will design and implement the GCF-financed activities in a manner that provides affected indigenous peoples with equitable access to project benefits. The concerns or preferences of indigenous peoples will be addressed through meaningful consultation, including a process to seek and obtain their free, prior and informed consent and documentation will summarize the consultation results and describe how indigenous peoples' issues have been addressed in the design of the GCF-financed activities. Arrangements for ongoing consultations during implementation and monitoring will also be described.</p> <p>The accredited entities will prepare a time-bound plan, such as an IPP, setting out the measures or actions proposed. In some circumstances, a broader integrated community development plan will be prepared, addressing all beneficiaries of the GCF-financed activities and incorporating necessary information relating to the affected indigenous peoples. A community development plan may be appropriate in circumstances where other people, in addition to the indigenous peoples, will be affected by the risks and impacts of the GCF-financed activities, where more than one indigenous peoples group is to be included, or where the regional or national scope of a programmatic project incorporates other population groups.”</p>	

Current PS7 Text	Description of change	Justification
<p>19. The determination, delivery, and distribution of compensation and other benefit sharing measures to the Affected Communities of Indigenous Peoples will take account of the laws, institutions, and customs of these communities as well as their level of interaction with mainstream society. Eligibility for compensation can either be individually or collectively-based or be a combination of both.<sup>14</sup> Where compensation occurs on a collective basis, mechanisms that promote the effective delivery and distribution of compensation to all eligible members of the group will be defined and implemented.</p> <p>Footnote:</p> <p>14. Where control of resources, assets and decision making are predominantly collective in nature, efforts will be made to ensure that, where possible, benefits and compensation are collective, and take account of intergenerational differences and needs.</p>	<p>Reference that some countries have legislative requirements for benefit sharing plans/agreements, and in such situations, they must be produced.</p>	<p>This would help align with some national legislation and include a plan name that is used in some countries and align with GCF's ambitions for greater emphasis on co-benefits.</p>
<p>N/A</p>	<p>Include a new paragraph with more details on benefit-sharing, similar to other lenders like EBRD and DBSA. The text will require projects to provide affected IPs opportunities for culturally appropriate development benefits. Such benefits are to be commensurate with the degree of project impacts and aimed at improving standards of living and livelihoods in an appropriate manner fostering long term sustainability of any natural resources they may depend. In the PR7 text related to compensation and benefit sharing there is acknowledgement that mutually acceptable and legally feasible mechanisms for transferring compensation and/or resources will be development, including on a collective basis.</p> <p>GCF's IPP (clause 49) has text on compensation being provided individually or collectively which will be used. Note that DBSA's standards state the requirement that IPs receive benefits in a culturally appropriate manner an equitable share of the benefits to be derived from such commercial development that is at least equal to or</p>	<p>This will align with GCF's IP Policy, provide some harmonization with EBRD and reflects a co-benefits approach.</p>

Current PS7 Text	Description of change	Justification
	higher than that of any other affected landowners. We propose the new text to reflect equitable share without discussing commercial development amounts.	
20. Various factors including, but not limited to, the nature of the project, the project context and the vulnerability of the Affected Communities of Indigenous Peoples will determine how these communities should benefit from the project. Identified opportunities should aim to address the goals and preferences of the Indigenous Peoples including improving their standard of living and livelihoods in a culturally appropriate manner, and to foster the long-term sustainability of the natural resources on which they depend.	State clearly that for any benefit-sharing arrangement, the affected communities should have an active role in its design; and have access to the resource (or the benefits derived from it) based on mutually agreed terms.	This update takes into account a comment from the GCF IEU and reflects a continuous improvement approach.
<b>d. Private Sector Responsibilities Where Government is Responsible for Managing Indigenous Peoples Issues</b>	<b>d. Private Sector Responsibilities Where Government is Responsible for Managing Indigenous Peoples Issues</b>	
21. Where the government has a defined role in the management of Indigenous Peoples issues in relation to the project, the client will collaborate with the responsible government agency, to the extent feasible and permitted by the agency, to achieve outcomes that are consistent with the objectives of this Performance Standard. In addition, where government capacity is limited, the client will play an active role during planning, implementation, and monitoring of activities to the extent permitted by the agency.	Review the heading above and consider changes including " <i>Government Coordination of Indigenous Peoples Issues</i> " similar to IDB.  The use of "government-managed" will be changed to reflect " <i>collaborate with all responsible government agencies to achieve outcomes that are consistent with the objectives of this Standard</i> ".	This links to an appropriate mechanism and supports a fit for purpose approach, as well as harmonization.
22. The client will prepare a plan that, together with the documents prepared by the responsible government agency, will address the relevant requirements of this Performance Standard. The client may need to include (i) the plan, implementation, and documentation of the process of ICP and engagement and FPIC where relevant; (ii) a description of the government-provided entitlements of affected Indigenous Peoples; (iii) the measures proposed to bridge any gaps between such entitlements, and the requirements of this Performance Standard; and (iv) the financial and implementation responsibilities of the government agency and/or the client.	This paragraph will be deleted - as it also has been in EBRD's 2019 ESS. If IPs are impacted, then a plan is already required.	This makes the ESS more fit-for-purpose and helps the capacity of the entities to focus on one document with all required information.

## 2.12 ESS 8: Cultural Heritage

The proposed changes from the existing IFC PS 8 focus on the need for cultural heritage to achieve sustainable development. This is done through an increased emphasis on stakeholder consultation and including a requirement for a Cultural Heritage Management Plan (where appropriate). The proposed changes focus on providing additional clarification, based on that outlined in other institutions' standards that have been developed or updated since the IFC PS8 was last updated. This includes making clear that cultural heritage is a part of sustainable development, and that consultation requirements as part of this standard may need special consideration.

The proposed changes to from IFC PS 8 to GCF ESS 8 are summarized as:

- Updating the definition of intangible forms of culture to encompass all forms of cultural heritage;
- A stronger emphasis on the alignment and overlaps between Standard 8: Cultural Heritage and Standard 7: Indigenous Peoples;
- Including a requirement for a Cultural Heritage Management Plan when cultural heritage is a significant project issue;
- Introduce moveable cultural heritage and how to manage it; and
- Acknowledge the different types of cultural heritage and the specific mitigation that is required.

The proposed structure can be seen below in Table 2.16, whilst the proposed changes from IFC PS 8 to GCF ESS 8 are described in more detail in Table 2.17.

**Table 2.16: ESS 8 proposed structure**

<b>PS8 Headings and Structure</b>
<b>1. Introduction</b>
<b>2. Objectives</b>
<b>3. Scope of Application</b>
<b>4. Requirements</b>
<b>a. Protection of Cultural Heritage in Project Design and Execution</b>
<i>i. Chance Find Procedures</i>
<i>ii. Consultation</i>
<i>iii. Community Access</i>
<i>iv. Removal of Replicable Cultural Heritage</i>
<i>v. Removal of Non-Replicable Cultural Heritage</i>
<i>vi. Critical Cultural Heritage</i>
<b>b. Project's Use of Cultural Heritage</b>

<b>Proposed ESS 8 Headings and Structure</b>
<b>1. Introduction</b>
<b>2. Objectives</b>
<b>3. Scope of Application</b>
<b>4. Requirements</b>
<b>a. Protection of Cultural Heritage in Project Design and Execution</b>
<i>i. Chance Find Procedures</i>
<i>ii. Consultation</i>
<i>iii. Community Access</i>
<i>iv. Removal of Replicable Cultural Heritage</i>
<i>v. Removal of Non-Replicable Cultural Heritage</i>
<i>vi. Critical Cultural Heritage</i>
<b>b. Project's Use of Cultural Heritage</b>

**Table 2.17: Proposed changes for ESS 8**

Current PS8 Text	Description of change	Justification
<b>1. Introduction</b>		
1. Performance Standard 8 recognizes the importance of cultural heritage for current and future generations. Consistent with the Convention Concerning the Protection of the World Cultural and Natural Heritage, this Performance Standard aims to ensure that clients protect cultural heritage in the course of their project activities. In addition, the requirements of this Performance Standard on a project's use of cultural heritage are based in part on standards set by the Convention on Biological Diversity.	Delete third sentence 'In addition, the requirements of this Performance Standard on a project's use of cultural heritage are based in part on standards set by the Convention on Biological Diversity.'	Convention on Biological Diversity not relevant to this PS.
<b>2. Objectives</b>		
1. To protect cultural heritage from the adverse impacts of project activities and support its preservation. 2. To promote the equitable sharing of benefits from the use of cultural heritage.	Include two further Objectives: 3. To address cultural heritage as an integral aspect of sustainable development. 4. To promote meaningful consultation with stakeholders regarding Cultural Heritage	In line with World Bank ESS, it is important to recognize the need for stakeholder consultation and sustainable development, particularly when considering the types of development GCF will fund.
<b>3. Scope of Application</b>		
2. The applicability of this Performance Standard is established during the environmental and social risks and impacts identification process. The implementation of the actions necessary to meet the requirements of this Performance Standard is managed through the client's Environmental and Social Management System (ESMS), the elements of which are outlined in Performance Standard 1. During the project life-cycle, the client will consider potential project impacts to cultural heritage and will apply the provisions of this Performance Standard.	[No change proposed]	N/A
3. For the purposes of this Performance Standard, cultural heritage refers to (i) tangible forms of cultural heritage, such as tangible moveable or immovable objects, property, sites, structures, or groups of structures, having archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values; (ii) unique natural features or tangible objects that embody cultural values, such as sacred groves, rocks, lakes, and waterfalls; and (iii) certain instances of intangible forms of culture	Change description of intangible cultural heritage (iii) from 'certain instances of intangible forms of culture that are proposed to be used for commercial purposes, such as cultural knowledge, innovations, and practices of communities embodying traditional lifestyles.' to ' <i>Intangible cultural</i>	The use of this wording based on the World Bank ESS and the Convention for the Safeguarding of the Intangible Cultural Heritage (UNESCO) further explains what intangible cultural heritage is, particularly around the history and transmission through generations. It includes all intangible cultural heritage rather than those just used for commercial purposes.

Current PS8 Text	Description of change	Justification
that are proposed to be used for commercial purposes, such as cultural knowledge, innovations, and practices of communities embodying traditional lifestyles.	<i>heritage, which includes practices, representations, expressions, knowledge, skills—as well as the instruments, objects, artifacts and cultural spaces associated therewith—that communities and groups, in some cases, individuals recognize as part of their cultural heritage, as transmitted from generation to generation and constantly recreated by communities and groups in response to their environment, their interaction with nature and their history, and provides them with a sense of identity and continuity, thus promoting respect for cultural diversity and human creativity'</i>	
4. Requirements with respect to tangible forms of cultural heritage are contained in paragraphs 6–16. For requirements with respect to specific instances of intangible forms of cultural heritage described in paragraph 3 (iii) see paragraph 16.	[No change proposed]	N/A
5. The requirements of this Performance Standard apply to cultural heritage regardless of whether or not it has been legally protected or previously disturbed. The requirements of this Performance Standard do not apply to cultural heritage of Indigenous Peoples; Performance Standard 7 describes those requirements.	Change second sentence from “The requirements of this Performance Standard do not apply to cultural heritage of Indigenous Peoples; Performance Standard 7 describes those requirements.” to “ <i>The requirements of this Performance Standard apply to tangible and intangible cultural heritage of Indigenous Peoples and should be assessed in line with ESS 7 which describes those requirements.</i> ”	A lot of cultural heritage, particularly intangible cultural heritage, relate to indigenous people and to exclude it would make the standard less relevant. Standards 7 and 8 align with each other so the ESS shouldn't state that one takes preference over the other.
<b>4. Requirements</b>		
<b>a. Protection of Cultural Heritage in Project Design and Execution</b>		
6. In addition to complying with applicable law on the protection of cultural heritage, including national law implementing the host country's obligations under the Convention Concerning the Protection of the World Cultural and Natural Heritage, the client will identify and protect cultural heritage by ensuring that	Include an additional paragraph based on the World Bank ESS - “ <i>The entity will avoid impacts on cultural heritage. When avoidance of impacts is not possible, the entity will identify and implement measures</i>	Include requirement for Cultural Heritage Management Plan (CHMP) which should be implemented when Cultural Heritage is a significant project issue.



Current PS8 Text	Description of change	Justification
<p>internationally recognized practices for the protection, field-based study, and documentation of cultural heritage are implemented.</p>	<p><i>to address impacts on cultural heritage in accordance with the mitigation hierarchy. Where appropriate the entity will develop a Cultural Heritage Management Plan."</i></p> <p>New footnote to the end of the final sentence above: <i>"The Cultural Heritage Management Plan will include an implementation timeline and an estimate of resource needs for each mitigation measure. This may be developed as a stand-alone document or, depending on the nature and the scale of the risks and impacts of the project."</i></p>	<p>New footnote is to ensure the content of the CHMP is appropriate and has a defined program/scope.</p>
<p>7. Where the risk and identification process determines that there is a chance of impacts to cultural heritage, the client will retain competent professionals to assist in the identification and protection of cultural heritage. The removal of nonreplicable cultural heritage is subject to the additional requirements of paragraph 10 below. In the case of critical cultural heritage, the requirements of paragraphs 13–15 will apply.</p>	<p>[No change proposed]</p>	<p>N/A</p>
<p><i>i. Chance Find Procedures</i></p>		
<p>8. The client is responsible for siting and designing a project to avoid significant adverse impacts to cultural heritage. The environmental and social risks and impacts identification process should determine whether the proposed location of a project is in areas where cultural heritage is expected to be found, either during construction or operations. In such cases, as part of the client's ESMS, the client will develop provisions for managing chance finds<sup>1</sup> through a chance find procedure<sup>2</sup> which will be applied in the event that cultural heritage is subsequently discovered. The client will not disturb any chance find further until an assessment by competent professionals is made and actions consistent with the requirements of this Performance Standard are identified.</p> <p>Footnotes:</p> <ol style="list-style-type: none"> <li>1. Tangible cultural heritage encountered unexpectedly during project construction or operation.</li> <li>2. A chance find procedure is a project-specific procedure that outlines the actions to be taken if previously unknown cultural heritage is encountered.</li> </ol>	<p>[No change proposed]</p>	<p>N/A</p>

Current PS8 Text	Description of change	Justification
<i>ii. Consultation</i>		
<p>9. Where a project may affect cultural heritage, the client will consult with Affected Communities within the host country who use, or have used within living memory, the cultural heritage for longstanding cultural purposes. The client will consult with the Affected Communities to identify cultural heritage of importance, and to incorporate into the client's decision-making process the views of the Affected Communities on such cultural heritage. Consultation will also involve the relevant national or local regulatory agencies that are entrusted with the protection of cultural heritage.</p>	[No change proposed]	N/A
<i>iii. Community Access</i>		
<p>10. Where the client's project site contains cultural heritage or prevents access to previously accessible cultural heritage sites being used by, or that have been used by, Affected Communities within living memory for long-standing cultural purposes, the client will, based on consultations under paragraph 9, allow continued access to the cultural site or will provide an alternative access route, subject to overriding health, safety, and security considerations.</p>	[No change proposed]	N/A
<i>iv. Removal of Replicable Cultural Heritage</i>		
<p>11. Where the client has encountered tangible cultural heritage that is replicable<sup>3</sup> and not critical, the client will apply mitigation measures that favor avoidance. Where avoidance is not feasible, the client will apply a mitigation hierarchy as follows:</p> <ul style="list-style-type: none"> <li>● Minimize adverse impacts and implement restoration measures, in situ, that ensure maintenance of the value and functionality of the cultural heritage, including maintaining or restoring any ecosystem processes<sup>4</sup> needed to support it;</li> <li>● Where restoration in situ is not possible, restore the functionality of the cultural heritage, in a different location, including the ecosystem processes needed to support it;</li> <li>● The permanent removal of historical and archaeological artifacts and structures is carried out according to the principles of paragraphs 6 and 7 above; and</li> </ul>	[No change proposed]	N/A

Current PS8 Text	Description of change	Justification
<ul style="list-style-type: none"> <li>Only where minimization of adverse impacts and restoration to ensure maintenance of the value and functionality of the cultural heritage are demonstrably not feasible, and where the Affected Communities are using the tangible cultural heritage for long-standing cultural purposes, compensate for loss of that tangible cultural heritage.</li> </ul> <p>Footnotes:</p> <ol style="list-style-type: none"> <li>Replicable cultural heritage is defined as tangible forms of cultural heritage that can themselves be moved to another location or that can be replaced by a similar structure or natural features to which the cultural values can be transferred by appropriate measures. Archaeological or historical sites may be considered replicable where the particular eras and cultural values they represent are well represented by other sites and/or structures.</li> <li>Consistent with requirements in Performance Standard 6 related to ecosystem services and conservation of biodiversity.</li> </ol>		
<p><i>v. Removal of Non-Replicable Cultural Heritage</i></p>		
<p>12. Most cultural heritage is best protected by preservation in its place, since removal is likely to result in irreparable damage or destruction of the cultural heritage. The client will not remove any nonreplicable cultural heritage,<sup>5</sup> unless all of the following conditions are met:</p> <ul style="list-style-type: none"> <li>There are no technically or financially feasible alternatives to removal;</li> <li>The overall benefits of the project conclusively outweigh the anticipated cultural heritage loss from removal; and § Any removal of cultural heritage is conducted using the best available technique.</li> </ul> <p>Footnote:</p> <ol style="list-style-type: none"> <li>Nonreplicable cultural heritage may relate to the social, economic, cultural, environmental, and climatic conditions of past peoples, their evolving ecologies, adaptive strategies, and early forms of environmental management, where the (i) cultural heritage is unique or relatively unique for the period it represents, or (ii) cultural heritage is unique or relatively unique in linking several periods in the same site.</li> </ol>	<p>[No change proposed]</p>	<p>N/A</p>

Current PS8 Text	Description of change	Justification
<i>vi. Critical Cultural Heritage</i>		
13. Critical cultural heritage consists of one or both of the following types of cultural heritage: (i) the internationally recognized heritage of communities who use, or have used within living memory the cultural heritage for long-standing cultural purposes; or (ii) legally protected cultural heritage areas, including those proposed by host governments for such designation.	[No change proposed]	N/A
14. The client should not remove, significantly alter, or damage critical cultural heritage. In exceptional circumstances when impacts on critical cultural heritage are unavoidable, the client will use a process of Informed Consultation and Participation (ICP) of the Affected Communities as described in Performance Standard 1 and which uses a good faith negotiation process that results in a documented outcome. The client will retain external experts to assist in the assessment and protection of critical cultural heritage.	[No change proposed]	N/A
15. Legally protected cultural heritage areas <sup>6</sup> are important for the protection and conservation of cultural heritage, and additional measures are needed for any projects that would be permitted under the applicable national law in these areas. In circumstances where a proposed project is located within a legally protected area or a legally defined buffer zone, the client, in addition to the requirements for critical cultural heritage cited in paragraph 14 above, will meet the following requirements: § Comply with defined national or local cultural heritage regulations or the protected area management plans; § Consult the protected area sponsors and managers, local communities and other key stakeholders on the proposed project; and § Implement additional programs, as appropriate, to promote and enhance the conservation aims of the protected area.  Footnote:  6. Examples include world heritage sites and nationally protected areas.	[No change proposed]	N/A
N/A	Include an additional paragraph:  <i>“Provisions for specific types of cultural heritage:</i>  Archaeological sites and material- Archaeological sites comprise any	Further description of different types of cultural heritage and specific mitigation is required, this text is taken from World Bank ESS.

Current PS8 Text	Description of change	Justification
	<p>combination of structural remains, artifacts, human or ecological elements and may be located entirely beneath, partially above, or entirely above the land or water surface. Archaeological material may be found anywhere on the earth's surface, singly or scattered over large areas. Such material also includes burial areas, human remains and fossils.</p> <p><i>Where there is evidence or high probability of past human activity in the area of the project, the entity will conduct desk-based research and field surveys to document, map and investigate archaeological remains. The entity will document the location and characteristics of archaeological sites and materials discovered during the project life cycle and provide such documentation to the national or subnational cultural heritage authorities.</i></p> <p><i>The entity will determine, in consultation with cultural heritage experts, whether archaeological material discovered during the project life cycle requires: (a) documentation only; (b) excavation and documentation; or (c) conservation in place and will manage the archaeological material accordingly. The entity will determine ownership and custodial responsibility for archaeological material in accordance with national and subnational law, and until such time as custody has been transferred, will arrange for identification, conservation, labelling, secure storage, and accessibility to enable future study and analysis."</i></p>	
N/A	Include an additional paragraph continued from above:	Further description of different types of cultural heritage and specific mitigation is required, this text is taken from World Bank ESS.

Current PS8 Text	Description of change	Justification
	<p><i>“Movable cultural heritage - Movable cultural heritage includes such objects as: historic or rare books and manuscripts; paintings, drawings, sculptures, statuettes and carvings; modern or historic religious items; historic costumes, jewellery and textiles; fragments of monuments or historic buildings; archaeological material; and natural history collections such as shells, flora, or minerals. Discoveries and access resulting from a project may increase the vulnerability of cultural objects to theft, trafficking or abuse. The entity will take measures to guard against theft and illegal trafficking of movable cultural heritage items affected by the project and will notify relevant authorities of any such activity.</i></p> <p><i>The entity, in consultation with relevant cultural heritage authorities, will identify movable cultural heritage objects that may be endangered by the project and make provisions for their protection throughout the project life cycle. The entity will inform religious or secular authorities or other custodians with responsibility for overseeing and protecting the movable cultural heritage objects of the schedule for project activities and alert them regarding the potential vulnerability of such items.”</i></p>	
<p><b>b. Project’s Use of Cultural Heritage</b></p>		
<p>16. Where a project proposes to use the cultural heritage, including knowledge, innovations, or practices of local communities for commercial purposes,<sup>7</sup> the client will inform these communities of (i) their rights under national law; (ii) the scope and nature of the proposed commercial development; and (iii) the potential consequences of such development. The client will not proceed with such commercialization unless it (i) enters into a</p>	<p>In cases that involve indigenous peoples, and as described in ESS 7 the client will need to ensure FPIC from affected communities.</p>	<p>Align with IPP</p>

Current PS8 Text	Description of change	Justification
<p>process of ICP as described in Performance Standard 1 and which uses a good faith negotiation process that results in a documented outcome and (ii) provides for fair and equitable sharing of benefits from commercialization of such knowledge, innovation, or practice, consistent with their customs and traditions.</p> <p>Footnote:</p> <p>7. Examples include, but are not limited to, commercialization of traditional medicinal knowledge or other sacred or traditional technique for processing plants, fibers, or metals.</p>		

## 2.13 ESS 9: Stakeholder Engagement and Information Disclosure

Stakeholder engagement and information disclosure is part of IFC PS1 Environmental Management and Assessment. However, for GCF's updated ESS Standards, stakeholder engagement is proposed to be presented as a stand-alone standard as ESS 9. This reflects the importance of open and transparent engagement between project affected parties and stakeholders and its need to be considered as a standalone issue. Presenting it in this way is in line with the standards of several other institutions and so aligns the GCF standards to best practice.

Effective stakeholder engagement includes information disclosure, meaningful consultation, public consultation and appropriate levels of participation by those affected by project affects and interested in project outcomes. Other lenders in the newer standards have put more emphasis on a lifecycle approach. There is also a recent emphasis on taking reasonable action and making accommodation for increasing accessibility and inclusion in stakeholder engagement activities. These aspects are part of the updates proposed to this standard.

The proposed changes from IFC PS 1's stakeholder section to GCF ESS 9 are summarized as follows:

- A standalone standard for stakeholder engagement and information disclosure, separating this subject out from IFC PS 1;
- Presenting a systematic approach to managing stakeholder engagement that builds on previous activities throughout the project lifecycle, with more detailed responsibilities and identification of sufficient resources;
- Placing more emphasis on vulnerable groups with concentrated efforts to involve them;
- Providing more details on the content of the Stakeholder Engagement Plan, the type of information that needs disclosing, and the undertaking of meaningful consultation; and
- Deleting the section on private sector responsibilities under government-led stakeholder engagement and referencing government entities are important stakeholders to be included in project engagement activities.

The proposed updated structure can be seen below in Table 2.18, whilst the proposed changes from IFC PS 1 (stakeholder section) to GCF ESS 9 are described in more detail in Table 2.19.



**Table 2.18: ESS 9 proposed structure**

PS1 Headings and Structure that relate to Stakeholder Engagement	Proposed ESS 9 Headings and Structure
	<b>1. Introduction</b>
	<b>2. Objectives</b>
	<b>3. Scope of Application</b>
<b>Requirements</b>	<b>4. Requirements</b>
<b>Stakeholder Engagement</b>	<b>a. Engagement During Project Preparation</b>
<i>Stakeholder Analysis and Engagement Planning</i>	<i>i. Stakeholder Identification and Analysis</i>
	<i>ii. Stakeholder Engagement Plan</i>
<i>Disclosure of Information</i>	<i>iii. Disclosure of Information</i>
<i>Consultation</i>	<i>iv. Meaningful Consultation</i>
<i>Informed Consultation and Participation</i>	
<i>Indigenous Peoples</i>	
<i>Private Sector Responsibilities Under Government-led Stakeholder Engagement</i>	
<b>External Communications and Grievance Mechanism</b>	<b>b. Engagement During Implementation and External Reporting</b>
<i>External Communications</i>	
<i>Grievance Mechanism for Affected Communities</i>	<b>c. Grievance Mechanism</b>
<b>Ongoing Reporting to Affected Communities</b>	

**Table 2.19: Proposed changes for ESS 9 (compared with IFC PS 1 stakeholder section)**

Current PS1 Stakeholder Text	Description of change	Justification
N/A	Proposed new title: "Stakeholder Engagement and Information Disclosure"	A new Standard is proposed to harmonize with other lenders' approach to the topic and to put more emphasis on the importance of the topic.
N/A	<b>1. Introduction</b>	
<p>25. Stakeholder engagement is the basis for building strong, constructive, and responsive relationships that are essential for the successful management of a project's environmental and social impacts.<sup>24</sup> Stakeholder engagement is an ongoing process that may involve, in varying degrees, the following elements: stakeholder analysis and planning, disclosure and dissemination of information, consultation and participation, grievance mechanism, and ongoing reporting to Affected Communities. The nature, frequency, and level of effort of stakeholder engagement may vary considerably and will be commensurate with the project's risks and adverse impacts, and the project's phase of development.</p>	<p>Add "Introduction" heading.</p> <p>Under the heading, use text based on EBRD:</p> <p><i>"This standard recognizes the importance of an open and transparent engagement between the entity, its workers, worker representatives, local communities and persons affected by the project and, where appropriate, other project stakeholders as an essential element of good international practice and corporate citizenship. Such engagement is also a way of improving the environmental, social and overall sustainability of projects. In particular, effective community engagement, appropriate to the nature and scale of the project, promotes sound and sustainable environmental and social performance, and can lead to improved financial, social and environmental outcomes, together with enhanced community benefits.</i></p> <p><i>Stakeholder engagement is central to building strong, constructive, and responsive relationships which are essential for the successful management of a project's environmental and social risks and impacts. It is an inclusive and on-going process which is most effective when initiated at an early stage of the project and is an integral part of the assessment, management and monitoring of environmental and social risks and impacts of the project."</i></p>	<p>This change supports the GCF ESP Guiding Principle on supporting broad multi-stakeholder participation throughout the lifecycle of the GCF-funded activity. It harmonizes with EBRD and represents GIIP.</p>

Current PS1 Stakeholder Text	Description of change	Justification
	Text from the GCF's Readiness Support document should be used to make sure stakeholder engagement aligns with the GCF policies and country-specific activity. For instance, this text could be added: <i>"The entity should establish meaningful consultation and engagement process which is strategic for environmental and social safeguards of GCF. The process should incorporate multiple interests and issues while complying with a range of policies and regulations."</i>	
Footnote: 24. Requirements regarding engagement of workers and related grievance redress procedures are found in Performance Standard 2	Delete footnote and include above text showing the linkages of consultation to other ESS.	Showing the importance of stakeholder engagement across all E&S issues is aligned with GCF's E&S policy.
N/A	<b>2. Objectives</b>	
N/A	Add "Objectives", "Scope of Application", and "Requirements" headers as per the other standards. Text for these sections is presented below.	This ESS needs to follow the same structure as the other ESSs. IDB, EBRD and WB have such text that can be used and we have copied in EBRD text to be used as the based text.
N/A	Add in objectives section. IDB, EBRD and WB have text that can used, such as the following based on EBRD's text: <i>"The objectives of this ESS are to:</i> <ul style="list-style-type: none"> <li>• <i>Outline a systematic approach to stakeholder engagement that will help the entity build and maintain a constructive relationship with their stakeholders;</i></li> <li>• <i>Provide the means for effective and inclusive engagement with project stakeholders throughout the project cycle;</i></li> <li>• <i>Ensure that appropriate environmental and social information is disclosed and meaningful consultation is held with the project's stakeholders and where appropriate, feedback provided through the consultation is taken into consideration; and</i></li> </ul>	This ESS needs to follow the same structure as the other Standards.

Current PS1 Stakeholder Text	Description of change	Justification
	<ul style="list-style-type: none"> <li>Ensure that grievances from stakeholders are responded to and managed appropriately. "</li> </ul>	
N/A	<h3>3. Scope of Application</h3>	
N/A	<p>Add in scope of application text based on EBRD text under the heading of: "Scope of Application".</p> <p>"This standard applies to all projects. As a minimum, all projects will carry out stakeholder identification and develop and implement a grievance mechanism. Further stakeholder engagement as outlined in this standard, shall be undertaken, proportionate to: the nature and scale of the project, its stakeholders and its potential environmental or social risks and impacts.</p> <p>The entity will identify and engage with stakeholders as an integral part of the project's environmental and social assessment process, environmental and social management systems (ESMS) and the environmental and social management plan (ESMP) as outlined in ESS 1. This standard shall also be read in conjunction with the requirements in ESS 2 regarding engagement with workers and with ESS 4 regarding engagement on emergency preparedness and response. In the case of projects involving involuntary resettlement or economic displacement, affecting indigenous peoples or having an adverse impact on cultural heritage, the entity will also apply the special disclosure and consultation requirements, including where relevant free, prior and informed consent, as foreseen in ESS 5, ESS 7 and ESS 8."</p>	<p>This ESS needs to follow the same structure as the other ESSs. IDB, EBRD and WB have such text that can be used and we have copied in EBRD text to be used as the based text.</p>
	<h3>4. Requirements</h3>	
N/A	<p>Proposed text as follows: "The stakeholder consultation process should be ongoing and iterative throughout the project lifecycle, ensuring that different categories of stakeholders are</p>	<p>The text will align with GCF's policy, promoting consistency.</p>

Current PS1 Stakeholder Text	Description of change	Justification
	<p>represented and involved. Several parties should be involved within the engagement process, including individuals, groups, institutions and governments at local and subnational scale. Enough resources should be allocated, including budgets, staffing and capacity to take stakeholder views seriously and implement GCF-funded activity according to the stakeholder concerns. Confidentiality must be ensured and stakeholders should be communicated in a transparent manner. The process should be systematically documented and relevant aspects should be publicly disclosed".</p>	
N/A	<p>Reorganize the requirement text by using new headings to align with the project lifecycle approach that the WB (2016) and EBRD (2019) use, namely:</p> <ul style="list-style-type: none"> <li>• Engagement during project preparation with subsections on stakeholder identification, stakeholder engagement plan, information disclosure, and meaningful engagement, disclosure and consultation</li> <li>• Engagement during project implementation and external reporting</li> </ul>	<p>Managing environmental and social risks throughout the lifecycle is an approach adapted in GCF's E&amp;S Policy. This change will also harmonize with other lenders.</p>
<i>Stakeholder Analysis and Engagement Planning</i>	<i>i. Stakeholder Identification and Analysis</i>	
N/A	<p>Change this title from "Stakeholder Analysis and Engagement Planning" to two titles, namely "Engagement During Project Preparation" and "Engagement During Project Implementation and External Reporting"</p> <p>Divide the new section "Engagement During Project Preparation" into the following requirement subsections: "Stakeholder Identification and Analysis", "Stakeholder Engagement Plan", "Information Disclosure", and "Meaningful Consultation".</p>	<p>As above, this will harmonize with the approach that EBRD, IDB and WB use.</p>

Current PS1 Stakeholder Text	Description of change	Justification
<p>26. Clients should identify the range of stakeholders that may be interested in their actions and consider how external communications might facilitate a dialog with all stakeholders (paragraph 34 below). Where projects involve specifically identified physical elements, aspects and/or facilities that are likely to generate adverse environmental and social impacts to Affected Communities the client will identify the Affected Communities and will meet the relevant requirements described below.</p>	<p>Include this text under the new subsection called "Stakeholder Identification and Analysis"</p> <p>Add text on meaningful consultation, similar to EBRD and IUCN approach as follows: "Stakeholder engagement process will include identification of individuals and groups that may be differentially or disproportionately affected by the GCF funded activity, due to their disadvantaged or vulnerable status. The entity will ensure public disclosure of appropriate information will enable meaningful consultation with stakeholders, potentially affected parties and procedures. "</p>	<p>This will support the diversity and multi-stakeholder participation and co-benefits approach in GCF funded activity and principles. Meaningful consultation is also useful for continuous improvement and best practice in terms of knowledge-sharing between stakeholders, entities and local communities.</p>
<p>N/A</p>	<p>Add a new paragraph that requires the identification of vulnerable people like EBRD and other lenders (WB and IDB) using text similar to EBRD's:</p> <p>"The entity will identify those project-affected parties (individuals or groups) who, because of their particular circumstances, may be disadvantaged or vulnerable. Based on this identification, the entity will further identify individuals or groups who may have different concerns and priorities about project impacts, mitigation mechanisms and benefits, and who may require different, or separate, forms of engagement. An adequate level of detail will be included in the stakeholder identification and analysis so as to determine the level of communication that is appropriate for the project."</p>	
<p>27. The client will develop and implement a Stakeholder Engagement Plan that is scaled to the project risks and impacts and development stage, and be tailored to the characteristics and interests of the Affected Communities. Where applicable, the Stakeholder Engagement Plan will include differentiated measures to allow the effective participation of those identified as disadvantaged or vulnerable. When the stakeholder engagement process depends substantially on community representatives, <sup>25</sup> the entity will make every reasonable effort to verify that such persons do in fact</p>	<p>Add subsection similar to EBRD, WB, IDB that clarifies requirements for a stakeholder engagement plan (SEP), including need for monitoring and reporting of project performance and implementation of ESMS, stakeholder engagement plan. Add new text: "Monitoring and evaluation of the stakeholder process is vital to ensure sufficient resources are allocated to undertake the engagement. The entity will commit to facilitation of transparent engagement and supporting the process with organizational</p>	<p>This will support GCF ESP Guiding principles of non-discrimination and having fit-for-purpose approach in recognizing wide range of stakeholders and following a stakeholder plan in GCF financed activities.</p>

Current PS1 Stakeholder Text	Description of change	Justification
<p>represent the views of Affected Communities and that they can be relied upon to faithfully communicate the results of consultations to their constituents.</p> <p>Footnote:</p> <p>25. For example, community and religious leaders, local government representatives, civil society representatives, politicians, school teachers, and/or others representing one or more affected stakeholder groups.</p>	<p>capacity. Hence, effective community engagement is central to the successful management of risks and impacts on communities affected by projects."</p> <p>Include text about changes to the project environmental and social risks and impacts (as EBRD does): "The SEP will include provisions for stakeholder engagement if there are changes, at any stage of the project life cycle, which result in significant changes to the environmental or social risks and impacts. The Entity will disclose to stakeholders how these are being mitigated and if there are significant adverse risks and impacts on affected parties, the entity will be required to carry out additional consultation."</p>	
<p>28. In cases where the exact location of the project is not known, but it is reasonably expected to have significant impacts on local communities, the entity will prepare a Stakeholder Engagement Framework, as part of its management program, outlining general principles and a strategy to identify Affected Communities and other relevant stakeholders and plan for an engagement process compatible with this Performance Standard that will be implemented once the physical location of the GCF-funded activity is known.</p>	<p>Revise "management program" to say "ESMS".</p> <p>Update text to state: "In cases where the exact location of the project is not known, the SEP will be in the form of a framework approach as part of the entity's overall ESMS, outlining general principles and a strategy to identify stakeholders and plan for an engagement process in accordance with this ESS that will be implemented once the location is known."</p>	<p>This change makes the Standard more fit for purpose and is aligned with EBRD, representing GIIP.</p>
<p>N/A</p>	<p>Include new text on organizational capacity similar to IDB's: "The entity will define clear roles, responsibilities, and authority and will designate specific human and financial resources to be responsible for the implementation and monitoring of stakeholder engagement activities to achieve the objectives of this Standard", indicating these resources are to be identified in the SEP.</p>	<p>This change provides an operational detail to make the Standard more fit for purpose.</p>

Current PS1 Stakeholder Text	Description of change	Justification
<p><b>Disclosure of Information</b></p>	<p><i>iii. Disclosure of Information</i></p>	
<p>29. Disclosure of relevant project information helps Affected Communities and other stakeholders understand the risks, impacts and opportunities of the project. The client will provide Affected Communities with access to relevant information<sup>26</sup> on: (i) the purpose, nature, and scale of the project; (ii) the duration of proposed project activities; (iii) any risks to and potential impacts on such communities and relevant mitigation measures; (iv) the envisaged stakeholder engagement process; and (v) the grievance mechanism.</p> <p>Footnote:</p> <p>26. Depending on the scale of the project and significance of the risks and impacts, relevant document(s) could range from full Environmental and Social Assessments and Action Plans (i.e., Stakeholder Engagement Plan, Resettlement Action Plans, Biodiversity Action Plans, Hazardous Materials Management Plans, Emergency Preparedness and Response Plans, Community Health and Safety Plans, Ecosystem Restoration Plans, and Indigenous Peoples Development Plans, etc.) to easy-to-understand summaries of key issues and commitments. These documents could also include the client's environmental and social policy and any supplemental measures and actions defined as a result of independent due diligence conducted by financiers</p>	<p>Provide more details about what information needs disclosing, reflecting GCF's sustainability guidance and additional details that other lenders like EBRD, WB, and IDB include, for instance:</p> <ul style="list-style-type: none"> <li>risks to, and potential impacts on, stakeholders and proposed mitigation plans highlighting potential risks and impacts that might disproportionately affect vulnerable and disadvantaged groups and differentiate measures to mitigate these;</li> <li>the envisaged stakeholder engagement process, if any, and opportunities and ways in which stakeholders can participate; and</li> <li>the time and venue of any envisaged public consultation meetings, and the process by which meetings are notified, summarized, and reported.</li> </ul> <p>Include EBRD's text that reflects specific information needs based on vulnerability and intersectionality aspects: "This information will be disclosed in the local language(s) and in a manner that is accessible and culturally appropriate, taking into account any specific needs of groups that may be differentially or disproportionately affected by the project or groups of the population with specific information needs (including disability, literacy, gender, mobility, differences in language or accessibility). Where necessary and culturally appropriate, a third-party may be hired to disclose the information to avoid intimidation, coercion or any form of manipulation."</p>	<p>This change supports non-discrimination for access to information; it also helps make the standard more fit-for-purpose, reflecting GCF expectations.</p>
<p>N/A</p>	<p>Add more text on responsibilities for entities related to information disclosure such as "The entity shall ensure that disclosure of relevant project information helps stakeholders to understand the risks, impacts</p>	<p>This will address operational expectations for all parties throughout the project lifecycle, making the Standard more fit for purpose.</p>



Current PS1 Stakeholder Text	Description of change	Justification
	and opportunities of the project. If the communities may be affected by adverse environmental or social impacts from the project the entity is responsible for disclosing the purpose, nature and scale of the project, duration of activities, risks to and potential impacts with regards to environment, worker health and safety, public health and social impact."	
<p><b>Consultation</b></p>	<p><i>iv. Meaningful Consultation</i></p>	
<p>30. When Affected Communities are subject to identified risks and adverse impacts from a project, the client will undertake a process of consultation in a manner that provides the Affected Communities with opportunities to express their views on project risks, impacts and mitigation measures, and allows the client to consider and respond to them. The extent and degree of engagement required by the consultation process should be commensurate with the project's risks and adverse impacts and with the concerns raised by the Affected Communities. Effective consultation is a two-way process that should: (i) begin early in the process of identification of environmental and social risks and impacts and continue on an ongoing basis as risks and impacts arise; (ii) be based on the prior disclosure and dissemination of relevant, transparent, objective, meaningful and easily accessible information which is in a culturally appropriate local language(s) and format and is understandable to Affected Communities; (iii) focus inclusive<sup>27</sup> engagement on those directly affected as opposed to those not directly affected; (iv) be free of external manipulation, interference, coercion, or intimidation; (v) enable meaningful participation, where applicable; and (vi) be documented. The client will tailor its consultation process to the language preferences of the Affected Communities, their decision-making process, and the needs of disadvantaged or vulnerable groups. If clients have already engaged in such a process, they will provide adequate documented evidence of such engagement.</p> <p>Footnote:</p>	<p>Change title from "Consultation" to "Meaningful Consultation"</p> <p>Revise text to reflect what and how other lenders are capturing this concept, for instance text similar to that of IDB: "The entity will undertake a process of meaningful consultation in a manner that provides opportunities to project-affected people and other relevant stakeholders, without fear of reprisal, to express their views on project risks, impacts, and mitigation measures, and on access to potential opportunities and development benefits, and allows the entity to consider and respond to them. It will carry out meaningful consultation on an ongoing basis as issues, impacts, and potential opportunities and development benefits evolve. The extent and degree of engagement required by the consultation process should be commensurate with the project's risks and adverse impacts and with the concerns raised by project-affected people and other relevant stakeholders.</p> <p>Meaningful consultation is a two-way process, that:</p> <ul style="list-style-type: none"> <li>• Begins early in the project planning process to gather initial views on the project proposal and inform project design;</li> <li>• Encourages stakeholder feedback, particularly as a way of informing project design and engagement by stakeholders in the identification</li> </ul>	<p>This will support the GCF ESP Guiding Principle on stakeholder engagement and disclosure, making sure all GCF-financed activities include the development of measures to mitigate, manage and monitor environmental/social risks through stakeholder engagement/disclosure. It will harmonize with other lenders' ESS on stakeholder engagement.</p>

Current PS1 Stakeholder Text	Description of change	Justification
<p>27. Such as men, women, the elderly, youth, displaced persons, and vulnerable and disadvantaged persons or groups</p>	<p>and mitigation of environmental and social risks and impacts;</p> <ul style="list-style-type: none"> <li>• Is ongoing, as risks and impacts arise;</li> <li>• Is based on the prior disclosure and dissemination of relevant, transparent, objective, meaningful, and easily accessible information in a timeframe that enables consultations with stakeholders in a culturally appropriate format, in relevant local language(s), and is understandable to stakeholders;</li> <li>• Considers and responds to feedback;</li> <li>• Supports active and inclusive engagement with project-affected people and other stakeholders;</li> <li>• Is free of external manipulation, interference, coercion, discrimination, retaliation, and intimidation; and</li> <li>• The entity documents and discloses.</li> </ul> <p>For GCF financed activities with potentially significant adverse impacts on project-affected people, the entity will conduct an ICP process. Where the scope of application of the GCF Indigenous Policy (IPP) and ESS 7 is relevant, the entity is required to adhere to the requirements of the IPP and ESS 7, particularly in relation to meaningful consultation and free, prior and informed consent."</p> <p>Provide clarity on the types of documents that must be disclosed (the ESIA, ESCAP, NTS) and the duration (life of the project, with opportunity for updates)</p>	
<p><b>Informed Consultation and Participation</b></p>	<p>N/A</p>	
<p>31. For projects with potentially significant adverse impacts on Affected Communities, the client will conduct an Informed Consultation and Participation (ICP) process that will build upon the steps outlined above in Consultation and will result in the Affected Communities'</p>	<p>Delete title of "Informed Consultation and Participation" and incorporate this text under the new "Meaningful consultation" heading. Change</p>	<p>This will support the GCF ESP Guiding Principle on stakeholder engagement and disclosure, making sure all GCF-financed activities include the development of measures to mitigate,</p>

Current PS1 Stakeholder Text	Description of change	Justification
<p>informed participation. ICP involves a more in-depth exchange of views and information, and an organized and iterative consultation, leading to the client's incorporating into their decision-making process the views of the Affected Communities on matters that affect them directly, such as the proposed mitigation measures, the sharing of development benefits and opportunities, and implementation issues. The consultation process should (i) capture both men's and women's views, if necessary through separate forums or engagements, and (ii) reflect men's and women's different concerns and priorities about impacts, mitigation mechanisms, and benefits, where appropriate. The client will document the process, in particular the measures taken to avoid or minimize risks to and adverse impacts on the Affected Communities, and will inform those affected about how their concerns have been considered.</p>	<p>from men's and women's concerns to "all genders' concerns".</p>	<p>manage and monitor environmental/social risks through stakeholder engagement/disclosure. It will harmonize with other lenders' ESS on stakeholder engagement.</p>
<p><b>Indigenous Peoples</b></p>	<p>N/A</p>	
<p>32. For projects with adverse impacts to Indigenous Peoples, the client is required to engage them in a process of ICP and in certain circumstances the client is required to obtain their Free, Prior, and Informed Consent (FPIC). The requirements related to Indigenous Peoples and the definition of the special circumstances requiring FPIC are described in Performance Standard 7.</p>	<p>Delete this title and section.  Add to introduction a cross reference to the IPP, ESS7 Indigenous Peoples and other standards (similar to IDB text and other lender approaches).</p>	<p>This will help with fit-for-purpose, by keeping IP information together in one standard (i.e. ESS 7). The reference will signpost to readers that that there are linkages.</p>
<p>N/A</p>	<p>Include new main heading and subsection on "Engagement during Implementation and External Reporting", similar to EBRD, IDB and WB, for instance (as form IDB), "The entity will continue to engage with and provide information to project-affected people and other stakeholders throughout the project life cycle, in a manner appropriate to the nature of their interests and the project's potential environmental and social risks and impacts.  The entity will continue to conduct stakeholder engagement in accordance with the SEP and will build upon the channels of communication and</p>	<p>This will harmonize with GCF's E&amp;S Policy and other lenders' ESS.</p>

Current PS1 Stakeholder Text	Description of change	Justification
	<p>engagement already established with stakeholders. In particular, the entity will seek feedback from stakeholders on the project's environmental and social performance and implementation of the mitigation measures.</p> <p>If there are significant changes to the project that result in additional risks and impacts, particularly where these will further impact project-affected people, the entity will provide information on such risks and impacts and consult with project-affected people as to how they will be mitigated. The entity will develop and disclose an updated action plan, setting out any additional mitigation measures and their timeline for implementation."</p>	
<p>Private Sector Responsibilities Under Government-Led Stakeholder Engagement</p>	<p>N/A</p>	
<p>33. Where stakeholder engagement is the responsibility of the host government, the client will collaborate with the responsible government agency, to the extent permitted by the agency, to achieve outcomes that are consistent with the objectives of this Performance Standard. In addition, where government capacity is limited, the client will play an active role during the stakeholder engagement planning, implementation, and monitoring. If the process conducted by the government does not meet the relevant requirements of this Performance Standard, the client will conduct a complementary process and, where appropriate, identify supplemental actions.</p>	<p>Delete this heading and subsection paragraph. Instead, in the new Stakeholder Engagement Plan subsection (above), identify responsibilities and refer to coordination with government agencies.</p>	<p>These changes contribute to fit for purpose and harmonize with other lenders.</p>

Current PS1 Stakeholder Text	Description of change	Justification
<p><b>External Communications and Grievance Mechanism</b></p>	<p><b>b. Engagement During Implementation and External Reporting</b></p>	
<p>External Communications</p>	<p>N/A</p>	
<p>34. Clients will implement and maintain a procedure for external communications that includes methods to (i) receive and register external communications from the public; (ii) screen and assess the issues raised and determine how to address them; (iii) provide, track, and document responses, if any; and (iv) adjust the management program, as appropriate. In addition, clients are encouraged to make publicly available periodic reports on their environmental and social sustainability.</p>	<p>Delete this main title “External Communications and Grievance Mechanism” and subsection heading “External Communications”</p> <p>Include this text in the newly named section “Engagement During Project Implementation and External Reporting”</p>	<p>This change will harmonize the structure of the standard with other lenders’ approaches.</p>
<p><b>Grievance Mechanism for Affected Communities</b></p>	<p><b>c. Grievance Mechanism</b></p>	
<p>35. Where there are Affected Communities, the client will establish a grievance mechanism to receive and facilitate resolution of Affected Communities’ concerns and grievances about the client’s environmental and social performance. The grievance mechanism should be scaled to the risks and adverse impacts of the project and have Affected Communities as its primary user. It should seek to resolve concerns promptly, using an understandable and transparent consultative process that is culturally appropriate and readily accessible, and at no cost and without retribution to the party that originated the issue or concern. The mechanism should not impede access to judicial or administrative remedies. The client will inform the Affected Communities about the mechanism in the course of the stakeholder engagement process.</p>	<p>Delete “Grievance Mechanism for Affected Communities” as a subheading and use “Grievance Mechanism” as a main requirement heading. Move so it becomes the final section of this standard.</p> <p>Reflect that stakeholders need to have the means to report grievances without fear of retaliation, retribution or dismissal. Add that the grievance mechanism and complaints need to be survivor centered and gender-responsive, and there will be required monitoring of the grievance mechanism. For the above, use text similar to EBRD and IDB: “the grievance mechanism will address concerns promptly and effectively, in a transparent manner that is culturally appropriate, free from manipulation, interference, coercion, intimidation and retribution, and readily accessible to all affected parties, at no cost. The mechanism will not prevent access to</p>	<p>Grievance mechanisms are essential for managing stakeholder engagement properly. The changes are consistent with GCF’s E&amp;S policy, a new emerging emphasis on retaliation, and a gender sensitive approach.</p>

Current PS1 Stakeholder Text	Description of change	Justification
	<p>judicial or administrative remedies. The entity will inform the stakeholders about the grievance mechanism in the course of its engagement activities, and report regularly to the public on its implementation, protecting the privacy of affected individuals. It will include the following:</p> <ul style="list-style-type: none"> <li>• Handling of grievances will be done in a culturally appropriate manner and be discreet, objective, sensitive, and responsive to the stakeholders' needs and concerns. The mechanism will also allow for anonymous complaints to be raised and addressed;</li> <li>• The entity will consider the provision of mediation in resolution of grievances in projects where there are significant community concerns; and</li> <li>• Monitoring of the implementation of the grievance mechanism and analysis of trends will be undertaken regularly."</li> <li>• Where the scope of application of the GCF Indigenous Policy (IPP) and ESS 7 is relevant, the entity is required to adhere to the requirements of the IPP and ESS 7, particularly in relation to the paragraphs on Grievance Redress Mechanism."</li> </ul>	
<p><b>Ongoing Reporting to Affected Communities</b></p>	<p>N/A</p>	
<p>36. The client will provide periodic reports to the Affected Communities that describe progress with implementation of the project Action Plans on issues that involve ongoing risk to or impacts on Affected Communities and on issues that the consultation process or grievance mechanism have identified as a concern to those Communities. If the management program results in material changes in or additions to the mitigation measures or actions described in the Action Plans on issues of concern to the Affected Communities, the</p>	<p>Change title to new section on "Engagement During Implementation and External Reporting", similar to EBRD, IDB and WB, and include text such as the following example from IDB: "The entity will continue to engage with and provide information to project-affected people and other stakeholders throughout the project life cycle, in a manner appropriate to the</p>	<p>This will harmonize with GCF's E&amp;S Policy and other lenders' ESS.</p>

Current PS1 Stakeholder Text	Description of change	Justification
<p>updated relevant mitigation measures or actions will be communicated to them. The frequency of these reports will be proportionate to the concerns of Affected Communities but not less than annually.</p>	<p>nature of their interests and the project's potential environmental and social risks and impacts.</p> <p>The entity will continue to conduct stakeholder engagement in accordance with the SEP and will build upon the channels of communication and engagement already established with stakeholders. In particular, the entity will seek feedback from stakeholders on the activity's environmental and social performance and implementation of the mitigation measures.</p> <p>If there are significant changes to the activity that result in additional risks and impacts, particularly where these will further impact project-affected people, the entity will provide information on such risks and impacts and consult with project-affected people as to how they will be mitigated. The activity will develop and disclose an updated action plan, setting out any additional mitigation measures and their timeline for implementation."</p>	

## 2.14 ESS 10: Climate Change Resilience and Adaptation

GCF has a unique mandate to create a paradigm shift towards low-emission and climate resilient development pathways. This mandate requires the updated ESS embed these considerations, and incorporate best practice into the application of the standards. The implications of the Paris Agreement for appraisal and reporting of both mitigation and adaptation efforts has led to fast paced progress in the development of best practice approaches and management systems.

As the scope of these new approaches and systems are beyond the content of the existing standards there was no natural 'home' within existing standards for all the climate considerations required to align to GCF mandate.

Changes relating to the consideration, appraisal and management of GHGs during project delivery and lifetime are reflected within ESS 3. Climate risk assessment (including resilience benefits), hazard and disaster analysis and associated considerations are captured in this new ESS 10 on Climate Change.

ESS 3 and ESS 10 together, therefore, contain the most fundamental changes for embedding climate change across the standards to better align to GCF unique mandate and ambitions, however additional climate references have been integrated into the other standards where appropriate.

Consideration was given to the incorporation of these elements into ESS 1, however the significance of these topics for GCF, the drive to future proof the revised standards and the opportunity to lead and create best practice contributed to the proposal of a standalone standard which emphasizes significance.

The sections below outline the items proposed for this new standard. The focus is on the need to understand project physical and transitional climate risks, provide guidance on how best to assess and manage these risks and their compounding nature for GCF projects, support the maximizing of co-benefits and minimizing mal-adaptation, consideration of natural hazard and disaster analysis and the need to align with the Paris Agreement.

The proposed structure can be seen below in Table 2.20, whilst the proposed content described in more detail in Table 2.21.



**Table 2.20: Proposed ESS 10 structure**

<b>Proposed ESS 10 Headings and Structure</b>
<b>1. Introduction</b>
<b>2. Objectives</b>
<b>3. Scope of Application</b>
<b>4. Requirements</b>
<b>a. Physical and Transition Climate Risk Assessments</b>
<b>b. Natural Hazard and Disaster Risk</b>
<b>c. Climate Change and Disaster Risk as a compounding factor</b>
<b>d. Alignment with Paris Agreement</b>

**Table 2.21: Proposed ESS 10 content**

Description of proposal	Justification
<b>1. Introduction</b>	
<p>This Performance Standard recognizes the importance of explicitly addressing climate hazard and disaster risk considerations and maximizing project contributions to improved resilience to future climate trends for people, the environment and critical infrastructure.</p> <p>The requirements of this Performance Standard are based in part on the enhanced commitments and reporting requirements for addressing risk posed by climate change in the 2020 Equator Principle 4 revisions.</p> <p>Greenhouse gas emissions considerations are incorporated into Standard 3 and other references to climate considerations are integrated throughout other performance standards where relevant.</p>	<p>Outlines the introduction and scope of the standard. Makes the linkage to Standard 3 and other mainstreaming of climate throughout PS2-8.</p>
<b>2. Objectives</b>	
<ul style="list-style-type: none"> <li>• To ensure alignment of GCF projects with the goals of the Paris Agreement and other international frameworks.</li> <li>• To ensure that GCF projects are comprehensively screened for climate change and disaster risk to society, environment and critical infrastructure and that the mitigation and management hierarchy's are applied in project design and delivery.</li> <li>• To ensure that GCF projects maximize potential resilience (and optionally mitigation) benefits and deliver co-benefits.</li> </ul>	<p>N/A</p>
<b>3. Scope of Application</b>	
<p>The applicability of this Standard is established during the social and environmental screening and categorization process. Requirements of this Standard apply to all projects that are implemented by the GCF. The requirements apply to all projects unless a specific exclusion criteria is evidenced.</p>	<p>N/A</p>
<b>4. Requirements</b>	
<b>a. Physical and Transition Climate Risk Assessments</b>	
<p>The entity must undertake Physical and Transition Climate Risk Assessments to assess the implications of current and future chronic and acute climate change impacts, and decarbonisation on the implementation of the project and the achievement of outcomes across the project lifetime.</p> <p>The Climate Risk Assessment should:</p> <ul style="list-style-type: none"> <li>• Consider communities, ecosystems and critical infrastructure as risk receptors for chronic and acute projected climate impacts.</li> <li>• Develop the processes, policies and systems to manage (i.e. to mitigate, transfer, accept or control) and any significant risks identified.</li> </ul>	<p>The requirement of a Physical and Transition Climate Risk assessment and associated plans, processes, policies and systems is specified in the 2020 Equator Principles IV update and reflects current good practice regarding the incorporation of climate risks and considerations. International financial institutions, as well as global standards for Physical and Transition Climate Risk assessment, vary and leave substantial scope decisions to undertaking parties.</p> <p>Where there are good practice scope components that relate to GCF unique mandate (risk receptors beyond hard assets, data disaggregation and risk screening period beyond project/asset lifetime)</p>

Description of proposal	Justification
<ul style="list-style-type: none"> <li>● Develop corresponding Project Climate and/or Emissions Management Plans for implementation phase and associated monitoring and reporting systems for any significant risks identified.</li> <li>● The following factors should inform the implementation of the Climate Risk Assessment:                             <ul style="list-style-type: none"> <li>○ Application of appropriate risk classification methodologies such as IPCC hazard risk classification or other technically credible methodology.</li> <li>○ Disaggregation of risk profiles for impacted communities by marginalized, disadvantaged, gender, age and social vulnerabilities.</li> <li>○ Setting a risk screening period (i.e. 30 years).</li> <li>○ Propose strategy for, and activities to, maximize co-benefits (mitigation/adaptation) and minimize mal-adaptation potential.</li> <li>○ Include relevant indigenous, local and traditional knowledge.</li> </ul> </li> <li>● The tailoring of the scope of the Climate Risk Assessment may be appropriate if the results of an initial Climate Change Impact Screening (giving consideration to the risk receptors and factors identified above), indicates it is appropriate to do so. This decision should be taken by an appropriately qualified Climate Specialist with due consideration to the intent of this standard.</li> </ul>	<p>these should be explicitly required. The nature of the GCF project application process does not encourage applicants to fully scope and understand climate implications on/from co-benefits, a high-level consideration of such should be included here.</p>
<p><b>b. Natural Hazard and Disaster Risk</b></p>	
<p>The entity must analyze natural hazard and disaster risks and implement reduction and management plans, processes, policies and systems in line with Sendai Framework for Disaster Risk Reduction 2015-2030 (or other subsequent agreement).</p>	<p>Sufficiently comprehensive consideration of natural hazard and disaster risk is missing from IFC PS but are important elements which can overlap with climate risk.</p>
<p><b>c. Climate Change and Disaster Risk as a compounding factor</b></p>	
<p>The client should give consideration to the impact of climate change and disaster risk as a compounding and/or exacerbating factor for exposure and impact across the receptors analyzed in ESS 2-9. This should be done within the analysis for ESS 2-9 and reflected by the incorporation of climate into assessments under those standards or through a summary attachment to the Climate Risk Assessment.</p>	<p>In addition to having a direct risk (a project having a direct impact relating to climate change), climate change can be a compounding or exacerbating effect on other components and receptors assessed within ESS2-9 such as health and safety (heat stress), ecosystems and biodiversity (changing climatic zones and trends), amongst others. These secondary or compounded climate impacts are not typically covered within a climate risk assessment. Those implementing assessments in ESS2-9 should identify and address these factors, where relevant, within their assessment. This is particularly relevant to PS3,4,5,6 but may be relevant to others.</p>
<p><b>d. Alignment with Paris Agreement</b></p>	
<p>Relevant considerations of greenhouse gas emissions efficiency and application or alignment with global decarbonization goals is addressed in revisions to ESS 3.</p>	<p>It is relevant to acknowledge that this consideration is addressed elsewhere rather than appearing to be a gap in a standalone climate standard.</p>

## 3 Next Steps

This report is designed for consultation with the GCF and with wider stakeholders and civil society. Following this document's finalization, a period of such consultation is to follow, during which responses will be sought on the proposals.

This consultation will include a consultation event during which stakeholders will be welcome to present questions or reflections on the proposed changes which will be captured and responded to at the end of the consultation process. The findings from this consultation will be used to develop the final version of the updated ESS Standards which will be presented at the next stage (Stage 3), and which will also undergo stakeholder consultation at that stage.

This final version of the ESS Standards will incorporate the final amendments proposed at this stage and from the stakeholder engagement. It will present the final draft version of the ESS as a complete document for review.

