



GREEN  
CLIMATE  
FUND

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Compilation of submissions:  
Draft Green Climate Fund  
Environmental and Social  
Management System

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## **I. Introduction**

1. On 15 December 2016, the Green Climate Fund (GCF) published a call for public inputs that invited organizations and all entities involved and interested in climate mitigation and adaptation, environmental and social safeguards and related topics, to provide inputs on the draft environmental and social management system (ESMS). The call followed a mandate from the GCF Board in decision B.07/02, paragraph (n) requesting the Secretariat, in consultation with the Accreditation Committee and Accreditation Panel, to develop an ESMS.
2. The deadline for submissions was on 24 February 2017 and the GCF Secretariat has subsequently collected and compiled all inputs received. This document is the compilation of inputs received and is published for public information as indicated in the call for inputs document. 22 submissions and comments were received and these are presented in this document without editing or formatting.

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## **II. National Council for Climate Change Sustainable Development for Public Leadership (NCCSD)**

Thank for consultation on very important policy framework.

NCCSD's comments are on over policy framework:

NCCSD is of view that UNFCCC Paris document emphasis need of Food security and Food productivity. It further details need of “Capacity Building” and “Technology Transfer”.

In the entire framework “Food Security and “Food Productivity” need to be specifically brought out as because of Climate they are already affected and further vulnerable. Therefore need to focus on that because world needs to produce food enough to growing demands of growing population and migration to urban centres. Otherwise there will be enhanced social and economic turmoil. Hence we need to prioritise that in conceptual framework and need to highlight what is the policy to meet this most important challenge.

Further there is too much emphasis in Mitigation. There is need to bring on “role of adaptation” for Agriculture sector which is the key to met challenge of food productivity and food security to hungry Millions.

### III. Africa Finance Corporation (AFC), Accredited Entity

SUBJECT	Response from Africa Finance Corporation (AFC) to the Call for Public Inputs to the Green Climate Fund Environmental and Social Management System (ESMS)
AFC COMMENT DETAILS	<ol style="list-style-type: none"> <li>1. Page 1 Clause 14 – <i>‘Environmental and Social Management System’</i></li> <li>2. <b>Comment/suggestion - One key element that appears not to have been addressed in this ESMS is Training &amp; Awareness. Some issues to consider: How will stakeholders be identified? How will elements of the ESMS be communicated to stakeholders?</b></li> <li>3. Page 3 Clause 1.1(g)(a) – <i>‘Elements of an Environmental Management System’</i></li> <li>4. <b>Comment/suggestion - A fourth key interacting group might be GCF-funded project/programme companies, who, as fund recipients, directly implement/achieve GCF's intended objectives</b></li> <li>5. Page 26 Clause 81 – <i>‘Effective Date and Review’</i></li> <li>6. <b>Comment/suggestion - The process by which the ESMS will be reviewed should be described in more detail e.g. what will the structure/nature of the review be? Who will conduct the review?</b></li> </ol>
RESPONSE BY	Omawumi Kola-Lawal (PhD.), Environmental and Social Risk Manager, AFC

## IV. CRISP Social Ventures, India

### We appreciate the aim of GCF ESMS:

*As a broader operational framework, the ESMS provides an opportunity for the GCF to incorporate environmental and social considerations into its decision-making and operations in ways that not only avoid and minimize adverse risks and impacts but also identify opportunities to improve environmental and social outcomes in a systematic, coherent and transparent manner.*

Following suggestion may please be noted :

#### 1. On Page 12 - Gender equality and inclusiveness

A mechanism to ensure this aspect need to be established to standardized.

Project implementers will then submit the details of the steps taken for 'gender equality and inclusiveness', in standard format, to ensure its implementation. For eg. Equal wages/ salary for male and female employees (of same level), equal number of women in decision making body etc

#### 2. Labour and working conditions and Human rights

SA 8000 standard can be followed by the 'mitigation project' implementers. Mitigation projects are generally implemented in industry etc where child labour, status of women labour need to be assessed.

Thus mention of SA8000 standard to ensure 'labour and working conditions and human rights' can be helpful to strengthen the framework.

#### 3. Page 13: Biodiversity

A standardized approach regarding bio-diversity can be mentioned in framework. It is understood that local law, if any, will be implemented but it is also noted that 'bio-diversity' don't have any standard guideline to follow in many nations.

If GCF ESMS can outline measures to protect bio-diversity; create guidelines for compensatory bio-diversity OR mandate few measures/ options to conserve or enhance bio-diversity, then it would contribute to benefit the GCF project implementing agency/ nation.

#### 4. REVERSE IMPACT ASSESSMENT FOR PROJECTS FOCUSING MITIGATION

Its an innovative concept specially required to implement in current scenario when climate change adaptation/ mitigation are leading to accelerated technological innovation and fund flow is being diverted to implement the most efficient technology.

Technology implementers buy and implement efficient technologies. But there is no set norm to accomplish the implementation of new & assure the proper disposal of old. As a result, improper disposal lead to land pollution etc.

GCF Project implementers should also be asked to reply for questions like: What is the disposal mechanism for old machines? For eg. in case of LEDs, the disposal mechanism of old bulbs /CFLs etc. Such questions will assure the reduced pollution as well the project implementers

will have advance contracts to sell the scraps which in turn will organize the unorganized market of recycling & reuse.

Another face of today's fast pace technological development to reduce emissions is 'more use of natural resources' to produce new technologies. There is no provision of monitoring of natural resources that are being consumed for advance technology production though SDGs mentioned about a goal 'sustainable production & consumption'.

ESMS may guide the project implementer on the above stated aspects. For eg. there may be guidelines like **@a fix % of recycled material** to be used OR conduct **project Life cycle analysis** (and represent big data into a one page figure) OR mandatory GHG accounting of the project i.e. **baseline and after implementation**. This will help understand the –Positive and negative impact of GCF project on environment & society at the project implementation site.

I worked for such a standard in India and I can send a copy of the same if required.

##### 5. SOCIAL PRODUCTIVITY

An effective way to assess the impact on society after implementation of GCF project will be to assess the 'baseline status of social productivity' and 'social productivity status after GCF project implementation'. Moreover a triple bottomline if can be assessed, will provide a holistic picture of impact of GCF project on environment & society.

This approach if useful, can be mentioned in ESMS.

## V. Corporación Nacional Forestal de Chile (CONAF)

### Inputs requested:

#### **A) Ámbito de aplicación y principios - Adecuación de la cobertura y los principios rectores de la política;**

##### **2.2 Alcance de aplicación:**

En todos los niveles de alcance se debe realizar un análisis de aquellas brechas, fortalezas, vinculación e integración entre las políticas del ESS y los tres niveles contemplados, es decir, las políticas del Estado, las salvaguardas de las entidades intermediarias y a nivel de proyecto.

Con este análisis, se puede tener como resultado el resguardo de las ESS sin menoscabo de la normativa nacional y demás acuerdos internacionales.

### III. Principios rectores

En relación a los principios rectores planteados, se propone lo siguiente:

#### **A) Integración de la sostenibilidad ambiental y social.**

Se propone agregar que dentro de los parámetros del ESMS, los medios de monitoreo cumplan con los criterios del involucramiento temprano de las partes interesadas, principalmente comunidades locales, pueblos indígenas y mujeres, mediante procesos participativos que incluyan la perspectiva social, ambiental y cultural. Además, que los mecanismos de información que se utilicen, entreguen de forma oportuna y en lenguaje pertinente (no técnico) la información a la ciudadanía interesada, con la posibilidad de retroalimentación para consideraciones futuras que puedan prevenir posibles riesgos de la implementación de las actividades.

#### **D) Jerarquía de mitigación.**

El GCF plantea para este principio una serie de objetivos como evitar, mitigar, minimizar y/o compensar los riesgos e impactos negativos. En este sentido se sugiere establecer qué las acciones de abordaje de los riesgos e impactos adversos contarán con un sistema de monitoreo y seguimiento para asegurar el cumplimiento – a través del tiempo – de los objetivos.

También se sugiere que se establezca la necesidad de adopción de medidas para reducir los riesgos de reversión y desplazamiento de las emisiones.

#### **h) Género:**

El GCF cuenta con una “política de género” para mejorar los enfoques con perspectivas de género y reconoce su importancia en términos de impacto y acceso al financiamiento. Sin embargo, a nivel de proyectos financiados, no hay exigencias que aseguren la incorporación de la componente de género que midan resultados y/o impactos positivos o negativos de estos proyectos sobre este sector vulnerable de la sociedad; por ejemplo, que se establezca la obligatoriedad de incorporación de las mujeres en los procesos de participación de actores interesados en todos los niveles y etapas de los proyectos, asegurando que participen representantes y grupos de mujeres y que las acciones que se desarrollen en cada proyecto efectivamente consideren a las mujeres.

En “Punto III Principios rectores”, Letra H), se propone que después de: “*reducir las disparidades de género En las acciones climáticas se establezcan y apliquen*” (*reduce gender disparities in climate*



*actions are established and implemented*) agregar, “velando, en todo momento, impedir que las acciones desarrolladas por las políticas, programas o proyectos, profundicen las discriminaciones que sufren las mujeres, creen nuevas formas de discriminación y/o constituyan acciones que aumenten sus tiempos de trabajo.”

En relación a la “Mejora de Resultados” y en materia de Género se sugiere que el GCF solicite una propuesta particular a cada ejecutor de proyecto, sobre la realización de una auditoría de género temprana a fin de corregir errores, mejorar las acciones en la materia, y por ende, mejorar los resultados e impactos de los proyectos, dado que la transversalización del enfoque de género en los proyectos aún no es algo masivo, y por tanto los países y en particular las entidades acreditadas o intermediarios, suelen no tener toda la experiencia necesaria.

### **Pueblos Indígenas y Comunidades Locales:**

Entre los beneficios que se podrían generar durante la implementación de los proyectos y programas financiados por el GCF se debería considerar el desarrollo de una ventana para mejorar el acceso directo para las iniciativas de Pueblos Indígenas y comunidades locales como una prioridad entre las políticas de ESS, velando porque no se vulneren los derechos y conocimientos ancestrales de los pueblos indígenas. Es por ello, que además de la United Nations Declaration on the Rights of Indigenous Peoples, se debería promover el cumplimiento de la normativa nacional y los acuerdos internacionales sobre los Pueblos Indígenas, entre otros, los derechos establecidos en el Convenio 169 de la OIT, incluyendo los derechos a participación y consulta cuando los proyectos se emplacen en territorios indígenas.

Adicionalmente, el GCF debiera centrarse en dar prioridad a los proyectos destinados para la mitigación y muy especialmente a la adaptación al cambio climático que emanen de los propios Pueblos Indígenas y comunidades locales, e intentar potenciar y aumentar la escala de estos proyectos.

Para ello, se sugiere agregar en el párrafo 12, letra b lo siguiente: “*Sin menoscabo de las legislaciones nacionales y demás acuerdos internacionales pertinentes en la materia, como lo es, entre otros, el Convenio 169 de la OIT*”.

En el literal “c” del párrafo 12, se debe indicar y enfatizar el cumplimiento de las legislaciones nacionales e internacionales en materia de respeto de los derechos humanos.

Para el párrafo 15, literal “a”, se considera un punto clave por lo que se requiere que sea claramente abordado y alineado con los demás puntos de este documento, donde i) la participación, entendida bajo los principios de la participación plena y efectiva o consultiva, resulta fundamental para las actividades que se ejecuten; donde insumos que recojan de los procesos participativos tienen que ser acordes a los aspectos socioculturales y territoriales, los que además, deben contar con el consentimiento de las propias comunidades; ii) que existan mecanismos o sistemas de retroalimentación que prevén los riesgos de cada etapa de ejecución de los proyectos.

### **En relación a la transparencia:**

En los principios rectores de las políticas de ESS, se sugiere agregar la transparencia en el resguardo de las salvaguardas, así como en los tres niveles de alcance de aplicación. Igualmente, se sugiere que para realizar las publicaciones y convocatorias públicas para proporcionar comentarios que se realizan a través de la página web del GCF, sean amigables y en idiomas de los Pueblos Indígenas afectados,

promoviendo que los actores claves – especialmente de Pueblos Indígenas – se encuentren debidamente informados sobre los reportes en materia de ESS.

**Protección del patrimonio cultural tangible e intangible:**

Dado que se considera como un principio rector la protección de la diversidad biológica (párrafo 12, letra d). Se propone agregar como principio la protección del patrimonio cultural tangible e intangible del país. Indicando que las actividades financiadas por GCF tanto en su diseño como implementación, velarán por no dañar de ninguna forma o poner en riesgo dicho patrimonio en términos cuantitativos y cualitativos.

Entre otros de los elementos importantes a considerar en los principios y alcances de las políticas en ESS en el punto 1.4, literal “f”, se considera que es necesario que quede expresado la articulación de los distintos elementos solicitados por las agencias y que cada mecanismo que se implemente tiene que ser complementario para que haya coherencia en la implementación.

En cuanto al punto 2.1 referente a los Objetivos Políticos de las políticas de salvaguardas sociales y ambientales, se propone incluir: i) la complementariedad y compatibilidad de las medidas con los objetivos de acuerdo a las convenciones y acuerdos tanto internacionales como nacionales sobre esta materia; ii) respetar el conocimiento y los derechos fundamentales, principalmente de los pueblos indígenas, comunidades locales tomando las consideraciones nacionales e internacionales; iii) que las medidas sean compatibles con la conservación de los recursos naturales y la diversidad biológica, lo anterior para incentivar la protección y la conservación de los ecosistemas y potenciar los beneficios socio-ambientales derivados de ellos.

**B) Requisitos y funciones y responsabilidades claridad de los requisitos de la política, las funciones y responsabilidades de GCF y las entidades, y sugerencias para mejorar su aplicación, en el contexto de las propuestas ESMS;**

Para la acreditación de las entidades por parte del GCF se deberá no sólo determinar las capacidades de las entidades para el manejo de los riesgos e impactos sociales y ambientales, sino también las capacidades de las entidades para mitigar, evitar y/o compensar los riesgos e impactos a través de medidas concretas.

Por parte de las entidades acreditadas, la identificación de riesgos y beneficios de los proyectos y programas se deben realizar basados en procesos participativos en donde los actores claves sean involucrados desde etapas tempranas de la formulación, bajo esta perspectiva, las entidades acreditadas deberán promover una evaluación ambiental y social iterativa y retroalimentada con los actores claves previo la implementación de los programas y proyectos.

En relación al sistema ambiental y social, en el punto 1.1 Elementos de un sistema de gestión ambiental y social Letra E, donde dice “y tenga en cuenta los puntos de vista de las diversas partes interesadas y las comunidades afectadas, incluidas las mujeres vulnerables y los pueblos indígenas.” (and takes into account the views of the various stakeholders and affected communities, including vulnerable women and indigenous peoples), se sugiere eliminar la palabra “vulnerables”, ya que se entiende que lo que se desea es que se considere la opinión de “las mujeres” y no solo la de aquellas que el evaluador considera “vulnerables”, además se sugiere agregar incluidas las mujeres de “todos los sectores de la sociedad y pueblos indígenas”

En el punto 4.2, literal “b”, numeral “iv”, se considera importante destacar que; permite tener la retroalimentación temprana de cómo se están ejecutando los proyectos en línea con los requerimientos y legislación nacional como internacional, donde las partes interesadas también son parte de la construcción de las medidas a implementación.

En el párrafo 26, se propone contemplar las medidas apropiadas para que las capacidades vayan quedando instaladas en las propias instituciones nacionales, donde las agencias actúen como herramientas para generar capacidades internas de las propias instituciones y de los países, evitando en todo lo que sea posible, que las capacidades se pierda con las personas de agencias internacionales.

En el párrafo 48, es importante que la construcción de estos planes y marcos, consideren aspectos fundamentales respecto a los derechos de los pueblos indígenas, información socioeconómica, demográfica, pero por sobre todo, que el formato de estos documentos contenga el enfoque intercultural para que cuando se implementen en conjunto con los pueblos indígenas, tenga la validación por ellos.

**C) Las brechas - La identificación de otras áreas que pueden haber pasado por alto y proponer formas de llenar estos vacíos, dibujo de las experiencias en la aplicación de las políticas de las instituciones similares;**

Entre las brechas identificadas, se encuentra que el Mecanismo de Quejas (grievance redress) está acorde con los principios de eficiencia y efectividad, sin embargo, se debe dejar establecido que este debe ser acorde a las normativas, la institucionalidad y las realidades nacionales, ya que hay países que tienen mecanismos de quejas por normativa legal y para tales casos, el GCF debiera considerar un análisis de las brechas para cumplir con lo exigido para los proyectos que se ejecuten con su financiamiento, pero finalmente recibir reportes de estos mecanismos ya en funcionamiento. Además, estos Mecanismos de Quejas ya son utilizados por los actores claves con información que manejan de programas y proyectos y con un conocimiento de cómo realizar las respectivas quejas, reclamos y sugerencias.

Particularmente para Chile, y en México podría ser otro caso, una entidad implementadora no podría tener un mecanismo de quejas propio porque representaría una incompatibilidad con la normativa nacional, ya que Chile cuenta – por definición legal – con un Sistema de las Oficinas de Información Reclamos y Sugerencias (OIRS), al que se acogen todas las instituciones del país para tramitar toda la información sobre aquellos reclamos y sugerencias realizados por las personas e interesados en todo el territorio nacional.

En este sentido, en el párrafo 72; Referente al mecanismo de reparación de quejas, se indica que este deberá ser independiente, sin embargo, no se especifica a que refiere, o cuál es el alcance de “independiente”. Lo mismo se vuelve a indicar en el párrafo 77. Para clarificar este concepto se propone agregar el siguiente párrafo para ambos casos: “un mecanismo independiente refiere a que se cuente con las atribuciones institucionales que permitan que las respuestas y soluciones que se entreguen, sean decisiones basadas en argumentos técnicos y concordadas con los afectados. Esta independencia no impide que el mecanismo pueda ser parte de otros mecanismos similares existentes en el país, o que pueda depender administrativamente a la misma institución implementadora del proyecto”.

Otra de las brechas identificadas, es la vinculación entre el mecanismo de monitoreo para el cumplimiento de las salvaguardas y el Sistema de Información de Salvaguardas de la UNFCCC consensuado por las Partes en diversas decisiones de la Conferencia de las Partes. Aunque este sistema está dirigido para el reporte del resguardo de las salvaguardas sociales y ambientales en actividades REDD+, también podría representar una instancia para el monitoreo de los proyectos y

programas del GCF. Se sugiere integrar el SIS con el mecanismo de reporte y monitoreo del GCF para evitar duplicidad de reportes por parte de los ejecutores de proyectos.

Otra brecha identificada, se encuentra en el punto 1.2, literal “h”, en que es importante la articulación de los distintos elementos que considerarán los proyectos financiados por el GCF para que los mecanismos que se creen, se mejoren bajo la premisa de la retroalimentación de forma sistemática entre los involucrados (potenciales beneficiarios) y las entidades responsables de la implementación.

#### **D) El aumento de los resultados - Identificar oportunidades para mejorar los resultados ambientales y sociales a través de la política y ESMS; Y**

A fin de mejorar los resultados a través de los programas y proyectos financiados por el GCF, se propone establecer dentro de las políticas de salvaguardas que se generen instancias participativas de diálogo en donde los actores claves manifiesten las necesidades de las comunidades como en una etapa previa y temprana de la formulación de programas y proyectos, además que propongan medidas y actividades para la implementación, así como la evaluación de riesgos y beneficios sean identificados por los actores claves. Bajo este fundamento, se evitará la oposición por parte de los actores involucrados así como la vulneración de las salvaguardas sociales y ambientales en las diferentes fases de los proyectos.

Igualmente, como experiencia nacional, se comparte el enfoque de que los procesos participativos sean representativos, mediante la aplicación de los criterios multi sector (todos los sectores de la sociedad relacionados con los proyectos que financiará el GCF), multi nivel (participen representantes de los niveles local, comunal, subnacional, nacional) y multi actor (diferentes actores claves de cada sector y cada nivel).

#### **E) Compromiso - La identificación de margen para una mayor participación de múltiples partes interesadas para mejorar continuamente la política y ESMS.**

Chile para su Estrategia Nacional de Cambio Climático y Recursos Vegetacionales, cuenta con el Plan para la Implementación de las Salvaguardas Sociales y Ambientales para la Consulta Pública e Indígena y Autoevaluación<sup>1</sup> cuyo objetivo se basa en “diseñar e implementar un proceso participativo para el resguardo de las salvaguardas sociales y ambientales aplicables a la ENCCRV y su consiguiente fase de consulta y autoevaluación”.

Este plan cuenta con los siguientes principios que podrían ser insumo a ser considerada dentro de las políticas del GCF y el ESMS para una mayor participación:

**Procesos participativos de amplio alcance y generados en instancias formales:** La participación se ejerce mediante un proceso de alcance nacional y formal que permite dar sostenibilidad social y ambiental a la Estrategia mediante la búsqueda de consensos entre la institucionalidad y los actores claves que se relacionan con los bosques y formaciones xerofíticas del país.

**El participación deberá realizarse de acuerdo a la normativa nacional y en concordancia con los estándares internacionales:** La participación en el proceso de formulación y consulta de la ENCCRV se lleva a cabo en los términos establecidos en la Ley N°20.500 sobre Asociaciones y Participación Ciudadana en la Gestión Pública y, el artículo 7 del Convenio 169 de la OIT y la OP 4.10 del Banco Mundial para el caso de los Pueblos Indígenas, entre otros pilares normativos de orden legal que sustenta la participación plena, efectiva y transparente de la sociedad civil.

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<sup>1</sup> Disponible en: <http://www.enccrv-chile.cl/index.php/capacitate/publicaciones-enccrv/item/352-plan-sis>

**Transparencia de los procesos participativos:** El proceso de formulación y consulta de la ENCCRV es transparente e incorpora a todos los sectores de la sociedad que están directamente relacionados con los bosques, formaciones xerofíticas y recursos vegetacionales.

**Los actores claves que participan del proceso tienen un rol activo, informado, libre, oportuno y calendarizado.**

**La coordinación intersectorial e interinstitucional es transparente a través de mecanismos establecidos para tales fines.**

**Inclusión de los derechos y conocimientos ancestrales:** Los derechos, visiones, propuestas, reclamos y sugerencias de los Pueblos Indígenas y de las comunidades locales dependientes de los bosques, formaciones xerofíticas y otras formaciones vegetacionales, junto con ser analizados, se incorporan en la ENCCRV en tanto sean pertinentes.

**Fortalecimiento de capacidades:** El proceso de formulación, consulta pública e indígena y autoevaluación de la ENCCRV busca la creación y el fortalecimiento de capacidades tanto en los potenciales beneficiarios y/o afectados con esta iniciativa, como de la institución responsable de su implementación para asegurar un adecuado manejo de los riesgos e impactos socio-ambientales que pueda generar.

Bajo estos principios expresados se sugiere tomarlos en consideración en la elaboración de las ESS del GCF.

Igualmente, en punto VI del documento, párrafo 61, se propone considerar, más allá que la información esté a disposición en sitios web o papelería, es importante incorporar ya sea oficinas físicas de atención, canales telefónicos, preparación de funcionarios en terreno para poder entregar de forma responsable la información, entendiendo los distintos contextos territoriales, pero además considerar a la población vulnerable con escaso acceso tecnológico de comunicación (ejemplo, considerar que aún existen el analfabetismo, que principalmente corresponde a personas mayores y que habitan en la ruralidades).

Para el párrafo 64, numeral iii, se propone tomar en consideración que los procesos de participación sean de manera plena y efectiva y que se consideren medios de difusión para la entrega de información a las partes interesadas.

Para el párrafo 67, se considera que si bien no existen un concepto universal, es necesario agregar para aclarar y no se preste para ambigüedad la “buena fe” de los procedimientos que se realicen para el respeto de los derechos de los pueblos indígenas, que corresponde a un acto ético que se encuentra mencionado en los distintos acuerdos nacionales e internacionales sobre pueblos indígenas.

En relación al párrafo 70, se sugiere contemplar que los participantes tienen que ser representativos de las distintas organizaciones que provengan, y validados por sus propias comunidades u organizaciones. Entendidos como actores claves relevantes tanto a nivel territorial como a nivel de sus propias organizaciones.

A lo largo del documento, se sugiere contemplar la medición y monitoreo para el cumplimiento con las salvaguardas sociales y ambientales, ya que sólo se enfatiza la medición de los riesgos, pero es necesario tener un marco que permita monitorear los compromisos que se están estableciendo, de modo de ir verificando el cumplimiento y no cumplimiento, de tener una retroalimentación de los proyectos que se gesten, además de una evaluación.

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Igualmente, el fortalecimiento de capacidades de los propios funcionarios de las instituciones es fundamental, y en el documento se debe enfatizar este fortalecimiento ya que va dando autonomía a los países.

Otro punto a contemplar en el documento, es la importancia de que los distintos mecanismos que se implemente tengan la compatibilidad y la complementariedad tanto de lo que ya existen o lo que se pretende implementar con las instancias nacionales. Además, se debe mencionar acerca de los arreglos institucionales para la implementación de las medidas implementadoras, y los arreglos institucionales que son claves para el cumplimiento de los objetivos.

## **VI. TIANQING POWER Green Climate Consulting Co., Ltd.**

This submission is in response to the Call for Public Inputs: Green Climate Fund Environment and Social Management System (ESMS) based on the outline for the GCF's ESMS adopted in decision B07/02.

1. The current ESMS proposed by the GCF only refers to Environment and Social policies, while the other areas of the ESMS system, such as risk identification and classification and management and planning, etc., have not been elaborated on in depth and listed clearly.
2. It is highly imperative that the ESMS not be sheerly focused on the GCF itself and AEs. This is seen throughout many GCF documents and policies. As the most important project/programme stakeholders, the EEs must be fully taken into account and involved in the ESMS, including but not limited to clearly expounding on their roles and responsibilities. This is indeed advantageous in terms of GCF project implementation.
3. It is necessary to establish a grace period for the implementation of the ESMS, especially for those AE that have full mature ESMS, as they will need time to learn the GCF's ESMS and improve their own systems accordingly.
4. The implementation of ESMS shall not only be completed in a risk-based manner, but also in a flexible manner in light of the national situations of the host country, which means that when evaluating a project, the GCF and IE could use quantitative indicators, such as scoring methods, with the project meeting the GCF's ESMS requirements when reaching a certain score. The bottom line of score can be adjusted in accordance with the category of host country.
5. The existing environment and social risk categories ("High risk Category A", "Medium Category B", and "Low/no Category C") defined by the GCF are too general, and will not be easy to classify in practical application, which may cause misclassification. As a result, a classification method explained in more detail needs to be developed so that the projects proposed for financing can be classified to correct risk categories. In addition, the host country's classification method (if applicable) can also be consulted. Furthermore, in project environment and social risk classification, for projects with high risk levels, the contributions of the project in mitigation and adaptation also need to be taken into account. For example, projects with high risk, but with great contributions in mitigation

and adaptation, and related to national interests and people's livelihood, need to be on the GCF's priority funding list, and the environment and social risk could also be lowered to speed up the proposal approval process.

6. Experts of Technical Advisory Panel need to be very familiar with the national conditions, policies, and baseline, etc. of the host country of the proposed project, as well as the technologies used and the environmental and social risks of the proposed project to be financed. Questions asked and suggestions provided need to be professional and targeted to avoid more unrelated questions being raised, and thereby causing the delay of the proposal approval process.
7. There should be a deadline for the assessment period on compliance with the requirements of the ESMS, on the premise that the funding proposal meets the standards of the ESMS, in order to avoid a cumbersome process due to the assessment of compliance with requirements of ESMS, and thereby cause the delay of the proposal approval process.
8. It is suggested that the assessment of compliance with requirements of ESMS should not only be conducted in the project preparation stage to assess whether the proposed project meet the requirements on procedure and schedule of the ESMS. Attention should also be paid to the supervision and reporting on the compliance with requirements of the ESMS in project implementation.
9. Whenever the Fund conducts site visits, a due diligence procedure needs to be developed on aspects such as how early beforehand should the AE be notified, the audit time schedule, audit plan, and people participating, etc. to ensure fairness and transparency.
10. In the GCF and AE performance assessment, results of the implementation of the ESMS, namely the environmental and social performance, should be incorporated as an important assessment indicator.
11. May it be noted that there is a small error on page 9 (2.1 Policy Objectives) in the listing of 7. (It begins with (h) rather than (a)).



## VII. Suhasil Nazara, National Designated Authority for Indonesia

### Background

This submission responds to call for public inputs on GCF's Environmental and Social Management System (ESMS) issued by the secretariat on December 15 2016 based on GCF Board Decision B.07/02. The input below is provided on behalf Indonesian NDA for GCF. This input are in relation on elements (1) Scope and Principles; (2) Gaps; and (3) Engagement.

### Principles for GCF new ESMS

- Functionally, an Environmental and Social Management System (ESMS) should include procedures and processes to identify, assess and manage environmental and social risks; concretely describe the roles, responsibilities and capabilities of all stakeholders involved; and provide clear guidelines on monitoring and reporting activities.
- The ESMS should not be understood as a narrow set of policies, principles and standards focusing only on environmental and social safeguards, but as a comprehensive system of interlocking and mutually reinforcing operational policies and procedures, due diligence and compliance systems. This includes GCF operational policies and procedures addressed elsewhere but which have crucial interlinkages, such as the Gender Policy, Information Disclosure Policy, Accountability Mechanisms, especially the Independent Redress Mechanism, Initial Monitoring and Accountability Framework, Communication Strategy and still-to-be-developed guidelines for stakeholder engagement and participation.
- The ESMS should define clear objectives and mandatory implementation measures, which includes providing a robust structure for managing the operational risks of the GCF; ensuring the environmental and social soundness and gender-responsiveness of GCF operations; giving solutions for addressing environmental and social issues, including gender, in GCF operations; identifying environmental and social risks and preventing environmental and social impacts under a “do no harm” approach, taking into account different impacts on men and women; establishing mandatory requirements for stakeholder engagement which is gender-responsive and disclosure of information; and improving the effectiveness of results on the ground.
- Additionally, as a body within the UN system, the GCF should adopt a “rights-based approach,” similar to other UN agencies and funds (such as the Adaptation Fund). It must not be limited to standards adopted by other international financial institutions. Similarly,

the GCF is an operating entity of the financial mechanism of the UNFCCC, and as such, its policies and procedures must be in line with UNFCCC decisions. As many GCF policies and procedures are yet to be developed, or are in the process of development, sequencing is key. The ESMS should be carefully coordinated with the development of the GCF's own to-be-developed environmental and social safeguards.

## Inputs from Indonesian Perspectives

The ESMS is workable but it needs gradual application in line with the level of understanding and capacity of the project/program. The GCF should propose to implement the ESMS along with enhanced direct and indirect measures to support a more effective implementation by project/program. GCF should provide advisory service/technical assistant program (or set aside resources) to build capacity, particularly at the regulatory, sector, and institutional level where value can be added beyond the individual project level.

The GCF should recognize and anticipate the possibility of different interpretations of certain terminology or procedure at the national level in the application of ESMS. There should, therefore, be a room for modification/adjustment/revision to reflect experience from the ESMS application to individual operation/country. Emphasis will be placed on dynamic learning from both design and implementation of operations in the diverse countries where GCF programs are being implemented. GCF should also establish room for dialogue with stakeholders, clients, Board, CSOs on experience and learning to better identify environmental and social (E&S) risks and to help programs/member countries mitigate risks to achieve better development outcomes.

The GCF should raise awareness on environmental and social safeguards for project/program and establish a program of information sharing, education and strengthen capacity through training for the stakeholders on the ESMS. GCF will also take action to establish effective knowledge management to facilitate learning and knowledge sharing between stakeholders. The implementation of ESMS will have resource implications. Cost effectiveness for project proponent is an important consideration in finding the right balance when establishing the ESMS' requirements. Implementation of EMS will entail recurrent and incremental costs both at project level and institutional level during monitoring/supervision process, such as additional capacity for project proponent, resource efficiency analyses, social analysis and disclosure. GCF should carefully consider this resource implication and if necessary, to conduct a survey to assess implications of costs as part of review process mentioned.

## VIII. Corporación Andina de Fomento (CAF), Accredited Entity

Párrafo	Título	Texto	Comentario
i.	Links with existing policies and frameworks	Gender policy and action plan. The gender policy and action plan details the commitment of the GCF to efficiently contribute to gender equality and ultimately bring about greater and more sustainable climate change results, outcomes and impacts. <sup>14</sup> The GCF gender policy and action plan complements the requirements of the GCF interim ESS standards, particularly in enhancing social access to development benefits and addressing potential social risks and impacts related to gender responsiveness and inclusiveness	<p>No queda clara la relación existente entre la política y plan de acción de género y los resultados e impactos mayores y más sostenibles del cambio climático</p> <p>The relationship between the gender policy and action plan and the major and more sustainable impacts and impacts of climate change is unclear</p>
f.	Environmental and social policy 1.4 Description of the contents of an environmental and social policy	Information disclosure, stakeholder engagement and grievance <b>redress</b> mechanism. The requirements for ensuring transparent, consistent and meaningful participation of stakeholders are discussed in this section. These requirements are linked to the GCF information disclosure policy, as well as the options and best practices for multi-stakeholder engagement and the independent Redress Mechanism;	<p>Se debe definir el concepto de “redress”, pues puede interpretarse como “compensación” (Redress: Compensation for injuries sustained; recovery or restitution for harm or injury; damages or equitable relief. Access to the courts to gain Reparation for a wrong. - <a href="http://legal-dictionary.thefreedictionary.com/redress">http://legal-dictionary.thefreedictionary.com/redress</a>), es importante contextualizar para evitar que se interprete como la obligación de resarcimiento económico.</p> <p>The concept of "redress" must be defined, since it can be interpreted as</p>

			"compensation" (Redress: Compensation for injuries sustained, recovery or restitution for harm or injury, damages or equitable relief. <a href="http://legal-dictionary.thefreedictionary.com/redress">Http://legal-dictionary.thefreedictionary.com/redress</a> ), it is important to contextualize to avoid being interpreted as the obligation of economic compensation.
9.	2.2 Scope of application	Where activities are co-financed by other institutions, the GCF will encourage accredited entities and the co-financing institutions to explore a common approach for the assessment and management of the environmental and social risks and impacts. The GCF can agree to a common approach, provided that such a common approach is consistent with this policy and the ESS standards of the GCF and will achieve the same level of environmental and social protection as this policy.	
11. (h)	Guiding principles	Gender-sensitive approach. The GCF will contribute to gender equality and inclusiveness by ensuring that the methods and tools to <u>promote gender equality and reduce gender disparities in climate actions are established and implemented</u> . The gender policy adopted by the GCF complements the intent for social inclusion of the environmental and social policy and the ESS standards;	
14. y 17.	4.1 Overview of the roles and responsibilities of the GCF  Y  4.2 Overview of roles and responsibilities of the accredited entities	(b) <u>Requiring</u> an appropriate screening and categorization process within the ESMS;  (ii) <u>Ensuring</u> that activities proposed for GCF financing are properly screened and assigned to appropriate environmental and social risk categories;	Si las partes (GCF y Entidad Acreditada) tienen responsabilidades de requiring y ensuring ¿quién implementa? Debería decirse claramente que quien implementa es la entidad ejecutora.  If the parties (GCF and Accredited Entity) have responsibilities of requiring and ensuring

			who implements? It should be clearly stated that the implementer is the implementing entity.
		<p>(d) Requiring that environmental and social risks and impacts assessments for an accredited entity's activities are adequate and provide sufficient information to (i) assess whether the GCF should consider funding the project or programme, or not finance it because of the potential risks and impacts and (ii) determine suitable avoidance, mitigation or compensation measures, in those cases where proceeding with funding consideration is appropriate. Where gaps or weaknesses exist, the GCF will require that they be addressed. The assessments will also provide the basis</p> <p>(iv) Ensuring that the environmental and social risks and impacts of activities proposed for GCF financing are assessed;</p>	Mismo comentario anterior
		<p>(e) Confirming with accredited entities the environmental and social management plans (ESMPs) to address the identified risks and impacts and any other safeguards, instruments and tools that may be required, and reviewing their adequacy. Where there are gaps or weaknesses, the GCF will require that they be addressed. The GCF will also require that accredited entities implement (which may include the role of an executing entity), or monitor and supervise (as an intermediary) the project's implementation and compliance with the environmental and social obligations and conditions, and require that any gaps or weaknesses be addressed;</p> <p>(v) Ensuring that measures to avoid, minimize, mitigate and offset adverse impacts are planned for activities proposed for GCF financing; and</p>	Mismo comentario anterior
19.	4.2 Overview of roles and responsibilities of the accredited entities	The accredited entities <u>are responsible for compliance with all applicable laws</u> , including the laws, regulations and standards of the country in which the projects are located, and obligations of the country directly applicable to the project under relevant international treaties and agreements	
20.	4.2 Overview of roles and responsibilities of	Entities that are functioning as financial intermediaries are exposed to environmental and social risk through the activities of their borrower	

	the accredited entities	and investees. Intermediaries <u>are responsible for managing the environmental and social risks associated with the supported activities</u> . The intermediaries will review the activities to identify where the entities and the GCF could be exposed to potential risks and take necessary action, including the development and operation of an ESMS to oversee and manage these risks.	
21.	4.2 Overview of roles and responsibilities of the accredited entities	The accredited entities <u>will be responsible for ensuring that the project-affected communities and vulnerable populations are properly consulted on the risks and anticipated impacts and the expected benefits that can be derived from the projects</u> . In order to ensure meaningful and effective consultation and participation of the affected communities and vulnerable populations, the accredited entities will disclose and make publicly available relevant information on the project in accordance with the requirements of the information disclosure policy of the GCF and subsection 6.1 of this policy.	
23.	V. General requirements for environmental and social risk management  5.2 Environmental and social management system	The accredited entities will ensure that an effective ESMS is in place to allow a better understanding of the environmental and social risks and impacts associated with the projects and the means to subsequently manage these. The ESMS will be appropriate to the role of an implementing entity (which may include a project execution role), an intermediary entity, or both. The accredited entity will maintain or improve on the ESMS on which its accreditation was approved. The level of detail and complexity of the management system and the staff and financial resources allocated to it will be adequate to manage the expected level of risks and impacts of the projects to be financed. <u>If the accredited entity has been accredited to have an intermediary function, its ESMS will include the policies, procedures and resources to conduct due diligence and oversight over executing entities and ensure that the executing entities fulfil the GCF project-level requirements discussed in sections IV, V and VI of this policy and in line with the ESS standards of the GCF.</u> The staff of the accredited entity, including those who may be part-time or externally acquired (e.g. consultants) will have the necessary expertise in all areas covered by the ESS standards to carry out their responsibilities. The ESMS forms one of the important criteria for the accreditation of the entities and also the basis for project screening and due diligence process to	En todos los casos (IV. y VI., además del V.) deberían establecer lo dicho en el texto subrayado.  In all cases (IV and VI., In addition to V.) should establish what was said in the underlined text.

		confirm how the ESS are translated to specific measures at the project level	
28.	5.3 Screening and categorization	If a programme (not a single project) is being submitted for consideration for GCF funding, the accredited entity will assign the risk categorization of the highest risk project in the programme.	Debería tomarse en cuenta impactos acumulativos y sinérgicos en caso de programas.  Cumulative and synergistic impacts should be taken into account in case of programs.
31.	5.3 Screening and categorization	(a) High level of intermediation, I1. An intermediary's existing or proposed portfolio includes, or is expected to include, <u>financial exposure to activities with potential significant adverse environmental and social risks and impacts that, individually or cumulatively, are diverse, irreversible or unprecedented;</u>	
31.	5.3 Screening and categorization	(b) Medium level of intermediation, I2. An intermediary's existing or proposed portfolio includes, or is expected to include, <u>substantial financial exposure to activities with potential limited adverse environmental or social risks and impacts that are few, generally site-specific, largely reversible and readily addressed through mitigation measures;</u> and includes no activities with potential significant adverse environmental and social risks and impacts that, individually or cumulatively, are diverse, irreversible or unprecedented;	Se debe definir "exposición financiera sustancial". Habrá otros instrumentos técnicos referenciales en los que se defina umbrales para estas y otras "calificaciones"?  "Substantial financial exposure" should be defined. Will there be other technical reference tools that define thresholds for these and other "qualifications"?
31.	5.3 Screening and categorization	(c) Low level of intermediation, I3. An intermediary's existing or proposed portfolio includes <u>financial exposure to activities that predominantly have minimal or negligible adverse environmental and social impacts.</u>	Exposición financiera total.....?
31.	5.3 Screening and categorization	The three previous	Cómo se clasifica una operación en la que la exposición financiera es sustancial para proyectos con mínimos

			<p>riesgos e impactos ambientales y sociales, pero que en un 5-10% involucra actividades con altos riesgos e impactos?</p> <p>How to classify an operation in which financial exposure is substantial for projects with minimal risks and environmental and social impacts, but which in 5-10% involve activities with high risks and impacts?</p>
34.	5.3 Screening and categorization	The entities <b>will ensure</b> that all GCF-financed <u>activities meet applicable laws related to managing environmental and social risks and impacts, including national laws, regulations and standards, and obligations of the country directly applicable to the project under relevant international treaties and agreements.</u> The compliance with applicable laws will be reflected in the screening process indicating these national requirements and how these will be met through the management programmes and plans.	
35.	5.3 Screening and categorization	The GCF will require the entities to ensure that associated facilities meet the requirements of the ESS standards of the GCF to the extent that the entities have the control and influence over these associated facilities. <u>Where the associated facilities are financed by other funding agencies, the GCF and its entities may rely on the environmental and social requirements of these funding agencies provided that these are aligned with the ESS standards of the GCF.</u>	
46.	5.6 Environmental and social management plan	The ESMP will be integrated into the overall planning, design, resourcing and execution of the GCF-financed activities as well as <u>being reflected in the ESMS.</u> Where gaps in the capacity of entities to implement the mitigation measures exist, the GCF will work with the entities to explore how the institutional capacity can be built or enhanced, and how the gap-filling measures may be integrated into the project.	
51.	5.7 Operational changes	<u>The accredited entities will notify the GCF when there are material changes in the project design and execution, policy and regulatory setting, receiving</u>	



		<p><u>environment and community, unanticipated environmental risks and impacts, or other circumstances that elevate the risk levels of the project and required associated mitigation measures.</u> The GCF will require the accredited entities to undertake a due diligence process appropriate to the new risk level of the project and revise the ESMP or ESMS to meet the requirements of the ESS standards.</p>	
52.	5.7 Operational changes	<p>The accredited entities will also notify the GCF of any changes in their ESMS that may adversely affect the planning, design, implementation and monitoring of GCF-financed activities. <u>Where the changes render the project’s ESMP or the entity’s ESMS inconsistent with the ESS standards of the GCF, the GCF will require the accredited entities to make appropriate revisions of the project’s ESMP; adjust the accredited entity’s ESMS; or undertake other necessary actions to meet the ESS standards requirements.</u></p>	<p>Se sugiere separar en un punto adicional, para que este importante concepto no se pierda.</p> <p>It is suggested to separate in an additional point, so that this important concept is not lost.</p>
58.	5.8 Monitoring and reporting	<p>In monitoring a project’s environmental and social performance, <u>the accredited entities will obtain the involvement of communities, local stakeholders and civil society organizations in all the stages of the project cycle.</u> This participatory monitoring approach will also encourage the national designated authorities or focal points to organize country portfolio reviews participated in by project-affected people and other local stakeholders.</p>	
62.	VI. Information disclosure, stakeholder engagement and grievance redress  6.1 Information disclosure	<p>The information disclosure policy of the GCF requires the accredited entities to <u>disclose to the public and, via the Secretariat, to the Board and active observers, the necessary documentation relevant to the environmental and social safeguards of the activities,</u> and meet the required disclosure period. The required disclosure periods apply to category A and category B sub-projects of GCF-funded programmes.</p>	
63.	6.1 Information disclosure	<p>The GCF requires, where relevant, that additional environmental and social safeguards documents be disclosed. These documents include a suite of assessment and management instruments, <u>such as resettlement action plans and policy frameworks, indigenous peoples plans and planning frameworks and due diligence and audit reports. <i>These documents complement the core safeguards instruments required in all cases – ESIA, ESMP and/or ESMS – and will be disclosed in the same manner and time frame as the core instruments.</i></u></p>	<p>Siendo que los documentos listados también corresponden a salvaguardas, tal como establece el texto en cursiva, en el párrafo anterior, debería establecerse que los documentos a los que hace referencia son <u><i>“the core safeguards”</i></u></p>

			Since the documents listed also correspond to safeguards, as stated in the italicized text in the previous paragraph, it should be established that the documents to which it refers are "the core safeguards"
67.	6.2 Stakeholder engagement	The GCF will describe the process and set guidance to assist the accredited entities to put in place a process for meaningful consultation with project-affected people, guided by the principles of transparency, inclusiveness, non-discrimination and accountability. This meaningful consultation will be culturally appropriate, undertaken throughout the project cycle, with information provided and disclosed in a timely manner and in an understandable format, gender inclusive and responsive, free from coercion and incorporate the views of stakeholders in the decision-making process. The process will pay particular attention to including vulnerable groups and to conducting consultations in a manner that does not put vulnerable individuals and groups at risk. For activities affecting indigenous peoples, this engagement will be supported by the objectives and requirements of the ESS standard on indigenous peoples, including with respect to free, prior and informed consent. <u>There is no universally accepted definition of free, prior and informed consent.</u>	<p>Dado que no existe una definición universalmente aceptada, es importante que el documento establezca claramente qué entiende el GCF por libre, previa e informada, a fin de evitar interpretaciones por país, o peor aún, por entidad acreditada o entidad ejecutora.</p> <p>Since there is no universally accepted definition, it is important that the document clearly establish what the GCF understands by default, prior and informed, in order to avoid interpretations by country, or worse, by accredited entity or executing entity.</p>
72.	6.3 Grievance redress mechanism	<u>The accredited entity's own grievance redress mechanism should be the forum first accessed by projected-affected people</u> , and it is the responsibility of the accredited entity to ensure that its grievance mechanisms and those of the projects are functioning effectively, efficiently and independently	

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## IX. World Food Programme (WFP), Accredited Entity

### Chapter 1.1

Chapter 1.1 lists the different components of an environmental and social management system including that “*Stakeholder engagement delivering meaningful and active participation of GCF stakeholders, including national designated authorities and focal points and civil society organizations.*” Principles and requirements on stakeholders engagement and consultation are mentioned several times in the document but it is not very clear if the E&S policy requires this engagement to take place only on ESS impacts related-matters or if it more general. We suggest that the E&S policy clarifies that stakeholders, and in particular communities affected by the project, need to also be consulted and engaged in the design of the project/activity.

### Sections 5.6 and 5.8

Sections 5.6 and 5.8 refer to the Environmental and social management plan that will be requested for Category B (medium risks) and A (high risks) projects and to the monitoring and reporting needed. While we appreciate the importance and need to properly identify and address environmental and social risks, the scope of documentation and corrective actions that an accredited entity might have to do will have significant budget implications for AEs. It could also be translated in very restrictive compulsory requirements. As a result, it would be great to better understand this risk from the GCF part, and what this would mean in terms of budget implications for AEs. It would also be beneficial also to understand what type of actions/corrective activities will apply to each category. Or if it is a one size fits all type of approach.

### Section 6

Because of our UN status, we cannot adhere to the principle of “compliance with applicable laws” We suggest changing that principle into something a bit less binding: “**Global requirements.** *In designing its activities and operations, AEs will take into account the local regulatory context as well as relevant international treaties, global standards and the requirements of United Nations governing bodies.*”

## **X. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Accredited Entity**

In response to the GCF's *Call for Public Inputs: Green Climate Fund Environmental and Social Management System*, and on behalf of the Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, we would like to convey the following thoughts, observations and recommendations for your consideration:

- (1) GIZ appreciates and congratulates the Secretariat on the substantial work that stands behind the draft Annex 1: ESMS and draft Annex 1: Environmental and Social Policy.
- (2) We as an organization share the values that transcend the two drafts in every respect.
- (3) We recognize the objectives, scope and guiding principles of the draft E&S Policy.
- (4) GIZ appreciates the GCF's transparent and participatory approach in shaping future policies. GIZ is open-minded to engage in further multi-stakeholder exchange on Environmental and Social Management Systems with the GCF, AEs and other interested groups for the benefit of continuously improving the ESMS of all participating organizations. We would encourage the GCF Secretariat to initiate and drive such exchange. GIZ would be willing to contribute actively, cooperate closely with the GCF Secretariat, and bring in participating organizations from our global network of partners.
- (5) We would have the following general recommendations on the two drafts:
  - a) Consider providing a summary of anticipated key changes in AEs' responsibilities that would result from a Board approval of this draft GCF ESMS and E&S Policy when compared to the AEs' responsibilities under the Interim ESS Policy and criteria applied by the Accreditation Panel.
  - b) We noticed some terminological ambiguities or inconsistencies (ESMS, E&S policy, ESS, ESS Safeguards), for example:
    - Sometimes the term "ESMS" refers to the GCF's ESMS and sometimes to the AE's ESMS. Is the term ESMS meant to refer to the GCF and/or AEs only or to both?
    - Sometimes the term "ESS Standards" refers to the GCF's ESS standards and sometimes to the AE's. Is the term "ESS Standards" meant to refer to AEs only or to both?
    - Are the terms "ESS" and "ESS Standards" equivalent to ESMS or E&S policy?
    - According to the diagram on page 4 of the draft Annex 1 ESMS and page 9 of draft Annex 1 E&S policy, an AE has ESS Standards. According to the GCF's accreditation framework, an AE needs to have an ESMS including an E&S policy.
    - A Glossary might be useful.
  - c) The requirements for AEs resulting from the GCF E&S Policy concerning consultations, participation, and stakeholder engagement appear to be comprehensive, but are still rather vague at the same time ("properly", "meaningful" etc.). It is therefore difficult to anticipate the time and cost implications for AEs in implementing the GCF E&S Policy. Additional guidance would be much appreciated in order to efficiently balance project preparation costs and sound E&S risk management.

- d) The differentiation between GCF-level, AE-level, project-level, intermediation-level, and EE-level is helpful and could be used more systematically throughout.
- e) The occasional differentiation between project preparation phase and project implementation/execution phase is helpful and could be used more systematically throughout.
- f) Operational, very practical guidelines and manuals for AEs would help to further clarify the actual on-the-ground requirements for AEs across the spectrum of different accreditation categories, but may not be possible to produce until more GCF-activities are on the ground.
- g) We understand the downloadable PDF includes an Annex 1: Environmental and social management system and an Annex 1: Environmental and social policy. We also understand the GCF's rationale in separating the ESMS and E&S Policy as indicated in the diagram. But when reading both Annexes, the distinguishing features of the draft Annex 1: ESMS in contrast to the Policy are not evident, yet. The diagram and most sections of the draft ESMS are also included in the draft Policy or could be included. Our humble recommendation would be to sharpen the overall profile and added value of the draft Annex 1: ESMS.

**Comments on Draft Annex 1: Environmental and social policy:**

How are the IFC performance standards and the GCF Interim ESS Policy (still) relevant for the Policy?

III. Guiding principles

Page 11 (f) Continuous improvements: While we fully acknowledge the need for updating and gradual adjustments in the GCF's ESMS, changes in the GCF's ESMS should also be viewed under the consideration of efficiency. It requires time and creates costs for AEs to implement changes at GCF ESMS level at the operational level. Hence changes ideally should occur only when highly necessary.

How are the IFC performance standards related to the guiding principles?

IV. Overview of roles and responsibilities

Page 13 (c): Kindly clarify the GCF's role here in E&S due diligence in project/programme preparation. To our understanding, E&S due diligence falls within the role and responsibility of the AE when preparing a funding proposal (compare AMA templates). If this is to change, how would the Secretariat exercise its due diligence role, potentially in cooperation with the AE's E&S due diligence procedures? [update: the GCF's role is specified later on page 18, consider including a reference.]

Page 14 (f): unclear [update: specified later on page 21, consider including a reference.]

Page 14 16.: Kindly clarify the terminology: Are "project safeguards plans and frameworks" equivalent to a project's Environmental and Social Management Plan?

Page 15 (a) (ii) and (iv): Aren't the two steps closely linked? Consider merging (ii) and (iv).

Page 15 (b) (iii): What kind of information would the GCF expect to be disclosed by the AE? Is this sufficiently specified in the GCF Disclosure Policy? If yes, consider referring to the Disclosure Policy [here](#).

Page 15 21.: The language is rather vague (“properly consulted”, “meaningful and effective consultation and participation”). Would it be possible to provide an operational definition or reference best international practices? The language currently lacks guidance as to what exactly an AE would have to do differently under the new GCF E&S Policy compared to its existing standards and procedures as they were approved through the accreditation process.

#### V. General requirements for environmental and social risk management

We noticed a number of redundancies between section IV. Overview of roles and responsibilities and section V. General requirements for environmental and social risk management.

Page 16 22. & 23.: Consider including exemplary elaborations on the guiding questions and the assessment methodology of the Accreditation Panel. This may help to better illustrate how the GCF assesses the E&S capacities of AE candidates (documented policies & guidelines, senior management ownership, track record, staff capacity etc.). Consider referencing Annex 1: ESMS, page 2-3, 1.1 Elements of an environmental and social management system (a) to (g).

Page 16 24.: Consider referencing Annex 1: ESMS, page 2-3, 1.1 Elements of an environmental and social management system (a) to (g).

Page 16 25.: We assume the term “categorization” refers to ESS risk categories (for example high, medium, low)?

Page 16 26.: Note, there may be a potential for ambiguity in the term “screening”. In some organizations the term “screening” is used for just one step in the ESS procedure, which would be pre-assessment with the aim to determine the need for in-depth assessments (for example an EIA) as a consecutive step.

Page 18 36.: Mind the term “environmental and social due diligence” is used in the AMA template in the sense of the AE’s responsibility. So in our case, when reading the draft, we were momentarily confused about the terminology and the resulting roles for the GCF and AE. For improved clarity, consider including the role of AEs in the text. For example: “The GCF will conduct its environmental and social due diligence for activities submitted by AEs to the GCF for funding consideration as part of the Secretariat’s obligatory assessment of funding proposals before they are forwarded to the ITAP and Board. The purpose of the GCF’s due diligence is for the GCF to understand and evaluate how an AE screened, assesses [...] environmental and social risks ...”

Page 19 38. (b): Kindly clarify the term “safeguards instruments”.

Page 21 5.7 Operational changes: Consider differentiating between operational changes at project level (ESMP etc.) and organizational/policy level (ESMS/ESS Standards).

Page 21 51.: Two questions here:

- 1) How would the GCF deal with the following situation? A GCF-funded project is being implemented by an AE. The AE is accredited for category C only. An unanticipated change of circumstances occurs and the project would have to be moved up to category B.
- 2) Would the AE have to initiate new consultations and again disclose the revised ESS reports and ESMP

The terminology in this paragraph seems to be incoherent with the diagram (the AE is to change which ESMS to meet which ESS Standard?).

Page 21 52.: Is this paragraph limited to material changes only or would even minor changes require the AE to notify the GCS?

Page 22 59.: Kindly consider reducing vagueness as far as possible (“...among other issues.”).

#### VI. Information disclosure, stakeholder engagement and grievance redress

Page 23 63.: Kindly clarify the terminology. Is the draft referring to environmental and social due diligence or audit reports specifically or to due diligence or audit reports generally (including financial dd or audit reports)? GIZ would face problems with disclosing due diligence or audit reports containing sensitive information about GIZ’s partners (e. g. financial or other information that is not related to partners’ E&S capacities).

## **XI. PricewaterhouseCoopers LLP**

### Scope and principles

- PwC welcomes the broad scope of the proposed ESMS which applies to all prospective and approved GCF-financed activities and to both public and private sector entities.
- PwC also welcomes the inclusion of human rights as a guiding principle for the GCF ESMS. The proposed policy states that the “GCF will require entities to ensure that the supported activities do not cause, promote, contribute to, perpetuate or exacerbate human rights violations.” The GCF may also wish to consider entities’ capacity to remediate human right breached in line with the UN Guiding Principles on Business and Human Rights.
- The GCF may also wish to consider including the precautionary principle as an additional guiding principle within its policy.
- The GCF may wish to clarify its willingness to fund specific project types and industry sectors, for example clean coal, hydropower and biofuels, and whether any exclusion list exists.
- As compliance with applicable laws and human rights are both suggested as guiding principles of the policy, the GCF may wish to clarify the approach that will be taken when national laws are in contradiction with international good practice, such as regarding human rights.

### Requirements and roles and responsibilities

- The policy clearly delineates responsibilities of the GCF, accredited entities including financial intermediaries and executing entities. However, there is no clear description of the internal governance system and reporting lines within GCF for the management of E&S risks. For example, it may be useful to explain how higher risk projects are escalated and to whom.
- The GCF may wish to expand further on how it will use a differentiated approach depending on entities’ and projects’ risk categories. For example, it could provide further detail on how projects’ category of risk will influence the frequency and depth of monitoring.

### Engagement

- The guidance for accredited entities will be crucial in helping focal points within organisations socialise messaging and buy-in more broadly within their institutions. Guidance through various channels and in different languages will support the successful implementation of the GCF policy.

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## XII. United Nations Development Programme (UNDP), Accredited Entity

UNDP welcomes the opportunity to provide comments on the Green Climate Fund's (GCF) proposed Environmental and Social Management System (ESMS, consultation draft 15 December 2016). We have sought to organize our comments according to the topics and issues outlined in GCF's call for public input. Where possible and appropriate, we have proposed revised language to ESMS provisions, principally in section 2 below.

### 1. Scope and Principles

The draft ESMS provides a comprehensive, integrated framework for managing all aspects of potential environmental and social risks and impacts in GCF-financed projects. We welcome the dual emphasis on "do no harm" provisions as well as those focused on enhancing environmental and social benefits of proposed projects, and the recognition of the diversity among accredited entities according to the scope and nature of their activities and capacities for managing potential environmental and social risks and impacts ('fit-for-purpose' approach).

The draft Environmental and Social Policy (ESP) outlines a set of forward-looking "Guiding Principles." The Principles provide important commitments and explication of how GCF will seek to achieve the ESP's objectives. The scope of the Principles is relatively comprehensive; however, we do note that the principles of equality and non-discrimination deserve heightened attention to help ensure that adverse risks do not fall disproportionately on disadvantaged, marginalized, and/or vulnerable individuals and groups, and to avoid any prejudice and discrimination in providing access to development resources and project benefits.

In addition, we note a few potential areas of potential tension between the proposed Guiding Principles and GCF's interim Environmental and Social Standards (ESS), which are based on the International Finance Corporation's Performance Standards on Environmental and Social Sustainability (PSs). We include several comments on this issue in section 3 below.

### 2. Requirements and Roles and Responsibilities

We have noted two areas of concern regarding how the draft ESMS addresses key roles and responsibilities of and between the GCF and accredited entities:

#### ***A. Provisions implying direct application of GCF interim ESS by accredited entities***

The draft ESMS appears to utilize the abbreviation "ESS" in two distinct contexts: (a) as a specific reference to the GCF interim ESS, and (b) more generically as "environmental and social safeguards." This double usage leads to the impression in a number of instances that accredited entities are called on to directly apply the GCF interim ESS rather than their own environmental and social safeguards. Accredited entities apply their own institutionally mandated environmental and social safeguard policies, which were reviewed for consistency with the GCF interim ESS during the GCF accreditation process. The draft ESMS outlines this approach to achieving "consistency with the GCF interim ESS" in numerous places, namely in the following paragraphs: 8(b), 13, 14(c), 16, 22, 36, 37, 47, 48, 57. For example, paragraph 8(b) states:

***"At the entities and intermediaries level, the policy sets out the requirements for accredited entities working with the GCF to establish and maintain robust, systematic, accountable, participatory and transparent systems to manage risks and impacts arising from GCF-financed activities in a manner consistent with the policy and the ESS standards adopted by the GCF" (emphasis added).***

However, problematic formulations that seem to call for direct application of the GCF interim ESS by accredited entities occurs in numerous sections. These have been identified below, and proposed revisions are offered (in italics). We propose that the abbreviation "ESS" only be applied when directly referencing the GCF's interim ESS.

Background Section

- Page 3, para. (b): “Accredited entities, applying *[environmental and social safeguard policies in a manner consistent with]* the GCF interim ESS standards in GCF-financed activities.”
- Pg. 5, para. (a) “... accreditation considers the capacity, competency and track record of entities in applying *[environmental and social safeguard policies in a manner consistent with]* the GCF interim ESS standards as reflected in their ESMS.”

#### Annex I Environmental and Social Policy

- Para. 26: “~~Pursuant to~~ *[Consistent with]* the ESS standard on assessment and management of environmental and social risks and impacts, accredited entities assign risk categories ....”
- Para. 29: “The GCF reviews the projects and programmes proposed for GCF financing, including the accompanying ~~ESS~~ *[environmental and social safeguard]* documents ....” Also: “In reviewing the ~~ESS~~ *[environmental and social]* risk categorization, the GCF verifies ....”
- Para. 30: “The environmental and social risk categories as defined in the ESS standards of the GCF apply to activities financed by the GCF as follows... .” Suggest rewording: “*Accredited entities will apply environmental and social risk categories to activities financed by the GCF in a manner consistent with those defined in the interim ESS standards of the GCF, as follows... .*”
- Para. 33: “In screening activities, the entities determine the applicability of specific ~~ESS~~ *[environmental and social safeguard]* standards and identify actions sufficient to meet the requirements of each applicable ~~ESS~~ *[environmental and social safeguard]* standard.” In both cases, ESS should be spelled out, lower case.
- Para. 35: “The GCF will require the entities to ensure that associated facilities meet the requirements of *[their environmental and social safeguard standards, consistent with]* the ESS standards of the GCF to the extent ...”
- Para. 39: “Where information on activities is limited, the risks and impacts inherent to the type of activity ... the capacity of the entities to implement the activity ~~following~~ *[in a manner consistent with]* the requirements of the ESS will be assessed.”
- Para. 40: “The ESS Standard on the assessment and management of environmental and social risks and impacts requires accredited entities to ensure that each of the activities proposed for GCF financing is designed to meet the requirements of the ESS standards.” This sentence should be reformulated along the following lines: “*Accredited entities are required to undertake assessment and management of environmental and social risks and impacts to ensure that each of the activities proposed for GCF financing is designed to meet their environmental and social safeguards, in a manner consistent with the GCF interim ESS.*”
- Para. 42: “The scope and depth of environmental and social assessment will be proportional to the level of risks and impacts and address the specific requirements of applicable ~~ESS~~ *[environmental and social safeguard]* standards.
- Para. 43: “... as may be required under specific ~~ESS~~ *[environmental and social safeguard]* standards.”
- Para. 51: “The GCF will require accredited entities to undertake a due diligence process appropriate to the new risk level of the project and revise the ESMP or ESMS to meet the requirements of ~~the ESS~~ *[applicable environmental and social safeguard]* standards.”
- Para. 52, end of last sentence: “... to meet ~~the ESS~~ *[applicable environmental and social safeguard]* standards requirements.”
- Para. 59: “The GCF will monitor the compliance of accredited entities with ~~the ESS~~ *[applicable environmental and social safeguard]* standards requirements, *[in a manner consistent with the GCF interim ESS.]* On an annual basis, the accredited entities will provide the GCF with a self-assessment of their compliance with ~~the ESS~~ *[applicable environmental and social safeguard]* standards, among other issues.”
- Para. 66: “The GCF will require accredited entities, including intermediaries, to ensure the effective engagement of communities .... ~~as required in~~ *[in a manner consistent with]* the ESS standards.”
- Para. 74: ~~The ESS standards require~~ *[A] accredited entities [are required]* to ensure that all environmental and social issues arising ....”

- Para. 77: “At the GCF-level, the independent Resource Mechanism will address the grievances and complaints by people and communities who may or have been affected by the adverse impacts through the failure of the GCF-financed activities funded by the GCF to implement its operational policies and procedures, including the ESMS and Environmental and Social Policy ~~the ESS standards of the GCF.~~” Note: while this is a somewhat different issue than the above, it should be noted that the GCF does not directly implement the ESS standards as this is the responsibility of accredited entities.

**B. Relationship between GCF independent Recourse Mechanism and accredited entities**

The draft ESMS emphasizes the requirement for GCF-financed projects to ensure that stakeholders have access to appropriate project-level and accredited entity-level grievance redress mechanisms. The ESMS also notes that stakeholders of GCF-financed projects also have access to the GCF’s independent Recourse Mechanism. We welcome these provisions. However, we are concerned with the formulation of several provisions regarding the relationship between the accredited entity and the GCF independent Resource Mechanism in terms of (a) first instance of recourse and (b) implementing remedial actions.

At para. 72, the ESMS notes that the “accredited entity’s own grievance redress mechanism should be the forum first accessed by the project-affected people.” We note that in effect the project-level grievance mechanism should be the first instance of recourse, and that there should always be an option for stakeholders to approach the accredited entity’s mechanism if they are not satisfied with the project-level mechanism or have deep concern about using it. We also note for clarification that a “project-level grievance mechanism” may be a mechanism specifically designed for a particular project; a pre-existing mechanism within a national implementing agency or in an independent national body (for example a national ombudsman or human rights office); or UNDP’s corporate Stakeholder Response Mechanism. UNDP will determine the appropriate grievance mechanism for GCF-funded projects using its SES and associated procedures and guidance.

More significantly, we note that the draft ESMS should further emphasize that the GCF’s independent Recourse Mechanism is “complementary and supplementary” to the accredited entity’s own mechanism, and that “any grievances and complaints should first and foremost be addressed to, and dealt with by, the grievance mechanism of the Accredited Entity and the Accredited Entity agrees that its grievance mechanism will be the primary mechanism to handle such grievances and complaints,” as is stated in the GCF Accreditation Master Agreement (AMA) between the Green Climate Fund and the United Nations Development Programme at para. 13.04.<sup>2</sup> We request that this provision be incorporated into and emphasized in the draft ESMS.

Regarding remedies, the draft ESMS mandates accredited entities to implement remedial actions stipulated by the GCF Board on the recommendation of the independent Redress Mechanism in response to complaints from project stakeholders, as noted in the following paragraphs:

- Para. 15 (b): “Ensuring that accredited entities agree to fully implement remedial actions stipulated by the Board on the recommendation of the independent Redress Mechanism in response to complaints it has received and in accordance with the terms of reference, guidelines and procedures of the independent Redress Mechanism.”

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<sup>2</sup> Para. 13.04 of the AMA states: “The Redress Mechanism is to address grievances and complaints by communities and people who have been directly affected by the adverse impacts through the failure of the Funded Activity to implement the Fund’s operational policies and procedures, including environmental and social safeguards. However, the Redress Mechanism is to be complementary to other supervision, audit, quality control and evaluation systems of the Fund, which include such systems of the Accredited Entity. Therefore, any grievances and complaints should first and foremost be addressed to, and dealt with by, the grievance mechanism of the Accredited Entity and the Accredited Entity agrees that its grievance mechanism will be the primary mechanism to handle such grievances and complaints. The Accredited Entity shall cooperate to the fullest extent possible with and provide reasonable assistance to the Redress Mechanism in respect of any grievances and complaints filed with the Redress Mechanism, including promoting cooperation between the Redress Mechanism and the corresponding body or unit of the Accredited Entity.”

- Para. 17(a)(vi): “Ensuring that remedial actions stipulated by the Board on the recommendation of the independent Redress Mechanism in response to a complaint from project-affected people are respected and promptly implemented.”
- Para. 77: “... the accredited entity will ... promptly implement remedial measures stipulated by the Board on the recommendation of the mechanism in keeping with its guidelines and procedures.”

Such a requirement would in effect transfer authority for determining actions to be taken by the accredited entity to the GCF. The standard applied in the AMA is one of ‘cooperation to the fullest extent’ between the accredited entity and the GCF, not a transfer of decision-making authority. We request that these provisions in the draft ESMS be revised to align with the ‘cooperation to the fullest extent’ standard reflected in the AMA at paras 13.042 and 16.05<sup>3</sup>. Absent revising these provisions, we request that a footnote be incorporated in the paragraphs noted above in the draft ESMS that states “unless otherwise stipulated in the Accreditation Master Agreement between GCF and the accredited entity.”

We request that the above adjustments also be reflected in the Terms of Reference (ToR) of the independent Recourse Mechanism. An additional round of consultation and/or comments, in particular with accredited entities, should be undertaken on the proposed revised ToR (noting the recent call for public input) to ensure consistency and alignment with the AMA and ESMS.

### **C. Other comments/suggested revisions**

Below are additional comments and/or suggested revisions regarding other provisions of the ESMS:

- Section II of the draft Environmental and Social Policy is titled “Environmental and Social Policy.” This is a bit confusing as it appears all sections are part of the draft Environmental and Social Policy.
- Para. 12(b) Indigenous Peoples: the first sentence focuses primarily on respect for indigenous peoples’ culture but does not mention respect for rights or lands and territories (although it does reference the need for full and effective participation of indigenous peoples). The second sentence refers to rights and commitments set forth in UNDRIP, including free prior informed consent. This is welcome. However, the rights framework for indigenous peoples includes a broader range of international treaties beyond UNDRIP.
- Para. 12(d) Biodiversity: the objectives could be broadened. Standard 6 of the interim ESS states that the objectives are “to protect *and conserve*” biodiversity and “to *maintain the benefits from* ecosystem services.” (emphasis added to show broader scope than that listed in the draft Environmental and Social Policy). In addition, the conditions for use of offsets should apply to both natural and critical habitats, not solely to critical habits (consistent with para. 49 of the draft Environmental and Social Policy).
- Para. 30(b): “Category B. Activities with potential ~~mild~~ [limited] adverse environmental and social risks and impacts ....” Consistent with the IFC Policy on Environmental and Social Sustainability, the term should be “limited” rather than “mild.”
- Para. 34: “The compliance with applicable laws will be reflected in the screening [*and assessment*] process ....” Full analysis of national requirements is typically undertaken as part of assessment process, not just during screening.
- Para. 47: Regarding involuntary resettlement, the paragraph only refers to preparation of a Resettlement Action Plan/Framework to address adverse impacts. However, the interim ESS also refers to preparation of a Livelihood Restoration Plan to address adverse impacts related to economic displacement (IFC PSS, paras. 12-16, 25). Both instruments are important in addressing physical and economic displacement.

### **3. Gaps**

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<sup>3</sup> Para. 16.05 states: “The Accredited Entity shall co-operate with the Secretariat and the Accountability Units and provide them with reasonable assistance in carrying out their functions including promoting cooperation between the Accountability Units and the corresponding body or unit of the Accredited Entity.”

The proposed ESMS is a comprehensive, integrated framework for addressing potential social and environmental risks and impacts in GCF-supported projects and programmes. Below we briefly note a few areas that may deserve further attention, although we recognize that perhaps several of these points are best addressed when GCF updates its interim ESS.

- *Principles of Equality and Non-discrimination:* As noted in section 1, the ESMS’s Guiding Principles may not draw enough needed attention to the principles of equality and non-discrimination. It is incumbent on all GCF entities to ensure that adverse risks do not fall disproportionately on disadvantaged, marginalized, and/or vulnerable individuals and groups, and prejudice and discrimination is avoided in the access to development resources and project benefits.
- *Climate and Disaster Risks:* While the IFC Performance Standards (PSs) seek to integrate identification and management of risks and impacts related to the effects of climate change and natural disasters, these considerations could be further emphasized and mainstreamed across the environmental and social standards.
- *Organizational footprint:* Corporate environmental and social policy statements typically include commitments to manage internal operations and the organization’s footprint in an environmentally and socially responsible manner.
- *Alignment between ESMS Guiding Principles and interim-ESSs:* As noted above, the ESMS Guiding Principles provide a critical level of commitment and guidance in fulfilling the objectives of the proposed Environment and Social Policy. In considering future revisions of the interim ESS, the GCF may wish to consider reviewing alignment and consistency of the interim-ESSs with the Guiding Principles and best practice standards. A couple illustrative examples of potential consistency issues are highlighted below.
  - *Indigenous peoples:* The Guiding Principles note that *inter alia* “[t]he design and implementation of activities will be consistent with the rights and commitments set forth in the United Nations Declaration on the Rights of Indigenous Peoples [UNDRIP], including the principle of free, prior and informed consent. Currently a range of inconsistencies may exist between this principle and the interim ESS7, including provisions related to identification of indigenous peoples and the scope of free, prior and informed consent (FPIC) requirements. We note that in this regard UNDP’s Social and Environmental Standards (SES), Standard 6 Indigenous Peoples offers what we believe to be language and requirements aligned with UNDRIP and other sources of international regarding the rights of indigenous peoples (for example at paras. 5, 9).
  - *Human rights and international law:* The Guiding Principles note that “[a]ll activities supported by the GCF will be designed and implemented in a manner that will promote universal respect for, and observance of, human rights for all. Actions to support human rights will be consistent with the principles contained in the Universal Declaration of Human Rights. The GCF will require entities to ensure that the supported activities do not cause, promote, contribute to, perpetuate or exacerbate human rights violations...” (para. 12c). The revision process of the interim-ESSs should carefully review alignment with this fundamental commitment. The interim-ESSs tend to focus on compliance with “applicable national law, including those laws implementing host country obligations under international law.” Potential gaps may arise regarding respect for international human rights that have not been fully recognized or ratified by the host country. The “bright line” of ensuring no perpetuation or exacerbation of human rights violations contained in the GCF Guiding Principle may be absent across various existing standards. We note that UNDP’s SES emphasizes support to States for protection and fulfillment of human rights, application of the UN human-rights based approach, and a firm commitment to “refrain from providing support for activities that may contribute to violations of a State’s human rights obligations **and the core international human rights treaties**” (UNDP SES, paras. 20, and 18-22) (emphasis added).

#### 4. Enhancing outcomes

The draft ESMS articulates requirements for accredited entities to report on consistency of project implementation with applicable environmental and social standards and requirements, including environmental and social provisions included in the legal agreement. Such information is also to be reported in interim and final evaluation reports. We believe this will help drive consistent attention to achieving the objectives of applicable environmental and social standards and commitments.

A key element to achieving sustainable development outcomes and equitable sharing of benefits and opportunities is through ensuring meaningful stakeholder engagement throughout the project cycle. Effective stakeholder engagement promotes project ownership and sustainability of outcomes. We note that this is emphasized in the ESMS. However, safeguard standards, including the interim-ESS, often link the scale and frequency of stakeholder engagement to the magnitude of a project's adverse social and environmental risks. While the logic of this approach is clear, it may leave the impression that stakeholder engagement is less relevant for projects with relatively low social and environmental risks. This is of course not the case, and a careful balancing between a "risk-based" application of the ESS and the need for stakeholder involvement is required.

#### **5. Engagement**

GCF may wish to consider conducting briefing sessions on experiences with implementation of the ESMS and interim-ESS at future GCF stakeholder meetings. Relevant 'lessons learned' briefs could be published. In addition, reviews of a sample of the GCF portfolio, including assessment of key environmental and social risks arising in the portfolio and measures to address them, could be undertaken and shared with stakeholders.

## **XIII. Institute for Environment and Sustainable Development**

### **Section 1.1: Elements of an environmental and social management system**

1.1 (e): Need to ensure that the civil society does participate in monitoring and evaluation of the project to ensure the ESMS is truly adhered to.

### **Section 1.2: Coherence with best practices**

1.2 Coherence with the related body decisions and guidance from the UNFCCC decisions.

### **Section 1.3: Overview of an environmental and social policy**

1.3 (e): Provide clarity on the roles and responsibilities of the recipient entities in ensuring integration of the ESMS in programming of activities.

### **1.4 Description of the contents of an environmental and social policy**

Between f and g

Provision of clarity on how recipient entities will integrate ESMS in programming of the activities throughout the program/project life cycle

### **Section 12 (c)**

The issue of human right has its own process under the UN so we do not think to have it here as one of the guiding principles under section 12.

### **Section 14(b)**

Requiring the accredited entities to involve accredited observer organisations in implementing the ESMS throughout the project cycle

### **Section 4.3:**

Overview of the roles and responsibilities of the accredited observer organisations; this section to be added so as to provide the participation of the observer organisations

These inputs are on behalf of Institute for Environment and Development Sustainability, Tanzania.

## **XIV. Compañía Española de Financiación del Desarrollo (COFIDES)**

On behalf of COFIDES I am pleased to send our feedback and recommendations to improve the proposed environmental and social policy of GCF. Based on the E&S policy's index, we would propose the following suggestions for your consideration:

### I. Introduction and context:

- 2) Consider adding reference to the Sustainable Development Goals. In particular, SDG 13 "Climate Action".
- 4) Consider IFC EHS Industry Sector Guidelines within GCF interim environmental and social safeguards.

### II. Environmental and Social Policy:

- 2.1.7. Starts with h). a) to g) missed.

### III. Guiding principles:

- 11.d) The word "social" is missing.
- 12.a) Consider adding ILO's C001 - Hours of Work (Industry) Convention, 1919 (No. 1) and C030 - Hours of Work (Commerce and Offices) Convention, 1930 (No. 30).
- 12. b) Consider adding ILO's C169 - Indigenous and Tribal Peoples Convention, 1989 (No. 169)

### IV. Overview of roles and responsibilities

- 4.1.e) We would recommend elaborating more on "project's implementation and *compliance with the environmental and social obligations and conditions*"

### V. General requirements for environmental and social risk management.

- 5.3. paragraph 29. In the screening process consider adding "GCF may require additional information: reporting or audits on specific environmental and social issues, which may also include site visits and consultations with communities and national designated authorities".



## **XV. Andrea Ledward and Kate Hughes, Board member and Alternate Board member for the United Kingdom**

### **Comments on GCF's draft Environmental and Social Management System (ESMS), on behalf of the UK Board Member – Feb 2017**

The UK is grateful for the opportunity to comment. We would welcome the chance to further discuss our comments below.

1. We welcome the proposed framework as a good and needed step forward. In our view overall the framework is comprehensive and robust.
2. We welcome the establishment of a clear policy and stress the importance of building on existing best-practice safeguard approaches (in particular the recent World Bank safeguards review). It is important that we don't build a system that requires parallel safeguarding processes when interventions are implemented by organisations with recognised adequate frameworks (for example where accredited agencies apply safeguards different from IFC's but appropriate for that organisation and meet GCF's required standards).
3. We believe there are a number of issues for further development or consideration:
  - In section 2.1 (Policy objectives) para 6 we think the framework should not "seek to"<sup>1</sup>, but firmly "commit to" [avoid and mitigate the adverse impacts on people and the environment...]
  - Clear guidance is needed on how the GCF will recognise ESS from other (multilateral) organisations, as well as how to recognise "recipient/country systems" (equivalent to the WB "borrower's framework") where these are materially consistent with GCF's standards (good practice for building country ownership)
  - Need to clearly articulate the GCF's capacity to implement this framework. Para 78 states that the "GCF will have staff with appropriate expertise and will ... allocate adequate resources" to implement the policy. This is essential – as recognised by the WB in their recent review of their ESS.
  - Need to ensure the framework addresses environmental risks and impacts in a way appropriate/relevant to the kind of programmes and activities being implemented with GCF funds.
  - A scaled risk-based approach is sensible. Need to ensure clarity on how this will be implemented and be clear on accountability.

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<sup>1</sup> "Through this policy, the GCF will ensure that all its activities and the projects that it supports will seek to"

- Need to ensure the “mitigation hierarchy” is suitable for all instances of GCF-financed climate-related activity. This includes clarity that it does not establish supremacy of climate interventions over other potential environmental impacts, as this may not always be desirable or suitable (eg. on biodiversity). The principle on biodiversity (para 12d) should include that “in certain specified situations offsetting could not be considered as an option” (in line with WB safeguards).
  - Generally need to ensure the guiding principles are not a step back from what was achieved during the revision of the WB safeguards –and need to be articulated in a way that corresponds to operational needs. Need to consider whether a safeguard that “aims to avoid” is strong enough.
4. The UK would also like to emphasise the importance of GCF following an open consultative process when it develops its own ESS standards, building on evolving best practices and with inclusive multi-stakeholder participation.

## **XVI. Sally Truong, Alternate Board member for the constituency of Australia, the Czech Republic and New Zealand**

### **Submission from Australia**

#### **Green Climate Fund Environmental and Social Management System**

Australia welcomes the opportunity to provide comments on the proposed environmental and social policy of the Green Climate Fund's Environmental and Social Management System (ESMS). Australia also takes the opportunity to thank the Secretariat, the Accreditation Committee and the Accreditation Panel for its work to develop an ESMS in accordance with decision B.07/02.

Below are comments against the input headings requested by the GCF.

##### **a) Scope and Principles**

Australia considers that, in general, the approach and structure outlined in the Draft for Consultation should be effective for managing environmental and social safeguard (ESS) risks of GCF projects. Additional details on the policies, management and practices will be needed to ensure that the GCF ESMS is adequate and workable.

It would be useful for the ESMS to show how environmental and social considerations will, in practice, be incorporated into the decision-making practices and processes of the GCF, such as through the environmental and social policy and the associated ESMS Manual. These documents should provide clarification on, for example, how approved entities should screen projects to ensure compliance; and how and when GCF will review and consider ESS documents, among other inputs, in its decision-making processes.

##### **b) Requirements and roles and responsibilities**

The ESMS or subsidiary documents should map ESMS processes against GCF project development and approval processes to ensure that there is time and scope to adequately prepare, review and approve environment and social impact assessment (ESIA) documentation. ESIA's, particularly for Category A activities, can be costly and affect project development timelines. The role of any independent evaluation unit could be included.

The ESMS requires accredited entities, including implementing entities, to screen and categorise projects. The GCF is to review the ESS documents and verify that the risk level is appropriate. To ensure independence of review, the GCF will need the resources and time to be able to consider potentially complex technical environment and social impact screening, categorisation, assessments and management plans and implementation.

##### **c) Gaps**

The ESMS indicates that a common approach or harmonised approach consistent with the IFC standards can be agreed with accredited entities. Some entities (for example other members of the World Bank Group and the ADB) have rigorous frameworks that are not, strictly, 'consistent' with the IFC standards. Australia considers that it may be efficient for GCF acceptance/accreditation of systems that are 'substantially equivalent' to the IFC standards.

Assessment and management plans (5.5 and 5.6) could include how health and safety will be addressed, given the GCF board has adopted the WB's Environmental, Health and Safety Guidelines. Monitoring and reporting (5.8) should provide for emerging, high-level risks to be reported to the GCF outside the regular reporting system.

#### **d) Enhancing outcomes**

Australia considers that people with a disability and children should be among the vulnerable groups considered and consulted under the environmental and social policy. This is relevant for the GCFs performance standards which are being developed and will build on evolving best practice.

Australia notes that the IFC safeguard standards do not include specific safeguards relating to climate standards. As such, it may be helpful when developing the GCF environmental and social safeguards to consider climate-related safeguard standards (noting that REDD+ safeguards are being adopted), such as those adopted by other MDBs, for example, the European Investment Bank.

Finally, Australia recommends that, in formulating its own ESMS, the GCF should consider the approach of the new World Bank Environment and Social Framework.

## XVII. Conservation International (CI), Accredited Entity

CONSERVATION  
INTERNATIONAL



### Inputs to the Green Climate Fund regarding the development of the Environmental and Social Management System

24 February 2017

#### SUMMARY AND RECOMMENDATIONS

Conservation International<sup>1</sup> (CI) values the opportunity to provide inputs regarding the Environmental and Social Management System (ESMS) of the Green Climate Fund (GCF). The GCF is uniquely positioned and empowered to enhance and shift investment patterns to promote the necessary paradigm change toward low-emission and climate-resilient development pathways, and do so while ensuring the well-being of people and ecosystems through strong environmental and social policies.

This submission is a response to the call for public inputs on the proposed environmental and social policy of the GCF in response to Board Decision B.07/02, paragraph (n).<sup>2</sup> The proposed environmental and social policy presents a strong initial draft.

**CI proposes the following recommendations to further improve the environmental and social policy of the GCF and guidance for its implementation:**

#### Ensure strong environmental and social safeguards within its scope and principles

- Require consistency with the Cancun Safeguards for REDD+ in order to maintain coherence with REDD+ requirements under the United Nations Framework Convention on Climate Change and to further streamline monitoring and reporting processes.
- Clearly define free, prior and informed consent, with reference to the United Nations Declaration on the Rights of Indigenous Peoples.
- Conduct a transparent and inclusive process in the development of the forthcoming indigenous peoples' policy that complements and strengthens the ESS, including provisions on free, prior and informed consent.

#### Clearly define requirements, roles and responsibilities for safeguards implementation

- Provide a timeline for the expected release of key guidance documents, which are essential for effective implementation of the policy.
- Clearly define the roles of the GCF, Accredited Entities, and stakeholders.
- Separate and clearly define accreditation-level requirements and project-level requirements.
- Clearly define how the GCF would enter into a “common approach” on safeguards and how this approach would ensure adherence to the highest international standards.
- Clearly name and define each of the reports referenced and clarify the responsible party.
- Clearly define how revisions to the policy will affect active projects and ongoing activities.

<sup>1</sup> Conservation International was approved as an Accredited Entity to the Green Climate Fund in July 2015 for medium-sized, grant-based projects.

<sup>2</sup> Green Climate Fund. (2014). GCF/B.07/11 Decisions of the Board – Seventh Meeting of the Board, 18-21 May 2014. [http://www.greenclimate.fund/documents/20182/24943/GCF\\_B.07\\_11\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Seventh\\_Meeting\\_of\\_the\\_Board\\_\\_18-21\\_May\\_2014.pdf/73c63432-2cb1-4210-9bdd-454b52b2846b](http://www.greenclimate.fund/documents/20182/24943/GCF_B.07_11_-_Decisions_of_the_Board_-_Seventh_Meeting_of_the_Board__18-21_May_2014.pdf/73c63432-2cb1-4210-9bdd-454b52b2846b)

## ENSURE STRONG ENVIRONMENTAL AND SOCIAL SAFEGUARDS

### SCOPE AND PRINCIPLES

#### REDD+

*Annex I: Section III Guiding Principles, paragraph 11 (l)*

Strong safeguards are essential to ensure that the Fund's investments and activities avoid negative impacts, while also providing environmental and social benefits. CI strongly supports the alignment and coherence between the environmental and social safeguard requirements of the GCF related to reducing emissions from deforestation and forest degradation (REDD+) and the guidance and safeguards adopted by the United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP) for REDD+, including the Cancun Safeguards.<sup>3</sup> To minimize duplication and burden of reporting, the GCF should develop specific guidance on how both sets of requirements can be implemented in a way that is rigorous and practical.

Unlike for other sectors, countries have agreed to a framework under the UNFCCC for addressing emissions from deforestation and forest degradation. Implementing the Cancun Safeguards means fulfilling all UNFCCC provisions on REDD+ safeguards, including those related to providing information on how the Cancun Safeguards have been addressed and respected throughout the implementation of activities. To this end, countries must have a system in place to transparently provide information on how the Cancun Safeguards were addressed and respected throughout the implementation of the activities, while respecting sovereignty. Good practices, such as REDD+ Social and Environmental Standards,<sup>4</sup> can help guide the implementation of safeguard requirements in line with national circumstances.

As an institution seeking transformational change, the GCF should consistently apply its social and environmental standards across all approved projects and programs; therefore, all activities, including REDD+ results-based payments proposals, should also demonstrate compliance with the Fund's safeguards. To minimize duplication of reporting efforts and administrative burden, the GCF should provide guidance indicating how both the Cancun Safeguards for REDD+ and the GCF's safeguards can be applied together through an efficient monitoring and reporting process.

#### **Recommendations:**

- Require consistency with the Cancun Safeguards for REDD+ in order to maintain coherence with REDD+ requirements under the UNFCCC and to further streamline monitoring and reporting processes.

#### Indigenous Peoples

*Annex I: Section III Guiding Principles, paragraph 12 (b);*

*Annex I: Section 6.2 Stakeholder engagement, paragraph 67*

The GCF's current, interim safeguards, the IFC Performance Standards, call for the Fund's activities to fully respect the rights of indigenous peoples and local communities; avoid and minimize adverse impacts on communities; and apply Free Prior and Informed Consent (FPIC) in certain circumstances. While the IFC Performance Standards serve as an important foundation for social safeguards, the GCF should build upon these standards when developing the Fund's ESMS and further strengthen the engagement of indigenous peoples and local communities.

CI supports the language in the draft ESS supporting the full and effective participation of indigenous peoples:

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<sup>3</sup> United Nations Framework Convention on Climate Change. (2010). Report of the Conference of the Parties on its sixteenth session, held in Cancun from 29 November to 10 December 2010. <http://unfccc.int/resource/docs/2010/cop16/eng/07a01.pdf>

<sup>4</sup> Climate, Community & Biodiversity Alliance. (2016). REDD+ Social and Environmental Standards. <http://www.redd-standards.org/>.

GCF-financed activities will aim to avoid adverse impacts on indigenous peoples, promote benefits and opportunities, foster respect for the culture and the people, and preserve the indigenous culture, knowledge and practices, and will support the full and effective participation of indigenous peoples. The design and implementation of activities will be consistent with the rights and commitments set forth in the United Nations Declaration on the Rights of Indigenous Peoples, including the principle of free, prior and informed consent.

However, there is a contradiction within the draft ESS policy with this statement and paragraph 67, which states, “There is no universally accepted definition of free, prior and informed consent.” As the GCF is an operating entity of the UNFCCC Financial Mechanism, the Fund should seek coherence with international best practice and adhere to the United Nations Declaration on the Rights of Indigenous Peoples<sup>5</sup> (UNDRIP) principles related to “free, prior and informed consent.” FPIC should be applied at all stages of relevant GCF project or program development and implementation processes.

The GCF’s programs and projects must follow a human rights-based approach and comply with applicable international human rights standards, such as UNDRIP and the International Labour Organization’s Convention 169.<sup>6</sup> The collective nature of indigenous peoples’ rights to their lands and resources should also be addressed in the development and implementation of relevant safeguards.

CI also supports the inclusion of FPIC in the forthcoming fund-wide indigenous peoples’ policy, under development, as agreed by the GCF Board at its fifteenth meeting. It is important to have a separate, complementary indigenous peoples’ policy, as a policy should go beyond provisions included in the ESS to minimize the potential harm to indigenous peoples and local communities. The policy should also support activities that empower indigenous peoples and local communities to engage in and benefit from the Green Climate Fund. By utilizing the knowledge of indigenous peoples in mitigating and adapting to the impacts of climate change and building their capacity to participate in the Fund’s activities, the GCF will enhance the effectiveness, equity, sustainability and transformational potential of its outcomes.

### **Recommendations:**

- Clearly define free, prior and informed consent, with reference to the UNDRIP.
- Conduct a transparent and inclusive process in the development of the forthcoming indigenous peoples’ policy that complements and strengthens the ESS, including provisions on free, prior and informed consent.

## **CLEARLY DEFINE REQUIREMENTS, ROLES AND RESPONSIBILITIES FOR SAFEGUARDS IMPLEMENTATION**

*Section 1.1 Elements of an environmental and social management system, paragraph (c);*

*Annex I: Section I Introduction and context, Figure: Elements of the Green Climate Fund environmental and social management system;*

*Annex I: Section IV Overview of roles and responsibilities;*

*Annex I: Section V General requirements for environmental and social risk management;*

*Annex 1: Section 2.2 Scope of application, paragraph 9;*

*Annex I: Section VIII Effective date and review, paragraph 8o*

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<sup>5</sup> United Nations. (2008). United Nations Declaration on the Rights of Indigenous Peoples.

[http://www.un.org/esa/socdev/unpfii/documents/DRIPS\\_en.pdf](http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf).

<sup>6</sup> International Labour Organization. (2016). C169 - Indigenous and Tribal Peoples Convention, 1989 (No. 169).

[http://www.ilo.org/dyn/normlex/ff?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:C169](http://www.ilo.org/dyn/normlex/ff?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C169).

The draft environmental and social policy presents a framework for managing environmental and social risks and impacts. The document states in Section 1.1, paragraph (c) that the ESMS and the safeguard frameworks are structured with “an environmental and social management system manual consisting of management processes, procedures and guidance, which assists an organization in implementing the environmental and social policy and the application of the [Environmental and Social Safeguards or] ESS.” However, it does not state when such a manual will be released by the GCF. The Fund should include a timeline for when this manual and other related guidance documents will become available, as these documents are essential for the successful implementation of the policy.

The policy applies to three key actors: the GCF, Accredited Entities (AEs), and stakeholders. However, the draft policy is insufficient in explaining the roles of each of these actors. For example, under paragraph 5 of the policy named “Elements of the Green Climate Fund Environmental and Social Management System,” the figure appears to include contradictions. Stakeholder engagement is listed separately from the ESS Standards, and the responsibility for stakeholder engagement is designated to stakeholders, NDAs and civil society. Stakeholder engagement should be included as part of the ESS Standards and the responsibility for stakeholder engagement should lie with the GCF, NDAs and Accredited Entities and not solely with the stakeholders themselves. Additionally, the policy outlines the roles and responsibilities of the GCF and AEs, but the current format intermixes accreditation-level and project-level requirements. For example, within Sections IV and V, each subsection contains both accreditation-level requirements (paragraphs 13, 17(a), 24, 59) and project-level requirements (paragraphs 14, 15, 25-31, 57). This complicates the proper understanding of the requirements, especially considering that between the sections the same logical order (accreditation-level information followed by project-level information) is not maintained. The policy should separate and clearly define accreditation-level and project-level requirements within each subsection of the policy.

Furthermore, the proposed common approach referred to in Section 2.2, paragraph 9 of the policy can potentially facilitate new possibilities for cooperation with development partners when the GCF jointly finances projects. The ESMS should more clearly define how the GCF would enter into a “common approach” on safeguards and how this approach would ensure adherence to the highest international standards. The Board should disclose an explanation of any decisions to use common approach agreements.

The ESMS should provide clear guidelines for how an environmental and social policy will be implemented, including monitoring and reporting requirements. The reports referenced in the Accreditation Master Agreement (AMA) and in the Monitoring and Accountability Framework (MAF) each have specific names that clearly define and differentiate each report. The environmental and social policy should refer to each report by a single name in alignment with other GCF documents, including the AMA and MAF, and similarly name each subsequent report to ensure consistency across all GCF policies and guidelines. For each report, the responsible party should be clearly identified.

Furthermore, the policy states in Section VIII, paragraph 80, that “appropriate amendments to the policy and the ESS standards will be considered, based on the results of such review and evaluation and changes to the policy and ESS standards will follow the normal decision-making process of the GCF.” The Fund should clarify how revisions to the policy will affect active projects and ongoing activities.

### **Recommendations:**

- Provide a timeline for the expected release of key guidance documents, which are essential for effective implementation of the policy.
- Clearly define the roles of the GCF, Accredited Entities, and Stakeholders.
- Separate and clearly define accreditation-level requirements and project-level requirements.
- Clearly define how the GCF would enter into a “common approach” on safeguards and how this approach would ensure adherence to the highest international standards.
- Clearly name and define each of the reports referenced and clarify the responsible party.
- Clearly define how revisions to the policy will affect active projects and ongoing activities.



## XVIII. Joint Response from U.S. Faith-Based Organizations

As faith-based organizations from unique traditions, we are united in our shared commitment to stand in solidarity with poor and at-risk communities and to protect creation. Many of us have partners or staff on the ground in Asia, Africa, and Latin America involved in accompaniment, disaster relief, development programs, and other ministries. We recognize the existential threat of climate change and that climate vulnerable communities and countries will be hit first and worst. The Green Climate Fund has the potential to support climate vulnerable peoples to adapt to the worst impacts of climate change and to build resilience to reduce climate-related disasters.

We share the vision of the GCF as a fund to reduce greenhouse gas emissions in developing countries and to help vulnerable societies adapt to the unavoidable impacts of climate change. However, we want to ensure that the projects are conducted in a manner that is equitable, gender-aware and rights-based, and that it improves the quality of life for both vulnerable people and creation. This sentiment is reflected in the background for the ESMS that states the safeguards are meant to “do no harm” and also “to do good.”

But history tells us that development projects funded by financial institutions have not always incorporated gender analysis, or served poor and vulnerable communities, including indigenous communities and other ethnic minorities. In fact, some projects have been particularly damaging by causing mass displacement, desecration of sacred sites, human rights abuses, harmful outcomes for women and girls and loss of livelihoods. We have also seen the loss of unique ecosystems.

**For these reasons we wish to provide comments on the GCF’s Environmental and Social Management System through the lens of our shared faith values. Here are some of the values that ground our comments:**

*Call to Public Participation and Inclusion* Our faith traditions teach us to ensure that all voices are welcomed at the table. In the context of development projects, this should mean that there is an inclusive, accessible, exhaustive, and responsive stakeholder engagement process throughout the project cycle.

*Transparency*- People have a right to access information that will have impacts on their lives and the broader society so that they can hold their government and other actors accountable for any actions that promote the common good or for when the government, financial institutions, and other actors cause harm.

*Do no harm/ Ahimsa*- Buddhist and Hindu faiths hold the value of ahimsa, or nonviolence towards all living beings. Nonviolence is a practice held across faith traditions. Many of our organizations also support the precautionary principle, or the idea that a project must show it will do no harm before it even begins.

*Care for creation*- We recognize that all living beings have dignity and value, which cannot be monetized. We have a responsibility to protect all life today and in the generations to come.

*Respect for human dignity and worth of all people*- Every person has inherent worth and dignity. Particular attention must be given to communities and populations who are historically

excluded and marginalized or who are extremely vulnerable such as ethnic and religious minorities, women, and children.

### **Areas in the ESMS in which we wish to comment**

#### *Coherence of Best Practices*

We affirm that the ESMS will take into account other critical policies of the GCF in the development and implementation of the ESMS. This will be critical to ensuring that gender and indigenous rights are visible, that the accredited entities will have to demonstrate their compliance with the ESMS in their proposals, and other critical policy areas as listed in 1.2

#### *Principles*

We appreciate the clear mention of a gender-sensitive approach, the inclusion of the ILO labor standards, the aim to avoid adverse impacts on indigenous people, and the recognition and inclusion of explicit language on human rights. With respect to human rights, the rights of human rights defenders should also be upheld. We lift up this concern as we approach the one-year anniversary of the assassination of Berta Caceres, who was murdered in Honduras for defending the territories of the Lenca indigenous peoples against a hydroelectric dam project. Ms. Caceres is one of 123 environmental or land rights defenders who have been murdered in Honduras since the 2009 coup. While this is just one country, violence against land and environmental rights defenders is happening on a global scale. There should be a clear commitment from the institutions both financing and managing the projects to prevent and denounce human rights violations associated with the project, and perhaps even a withdrawal of support for the project.

#### *Overview of Roles and Responsibilities*

*Accredited Entities-* With respect to the responsibilities of the Accredited Entities, not only should they adopt the roles listed in the document, but they should also provide clear explanation when the ESMS is violated to account for what went wrong, and provide an explanation for why the project went wrong.

*GCF Staff and Secretariat-* There should be standardized questions that GCF staff is considering in relationship to country conditions such as culturally sensitive information.

*Accreditation-* The accreditation process should take into account the applicant's past adherence to environmental and social safeguards with respect to other development projects.

*Monitoring and Reporting-* We recognize and appreciate that there will be reports annually and on an interim basis with respect to the project's adherence to the ESS standards. These reports should include specific information on how they are upholding gender and indigenous policies.

As noted, the meaningful involvement of communities, local stakeholders, and civil society organizations will be critical for monitoring and reporting. How will the GCF guarantee that this participation is meaningful and robust?

*Information Disclosure-* As previously mentioned, transparency and accessible information is important to our faith traditions. We welcome that the GCF will be disclosing information to affected communities and external stakeholders. As is mentioned in this section, it will be critical that the information conveyed not be limited only to the dominant language, but is inclusive of languages understood by a majority of people in the affected communities, as well as in the languages of minority and indigenous groups affected by the implementation of projects. It is important that, beyond posting the information on the website, information be

disseminated widely so that it is accessible to local and affected populations and to a broad cross section of civil society groups representing diverse geographical and social sectors. The information should also be conveyed in a way that is easy for people to understand rather than solely at a technical level.

*Stakeholder Engagement-* It is critical, as noted, that the GCF require accredited entities, including their intermediaries, to ensure an effective stakeholder engagement process and that this engagement will be undertaken commensurate with the risks of the activities and continue throughout the project cycle.

Consultations in each project phase should ensure that community and environmental risks, concerns, and needs unique to each phase of the project are heard and receive an appropriate response to prevent and address challenges that may arise. Consultations should hold the same weight as the development risks.

Not only should information be provided in a timely manner, but also notice of the consultation. There must be an outreach strategy to ensure maximum participation taking into account time to make travel arrangements and other necessary preparations to attend. There should be special attention to ensure that there is a presence of affected communities and other vulnerable stakeholders. Affected communities should also include groups that may not be directly in the project area in order to take into account impacts beyond the project boundaries such as water quality.

It is equally important to undertake context-specific gender analysis when organizing stakeholder engagement in order to improve the chances of equal participation of men and women during stakeholder consultation and project design. Where necessary, there should be gender specific consultations if evidence suggests that women are less likely to speak freely in the presence of men. Care should also be taken to reach out to women across religious, ethnic and political boundaries and to both established women's organizations and grassroots groups.

Additionally, consultations should be held with the right experts on hand for the issues that will be covered. For instance, if the consultation is on environmental impacts, someone who is leading one of these consultations should be an environmental expert. Likewise, if the consultation topic is on the rights of children, then there should be representatives of children or youth groups to articulate their own concerns as well as experts on children's issues as part of the consultation team.

*Grievance Redress Mechanism-* We sincerely hope that the GCF projects will "do no harm" and in fact "do good." But when injustices occur, the grievance mechanism will be critical. The AEs must inform communities of this mechanism very early in the project cycle and make sure that the population understands what it is, how it works, how to access it, and what redress will look like.

### **Identified Gaps**

*Communications and Outreach on the GCF and the ESMS-* Information and education on the GCF and the safeguards should be available and accessible to government entities, a broad cross sections of civil society groups and the public so that there is a broad understanding as to what the GCF is, what it will do, and what affects individual projects will have. A lack of knowledge about the GCF in various sectors at the country level persists. The National Designated Authority would seem critical to fostering this communication but they are not mentioned in this document.

*Financial Intermediaries*- In the case where accredited entities themselves are using financial intermediaries, this information should be made public and these FIs should be held to the same environmental and social policies as the accredited entities. There are known cases of the International Finance Corporation using financial intermediaries that did not comply with the IFC performance standards that resulted in environmental or social harm. The IFC in these cases did not list these projects on their website because they had financed the funds through an intermediary. When AEs use additional financial intermediaries, this information needs to be disclosed and the GCF ESMS must be followed.

*Free Prior and Informed Consent*- This principle should be upheld for all indigenous peoples in Asia, Africa, and Latin America. The ESMS states that there is no global definition for FPIC. The GCF should adopt a clear interpretation of FPIC for accredited entities to follow.

Thank you for the opportunity to submit these comments and to raise our moral concerns about the Green Climate Fund. Climate vulnerable countries already face the existential threat of climate change. The GCF must ensure that its projects recognize the already very vulnerable state of the people and ecosystems in these countries as they seek to find solutions to prevent the worst impacts of climate change.

Submitted by:

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**Additional comments were provided by**

Church World Service  
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Maryknoll Office for Global Concerns  
Maryknoll Sisters, Eastern Region, USA  
Mennonite Central Committee U.S. Washington Office  
Office of U.S. Liaison, United Church of Christ in the Philippines  
The United Methodist Church - General Board of Church and Society

## **XIX. Netherlands Commission for Environmental Assessment (NCEA)**

The GCF has asked a wide group of relevant stakeholders for input to the further development of the GCF Environmental and Social Management System (ESMS). The Dutch Ministry of Foreign Affairs, representing The Netherlands on the board of the GCF, has asked the Netherlands Commission for Environmental Assessment (NCEA) to share its relevant experiences with the GCF secretariat as such input.

The NCEA is an independent public body in The Netherlands, funded by various ministries, including the Ministry of Foreign Affairs. Since 1993, the NCEA has supported developing countries to improve the quality of social and environmental assessment processes as instruments for informed, inclusive and transparent decision-making. In addition, the NCEA supports the Ministry in carrying out reviews of developing country and International Financial Institutions' systems<sup>1</sup> for social and environmental assessment. Finally, both in The Netherlands and abroad, the NCEA reviews the quality of environmental assessment reports and processes (see [www.eia.nl](http://www.eia.nl) and [www.dsu.eia.nl](http://www.dsu.eia.nl)).

Based on these experiences, we would like to share lessons learned, with some suggestions that hopefully may benefit GCF operations.

### *Lesson learned: strategic assessment of alternatives to proposals deserves more attention*

The ESMS focus on 'doing things right' may, however, be inadequate to guarantee that 'the right things are done'. This is in particular the case when 'doing the right thing' implies a paradigm shift, which the GCF is looking for. Even though large infrastructure proposals are developed in the public interest, they often also have adverse impacts. In some instances, and particularly when a project has been a long time in the making, the investment itself may not even have the beneficial effects it was originally designed for. Technology advances quickly, and new insights into the risks associated with large infrastructures, and into the opportunities for alternative solutions, emerge all the time. Large projects that may in the past have been an optimal way to create public value, today may have become less ideal. NCEA's Dutch Sustainability Unit elaborates on this point in its [advice on large dams](#). For example, the global energy transition has created alternative opportunities to produce power that in some situations may become more attractive than dams.

The above leads to the following suggestions:

- *Consider a stronger requirement for developers to demonstrate that their proposal is the best alternative among the available options.* Decision-making during the phase before the submission of concept notes often has not benefitted from an informed and updated comparison of a wide range of options to achieve public objectives. For this reason, when infrastructure proposals arrive at the desk

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<sup>1</sup> In particular, and relevant in an international development context, is the NCEA's recent advice at the request of MFA-NL, dealing with the ESF of the World Bank; the AIIB; and, donor assessment strategies related to large dams. All documents are available at [www.dsu.eia.nl](http://www.dsu.eia.nl)

of decision-makers, the developers have often insufficiently defined the public value of their proposal, and nor have they analysed alternative pathways to achieve these values, including those that may not require building the proposed infrastructure at all. In such instances, there would be great benefit in GCF requiring developers to demonstrate that their proposal is the best alternative among the available options. This may include the requirement to carry out a Strategic Environmental and Social Assessment (SEA) to secure an informed, inclusive and transparent government decision about the need for proposed infrastructure, perhaps linked to the country programme.

- *Consider building a strategic assessment requirement into a regular review of accredited entities.* For example, for an AE to continue to be accredited, the GCF could require a SESA to be undertaken every 5 years on the environmental and social consequences of its proposed GCF project portfolio. This may require explicit consideration of paradigm shifts.
- *Consider support to country capacity building for strategic assessments of infrastructure.* For example, to include this kind of capacity development in the readiness programs for NDAs, e.g. comparable to what GIZ already is doing on SEA in Mali<sup>2</sup>.
- *Strengthen mechanisms for enforcement.* If the GCF approves funding proposals under the assumption that mitigation and compensation plans will effectively reduce or compensate significant adverse impact, it will be important to review whether it also has sufficient mechanisms in place to enforce implementation of these plans. Practice shows that impact mitigation and compensation plans of developers are not always implemented as agreed, which may easily lead to human rights concerns.

Finally, the NCEA is aware of the fact that the development and implementation of a new ESMS is a challenging and demanding task, for which GCF of course does not have unlimited resources. If the GCF considers it to be useful, NCEA could offer to discuss with the Dutch Ministry of Foreign Affairs the extent to which it could play a supporting role as part of its current programs. For example, to provide in-kind support in the development of GCF's 'own' Environmental and Social Standards (ESSs), as the consultation document reiterates a commitment made by the Board of the GCF to develop GCF-specific ESSs within three years.

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<sup>2</sup> [https://www.international-climate-initiative.com/en/news/article/launch\\_of\\_the\\_nap\\_process\\_in\\_mali/](https://www.international-climate-initiative.com/en/news/article/launch_of_the_nap_process_in_mali/)

## XX. Agence Française de Développement (AFD), Accredited Entity

### 1. Roles and responsibilities

2.

#### IV. Overview of roles and responsibilities

##### AFD Comments:

Leadership and Commitment of the “top management” team should be presented (ISO 14001). Example: As the Board members of GCF, we are determined to provide the leadership and resources to make sure that the commitments presented within this E&S policy are fully integrated throughout GCF operations (based on Nestlé E&S policy). This sentence could be added to the section 79.

### 3. Elements of an environmental and social management system

#### 1.1 Elements of an environmental and social management system

- *D - Environmental and social safeguards that identify the outcomes and operational requirements as applicable to GCF-financed activities.1 For the GCF, this pertains to the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability, which were adopted by the Board, as the GCF interim ESS standards.2 In paragraph (d) of the same decision, the Board also decided that the process of developing the GCF own ESS standards, which would build on evolving best practices, should be completed within three years of the GCF becoming operational, and with inclusive multi-stakeholder participation;3 In paragraph (d) of the same decision, the Board also decided that the process of developing the GCF own ESS standards, which would build on evolving best practices, should be completed within three years of the GCF becoming operational, and with inclusive multi-stakeholder participation;3*

##### AFD Comments:

We would recommend to refer to existing standards instead of creating new ones. Indeed, the IFC and WB standards have been elaborated based on a comprehensive consultation process with multiple stakeholders around the world. These standards are now globally recognized by the actors of the development including public and private counterparts, NGOs, E&S experts and financial institutions.

It seems adequate and relevant to refer to the IFC PS dated 2012 for the projects developed in the private sector. For the public sector, the reference to the WB standards would be more appropriate. The reference could be the existing E&S Safeguards ; completed by the new E&S Framework dated August 2016, when these ones will officially take effect (early 2018).

Another solution could be to suggest a range of existing recognized standards that could be used as reference; e.g. WB E&S Safeguards, IFC Performance Standards, African Development Bank E&S safeguards, Asian Development Bank E&S Safeguards...

### 4. Links with existing policies and frameworks

**f. information disclosure policy.** *The policy supports the commitments of the GCF to transparency and accountability in all aspects of its operations and to strengthening public trust.9 The policy promotes effective and meaningful stakeholder engagement by making available to the affected communities and the public timely, understandable, relevant and accessible information on the environmental and social risks and impacts as well as the benefits of GCF-financed activities (e.g. information related to environmental and social reports). There are varying advance disclosure timelines depending on the project’s environmental and social risk category; for example, at least 120 days in advance of the accredited entity’s or Board’s decision, whichever is earlier, for category A/intermediation 1 activities and at least 30 days for category B/intermediation 2. The policy also stipulates that the reports be available in both English and the local language;*

##### AFD Comments:

We totally understand and support the disclosure policy and need. However, the period of 120 days for the A projects seems complicated as it means that the project is 'on hold' during 4 months, between the E&S evaluation and the board discussion. We recommend to reduce to 60 days for A projects (as the IFC disclosure policy).

Also, it would be important to describe in detail what should be disclosed - "*accessible information on the environmental and social risks and impacts as well as the benefits of GCF-financed activities*". Does that mean ESIA, RAP, E&S Due-Diligence Audit by external consultant, meaning the DD conducted for the projects; or also the E&S evaluation of the E&S risks by the Accredited Entity?

#### 5. Due diligence

The GCF will conduct its environmental and social due diligence for activities proposed for funding consideration. The purpose of the due diligence is to understand and evaluate how the environmental and social risks and impacts are screened, assessed and planned to be mitigated and managed by the entities.

#### AFD Comments:

This proposition may lead to double the Due Diligence already done by accredited entities. The GCF should verify that the accredited has conformed with the implementation of its own ESMS, accredited by the GCF, and not assess again compliance with ES standards. Work on Due diligence, already performed by the Accredited Entities, should not be duplicated.

6. On information disclosure (§ 6.1), the GCF considers disclosure of relevant information consists of "*ESIA, ESMP and/or ESMS*", and any "*additional environmental and social safeguards documents*". The GCF should consider that there are many cases where full documentation cannot be made available in such a time that allows disclosure before Board approval, and that additional disclosure, when more detailed information is available, should be considered after Board Approval.



## **XXI. Caroline Leclerc, Board member for Canada**

Canada is supportive of ensuring that the Green Climate Fund's (GCF) work is underpinned by a robust Environment and Social Management System (ESMS). The ESMS is integral to identifying environmental and social impacts of GCF-funded activities and providing effective validation and monitoring of activities. It is also an essential tool in supporting the development of GCF funded activities in an inclusive manner that takes account of the views of all stakeholders, including women and girls, underserved groups and indigenous peoples.

We welcome the opportunity to comment on the GCF's proposed ESMS and have structured our comments around the five identified elements:

### **1. Scope and Principles**

While the scope and principles of the proposed ESMS are clearly outlined, the document remains very high level, which makes it challenging to see how the system will be applied to actual GCF programming activities. We suggest providing an example of how the system would be applied to a specific project or sector in order to better understand the scope of the ESMS.

Canada is supportive of the proposed scaled and risk based approach around the capacity of accredited entities to identify and address environmental and social risks. However, the GCF should ensure that this scaled approach does not erode project quality.

### **2. Requirements, Roles and Responsibilities**

From an inclusive and accountable governance perspective, Canada is very supportive of the requirement for the participatory engagement of GCF stakeholders in the proposed ESMS, including national designated authorities and civil society organizations. This inclusive approach to environmental and social risks will help to ensure that projects are implemented in a manner that recognizes and takes into account the views of the various stakeholders and affected communities. Further, the GCF's redress and grievance mechanism will help to ensure that these commitments are taken seriously.

When GCF projects are co-financed with other entities, there may be challenges with overlapping environmental and social management practices. Canada is supportive of the GCF pursuing a harmonized approach in these situations, but we would caution that any harmonization effort should not erode environmental and social standards and should align with the entity with the highest standards in place. Similarly, GCF projects provided through financial intermediaries also present monitoring and compliance challenges. We would encourage GCF staff to carefully assess financial intermediary partners based on their capacity to provide effective oversight of borrower environmental and social practices.

### **3. Gaps**

Canada supports the commitment in the proposed ESMS to put in place a process of continuous improvement and learning from best practices in environmental and social risk assessment and mitigation. However, we would recommend that the proposed ESMS further elaborate on the concrete implementation of this process and provide a sense of timelines for activities that would support continuous improvement.

The provision of GCF technical assistance and financial support for environmental and social capacity building within accredited entities is welcome. The GCF Board should receive periodic updates on technical assistance activities, as well as notification when capacity gaps at accredited entities have been addressed prior to GCF financing being committed.

On the subject of GCF due diligence on project-level environmental and social information, we would caution against the use of activity or sector-based assumptions or other proxy information when information is not readily available from accredited entities. Where possible, the GCF should request

additional information from the accredited entity rather than defaulting to the use of activity or sector-based assumptions.

Considering the recommendations outlined in the GCF's Gender Mainstreaming report, we would request that stronger links be made between the ESMS and the GCF's Gender Equality Policy and Action Plan, and explicit gender equality language should be used in the different components of the ESMS. The GCF's Gender Equality Policy and Action Plan already provide concrete measures and requirements that could also be included in the ESMS. For example, there are no references in the ESMS to gender equality assessments or gender equality institutional capacity assessments of accredited entities.

GCF decision B.06/07 mandated the integration of gender considerations in GCF policy documents and operational modalities, through an explicit mainstreaming approach. Gender mainstreaming is critical to ensure the integration of gender aspects into key operational policies, such as the GCF Accreditation Framework or Investment Framework.

#### **4. Enhancing Outcomes**

In terms of identifying further scope for multi-stakeholder engagement, Canada would emphasize the importance of maintaining close stakeholder engagement throughout the life cycle of projects (from design and planning, to implementation, monitoring and evaluation of results), with a view towards improving outcomes.

The proposed ESMS discusses the requirement that accredited entities notify the GCF if material changes in a project occur. The ESMS should clearly define what constitutes a 'material change' in a project and at what threshold entities should notify the GCF. Further, we would encourage the GCF to provide oversight of reporting for projects delivered through financial intermediaries that experience material changes. Finally, we are supportive of the inclusion of human rights in the GCF's proposed ESMS.

#### **5. Engagement**

Canada would welcome further detail on the proposed ESMS's cycle of monitoring and reporting for accredited entities and GCF-financed activities, especially around the timelines for interim and final project evaluations. An annex to the ESMS could provide further clarity on monitoring and reporting requirements. Finally, Canada is strongly supportive of the proposed mid-term review of accredited entity compliance with the ESMS.