
GCF Guideline

Guidelines for the Environmental and Social Screening of Activities Proposed under the Simplified Approval Process

10 January 2018



**GREEN
CLIMATE
FUND**

Introduction

1. Environmental and social screening is an essential and primary step in the assessment of environmental and social risks and impacts of activities¹ proposed for GCF financing. The results of the screening form the basis of the accredited entities for assigning the environmental and social risk category of activities and informs decisions on the extent and depth of environmental and social due diligence that will be undertaken. The process of screening identifies the key aspects that may need to be further examined and managed.

2. The objective of this pilot scheme is to apply best practices to reduce the time and effort needed in the preparation, review, approval and disbursement procedures of micro- and small-scale activities that promote and support certain scalable and transformational actions. The simplified approval process will focus on activities that are ready for scaling up and have the potential for transformation, promoting a paradigm shift to low-emission and climate-resilient development, with GCF contribution of up to USD 10 million, and whose environmental and social risks and impacts are classified as mild or minimal to none.

3. Activities eligible under this pilot scheme are those typically qualifying as Category C or low intermediation (I3) only following the environmental and social risk category definition in the Accreditation Framework and the Information Disclosure Policy of the GCF. Activities under this category are project and context specific, and will be assessed on a case-by-case basis, and include, among others:²

- (a) Capacity development, planning support, institutional development and strengthening, advisory services, communication and outreach, and early warning and other monitoring systems;
- (b) Household-level facilities and production within an already built-up area and with no additional footprint (basic post-harvest processing, rainwater harvesting, pico- to micro-scale renewable energy, retrofit renewable energy systems and energy efficiency and conservation, smallholder agroforestry, and small-scale climate resilient agriculture); and
- (c) Small-scale rural and urban community-based projects, village-level rural water supply and drainage (including smallholder farm irrigation such as drip irrigation, shallow wells, etc.), rural energy, small-scale infrastructure (including in-situ rehabilitation, upgrading, and maintenance of existing public facilities where waste will not be an issue), small-scale community-based watershed and habitat management and rehabilitation, climate resilient agriculture, soil and water conservation, and community forest management activities.

4. The purpose of this document is to provide guidance for accredited entities on the environmental and social screening of activities proposed for GCF financing under the Simplified Approvals Process (SAP) Pilot Scheme. The document notes that the accredited entities may have already in place their own environmental and social screening process that enables the accredited entities to achieve the similar purpose of screening as outlined in this guidance. In such a case, the accredited entities may decide to use their own system provided that their system is equivalently or more technically rigorous than the guidance presented in this document.

Environmental and social screening requirements in the context of due diligence

5. The objectives of environmental and social screening are to (a) evaluate the environmental and social risks associated with a proposed activity; (b) establish the likely environmental and social risk category of the activities; (c) identify opportunities to improve

¹ For the purposes of this document, “activities” shall refer to programmes, projects and subprojects.

² This is not an exhaustive list. Other activities may or may not be applicable.

the environmental and social outcomes of the activities; (d) determine the extent and depth of environmental and social due diligence that will be undertaken and the appropriate environmental and social safeguards instruments and requirements that will be prepared, disclosed and submitted to the GCF.

6. The screening process involves professional judgment on a case-by-case basis. While screening is designed to be a quick and high-level review, the accredited entities will need to exercise careful consideration of the potential environmental and social risks and impacts associated with the proposed activities. The institutional arrangements and the capacities needed for implementing the environmental and social management plans and programmes are also considered during screening. Judgment is exercised with reference to the accredited entities' policy expectations and guidance, understanding of impacts on the ground, and established knowledge and good practice.

7. In screening activities, accredited entities will consider potential risks and impacts that include direct and indirect, induced, long-term and cumulative impacts, and will take into account the activities' areas of influence including associated facilities and third-party impacts. The screening process will also determine the applicability of their environmental and social safeguards standards and identify actions sufficient to meet the requirements of their applicable standards pursuant to the GCF ESS standard and this policy.

8. The screening process will also enable accredited entities to ensure that all GCF-financed activities are consistent with applicable laws related to managing environmental and social risks and impacts, including national laws, regulations, and standards, and/or obligations of the country or countries directly applicable to the activities under relevant international treaties and agreements. The compliance with applicable laws and relevant international obligations and standards will be reflected in the screening results indicating these national and international requirements and how these will be met through the management programmes and plans.

Risk categorization

9. In screening activities, accredited entities will assign the risk category of proposed activities. The risk category will be proportional to the nature, scale and location of the activity, the associated environmental and social risks and impacts, and the vulnerability of the receiving environments and communities. The risks and impacts are reviewed at the pre-mitigation stage, and the accredited entities should consider the most serious potential impacts of all activities including associated facilities. If the proposed activity is composed of several component subprojects, the accredited entities will assign the highest risk category of the component subproject as the overall risk category of the activity.

10. In assigning the risk categories of activities, accredited entities will undertake an integrated view of the combined environmental and social risks and impacts, as well as the nature, magnitude, and complexity of these risks and impacts and specific characteristics of the influence area that includes environmental, social and legal contexts.

11. In cases of programmes or activities composed of several component subprojects being submitted for consideration of GCF funding, accredited entities will assign the highest risk category of the component subproject as the overall risk category of the programme.

12. As a general requirement, accredited entities shall assign the environmental and social risk categories to all activities in a manner consistent with the accreditation framework of the GCF, such as Categories A, B, and C for direct investment or high-level (I1), medium-level (I2), and low-level (I3) for activities requiring intermediation.³

³ Definitions of the various environmental and social risk categories can be found in the "Initial guiding framework for the Fund's accreditation process" in the annex 1 of the Board decision B.07/02

13. For proposed activities that have moderate to significant environmental and social risks and impacts, further environmental and social assessments are required. Further assessments may be in the form of impacts assessments, audits, management frameworks or systems, due diligence reports, and other appropriate assessment tools.

14. On the other hand, proposed activities that are established to have likely minimal to no environmental and social risks and impacts, no further assessments may be required. Instead, the accredited entity shall provide the GCF with the results of their environmental and social screening and the plans to mitigate any minimal risks and impacts associated with the activities identified during the screening process.

15. In the context of the SAP Pilot Scheme, the proposed activities shall be screened, and the results of such process shall establish that the proposed activities have likely environmental and social risk levels equivalent to Category C or low level of intermediation, I3.

Roles and responsibilities

16. The environmental and social screening is the responsibility of the accredited entity. Relevant personnel of the accredited entity may draw advice from the national designated authority (NDA), technical and project staff and colleagues, and local and subject matter experts as necessary. In undertaking the environmental and social screening, the accredited entity is responsible for gathering all the relevant information and where there have been assessments already completed, review the consistency of the assessments to the requirements of their own standards and that of the GCF ESS standards.

17. The GCF Secretariat will review the results of the environmental and social screening and confirm the risk category and the proposed environmental and social safeguards instrument as may be required and presented in the environmental and social action plan (ESAP).

Timing of environmental and social screening

18. The environmental and social screening is an initial step in the environmental and social due diligence exercised by accredited entities. It is undertaken at the earliest stages of the proposal development particularly during the Concept Note development. The screening may indicate the need to consider alternatives, e.g., different approaches, timing, scale, and location. Screening at the Concept Note stage will also ensure that environmental opportunities and risks can be fully integrated into the design process and adequately reflected in the project memorandum and log frame. If conducted at a later stage, screening may result in delays, additional costs, and lost opportunities.

19. An environmental screening must be completed for all activities proposed for GCF financing. The results of the screening shall accompany the Concept Note submitted to GCF for consideration.

Environmental and social screening

20. This guidance provides forms that may be used by the accredited entities in reporting the results of the environmental and social screening. The accredited entities may use their own processes and tools in conducting and reporting the screening if such processes and tools are more technically rigorous than the process and form outlined in this guidance document⁴.

21. The environmental and social screening report form consists of two parts:

- (a) Part A is a screening against a set of exclusion criteria. The exclusion criteria describe the activities that have specific risk factors that would (i) raise the overall environmental and social risks of the proposed activities (for example raising to

⁴ Accredited Entities may be requested to submit their screening of projects under the SAP pilot using the GCF template where their own screening tool is deemed to be insufficient.

Category B or A) and (ii) would require more detailed and specific assessments and management plans. The proposed activities will be deemed not eligible for SAP if these will likely generate any of the risk factors. Guidance on Part A is provided in Annex 1 of this document.

- (b) Part B is a screening checklist organized according to the GCF interim ESS standards (or correspondingly, the IFC Performance Standards⁵). The screening checklist takes into consideration any potential environmental and social risks including requirements based on the specific ESS standards. The screening checklist identifies any other potential environmental and social issues that will still have to be considered and managed. The result of the Part B screening will be the basis of the Environmental and Social Action Plan (ESAP) or management plan that may be developed during the Funding Proposal preparation.

Additional information during funding proposal preparation

22. During funding proposal development, additional information will be required. The additional information will include appropriate stakeholder consultations and plan and grievance redress mechanism which are required for all activities regardless of risk categories. In addition, information related to the management of any identified minimal risks and impacts may be required. Information on national and local policies including obligations under international agreements directly applicable to the proposed activities will also be required. These information shall be described in the relevant sections of the funding proposal and will include the following information: (1) ESAP or management plan that considers the environmental and social risks identified during the screening, the risk significance, and measures to manage and address the identified risks⁶; (2) information on policy or regulatory requirements applicable to the proposed activities; (3) summary of consultation events (place and dates), identifying who were consulted and relevant issues raised, and how were the issues responded and integrated in the proposal; (4) stakeholder engagement plan describing how the activities will ensure continuing participation of stakeholders throughout the duration of the activities; (5) grievance redress mechanisms that include a project-level and the accredited entity's institutional-level mechanisms, describing the principles and processes for receiving, addressing, and tracking complaints of affected or potentially affected people and communities.

Operational changes

23. The accredited entities shall notify the GCF when there are material changes in the activity design and execution, policy, and regulatory setting, receiving environment and community, unanticipated environmental risks and impacts, or other circumstances that can elevate or potentially elevate the risk category and require additional or adjustments in the mitigation measures of GCF-financed activities. The GCF will require and ensure that the accredited entities undertake due diligence processes appropriate to the new risk level of the activities and revise the ESAP to include management actions that will be needed to meet the requirements of their environmental and social safeguards, in a manner consistent with the ESS standards of the GCF.

⁵ The GCF adopted the IFC Performance Standards on Environmental and Social Sustainability as its interim environmental and social standards. Further details on the IFC Performance Standards can be accessed at http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards

⁶ Refer to Annex 2

Annex 1: Guidance on Part A ESS Screening

Exclusion criteria	YES	NO
<p>Will the activities involve associated facilities or generate cumulative impacts that would require further detailed due diligence and management planning?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Associated facilities are facilities that are not funded as part of the project, and that would not have been constructed or expanded if the project did not exist and without which the project would not be viable. Cumulative impacts result from incremental impacts on areas or resources used or directly impacted by the project, from other existing, planned or reasonably defined developments at the time the risks and impacts identification process is conducted. Cumulative impacts are limited to valued qualities by the affected communities. This question prompts the accredited entity to identify any potential associated facilities and cumulative impacts. Presence of associated facilities or potential cumulative impacts may elevate the environmental and social risks of the project and would require further assessments and management planning. Examples of associated facilities include roads, captive power plants or transmission lines, pipelines, utilities, warehouses, etc. Examples of cumulative impacts include reduction of water flows in a watershed due to multiple withdrawals, increases in sedimentation; interference with migratory routes or wildlife movement; or more traffic congestion and accidents due to increases in vehicular traffic on community roadways.</p>		
<p>Will the activities involve transboundary impacts including those that would require further due diligence and notification to affected states?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>This question identifies activities that may have impacts outside its defined area and manifested in other neighboring countries. These are activities that are typically undertaken within a region, for example, within international waters or river basin that is shared between neighboring countries. Where such shared resources are under a joint management scheme with neighboring countries, notification and other due diligence requirements will need to be considered.</p>		
<p>Will the activities adversely affect working conditions and health and safety of workers or potentially employ vulnerable categories of workers including women and children?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>This question leads the accredited entity to identify activities that may potentially generate risks to the health and safety of workers involved in the activity and on the employment of vulnerable population including children. Where such activities may potentially generate these risks, further assessment will need to be undertaken including putting in place plans to manage working conditions.</p>		
<p>Will the activities potentially generate hazardous waste and pollutants including pesticides and contaminate lands that would require further studies on management, minimization and control and compliance to the country and applicable international environmental quality standards?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>This question prompts the accredited entity to identify any activities that may generate hazardous waste, emissions to air and effluents that would adversely impair the quality of the receiving environment and adversely affect the health and well-being of the affected communities. Where such activities are present, the accredited entities will undertake further assessments including putting in place measures to avoid and minimize waste and pollutants, restore any contamination and bring the quality of receiving environment to within permissible standards. Examples of activities include thermal energy generation, replacement of equipment that may contain hazardous substances, agricultural intensification using agrochemicals, among others.</p>		
<p>Will the activities involve the construction, maintenance, and rehabilitation of critical infrastructure (like dams, water impoundments, coastal and river bank infrastructure) that would require further technical assessment and safety studies?</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>This question identifies any infrastructure that may be constructed, rehabilitated or expanded through the activity that has the potential to pose hazards to the environment and the communities residing in the activity area. Activities supporting such infrastructure will elevate the environmental and social risks of the project and further assessment of the hazard and appropriate risk management programme may be needed. Further assessment may include safety assessment and audits, geohazard assessments, structural integrity checks, among others. Risk management programmes can include community emergency preparedness and response and specific measures to manage emergency scenarios such as flooding, fire, and others. An answer of “yes” to this question would indicate that more detailed hazard assessments and emergency and risk management planning will need to be undertaken. Examples of such activities would be those that</p>		

support hydropower plants, water impounding and irrigation reservoir, and coastal and river bank protective infrastructure.		
Will the proposed activities potentially involve resettlement and dispossession, land acquisition, and economic displacement of persons and communities?	<input type="checkbox"/>	<input type="checkbox"/>
This question identifies whether the implementation of the activities will generate risks of displacement of individuals or communities (whether temporary or permanent) from the areas they are occupying. This will also include risks related to restrictions on access to natural resources that the communities depend on for livelihood such as water, forest and other natural products, other sources of raw materials, etc. There are activities that would require the acquisition of land through involuntary manner leading to risks of dispossession and relocation. Changes in tenure regime and land rights may also generate risks of physical and economic displacement. This type of activities will require careful assessments of the prevailing community conditions and the likely impacts, census of affected households, and considerations on valuation, compensation, consultations, resettlement, and post-resettlement activities. Management plans and frameworks will also have to be prepared such as land acquisition, resettlement plans, and livelihood restoration. An answer of “yes” to this question would indicate that more detailed assessments and management planning will need to be undertaken. Examples of activities that may potentially generate such risks include infrastructure construction or expansion requiring lands that are occupied by people and establishment of protection zones or parks that would restrict access of people to their resources.		
Will the activities be located in protected areas and areas of ecological significance including critical habitats, key biodiversity areas, and internationally recognized conservation sites?	<input type="checkbox"/>	<input type="checkbox"/>
This question identifies risks to biodiversity and natural resources as attributes of the activities and its location. In responding to this question, the accredited entity will need to understand the location of the activities including its vicinity and where important areas for biodiversity conservation, natural and modified habitats, and critical habitats may be adversely affected. Where the area of influence of the activities involve such locations, further assessment and risk management planning will need to be conducted.		
Will the activities affect indigenous peoples that would require further due diligence, free, prior and informed consent (FPIC) and development of inclusion and development plans?	<input type="checkbox"/>	<input type="checkbox"/>
This question identifies impacts of the activities of indigenous peoples and communities. Where such activities are considered to have potential impacts on the indigenous peoples, further detailed assessment will need to be undertaken including development and inclusion plans. The process for informed consultation and participation will have to be undertaken. The free, prior and informed consent and the process for obtaining such consent will also need to be provided.		
Will the activities be located in areas that are considered to have archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage?	<input type="checkbox"/>	<input type="checkbox"/>
The question prompts the accredited entity to identify cultural heritage including tangible and intangible cultural resources that may be potentially affected by the activities. Where there is the potential for such risks, a more detailed assessment will need to be undertaken including measures for avoiding and minimizing such risks and impacts.		

Annex 2: Environmental and social action plan

Summary of risks	Mitigation measures	Risk significance	Responsible party/person	Schedule	Expected results	Cost/Budget
<i>This contains the description of risks and can be derived from the responses to the screening questions in Part B2.</i>	<i>Options to avoid, reduce, mitigate risks and impacts. This may also indicate additional due diligence and specific management plans</i>	<i>This contains a description of the overall level of risk*</i>	<i>Individual person, unit, or entity tasked to carry out the mitigation measures</i>	<i>Timing of implementation of measures including any additional due diligence and management plans and may depend on the stage of implementation</i>	<i>Expected outputs of the measures</i>	<i>Estimated cost of carrying out the measures</i>

**Risk significance. The probability of occurrence is the likelihood for a risk to occur and can be characterized in terms of the degree to which it will happen (for example, the UNDP screening procedure uses “expected, highly likely, moderately likely, not likely, and slight”). The impact or magnitude of risks is the description of how severe the impacts would be if it were to occur (for example, “critical, severe, moderate, minor, and negligible”). A significance value of the risk (for example low, medium, high) can be obtained by combining the probability and impact values. The risk significance indicates the relationship between probability and severity or magnitude of impacts. The entities or organizations that will be implementing the proposed activities are best positioned to define the probability of occurrence and severity or magnitude of impacts.*

There is no single technique to determine the significance of risks nor will it apply in all situations. The entities and organizations that will be implementing the activities will need to determine which technique will work best for each situation. Determining risk significance would require an understanding of activities and locations, the urgency of situations, and objective judgment.