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GEF Council Meeting  
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Agenda Item 16

## **GEF Policy on Agency Minimum Standards on Environmental and Social Safeguards**

This document is a revision of Council document GEF/C.41/10, *GEF Policy on Agency Minimum Standards on Environmental and Social Safeguards*, which was posted on the GEF's website on October 10, 2011 for the Council's consideration at its 41<sup>st</sup> Meeting. This revised document incorporates the changes to document GEF/C.41/10 which were presented to the Council in documents GEF/C.41/CRP.02 and GEF/C.41/CRP.05. It also makes a few additional changes that were requested and agreed by the Council.

### **Council Decision as Adopted**

The Council, having reviewed document GEF/C.41/CRP.02 and GEF/C.41/CRP.05, *GEF Policy on Agency Minimum Standards on Environmental and Social Safeguards*, approved the Policy as included in Annex II, with amendments made by the Secretariat to reflect Council comments.

The Council also approved provisions contained in the paper regarding how the Policy should be applied to existing GEF Agencies and GEF Project Agencies.

The Council asks the Secretariat to reference this policy in relevant sections of the GEF Fiduciary Standards when they are updated in the future.

The Council requests the GEF Evaluation Office to assess the *Policy on Agency Minimum Standards on Environmental and Social Safeguards* in 2014 so that the Secretariat and Council may take its recommendations into account in revising the Policy. The Secretariat shall present a revised Policy for Council's consideration in 2015.

## Executive Summary

1. This document proposes the adoption of a *Policy on Agency Minimum Standards on Environmental and Social Safeguards* (referred to hereafter as “the Safeguards Policy” or “the Policy”). This policy is a revision of the *Provisional Policy on Environmental and Social Safeguard Standards* that was adopted by the Council at its Fortieth Meeting in May 2011, which set out minimum standards on environmental and social safeguards that all GEF Partner Agencies will be expected to meet. The GEF Secretariat revised the paper based on comments received from Council members, civil society organizations (CSOs), particularly from the GEF Non Governmental Organization (NGO) Network, and GEF Agencies.
2. The introductory note to the Policy describes the Policy’s purpose in the context of the GEF’s mandate to support recipient countries’ sustainable development efforts by providing incremental or additional financing to generate global environmental benefits or benefits related to climate change adaptation. While the GEF does not finance complex projects that pose significant environmental or social issues, there can be trade-offs between focal areas that need to be considered. The application of Agency-level safeguard policies is an important means to deal with such trade-offs, and the paper discusses how such policies minimize operational and reputational risks. The first goal of environmental and social safeguard systems is to avoid adverse impacts. If avoidance is not feasible, then all efforts should be made to minimize or mitigate negative impacts. The cover paper also discusses the relationship between the proposed policy and GEF policies already in place (e.g. the *Policy on Public Involvement in GEF Projects*) and describes the elements of the Policy and how the Policy will be implemented.
3. The text of the draft policy for Council approval is attached at Annex I. It includes: (1) a set of principles that will apply to GEF projects and (2) the eight minimum standards that all GEF Partner Agencies will be expected to meet in order to implement GEF projects. These Minimum Standards are as follows: (1) Environmental and Social Impact Assessment; (2) Natural Habitats; (3) Involuntary Resettlement; (4) Indigenous Peoples; (5) Pest Management; (6) Physical Cultural Resources; (7) Safety of Dams, and (8) Accountability and Grievance Systems. The paper also provides background on the GEF Secretariat- level Conflict Resolution System.
4. In order to be accredited as a GEF Project Agency, applicants will need to demonstrate to the GEF Accreditation Panel that they have policies and systems that comply with the criteria of all eight minimum standards. As such, the GEF Accreditation Panel will include an expert on environmental and social safeguards as well as gender mainstreaming.
5. The paper proposes that the Secretariat hire consultants with significant experience and knowledge of environmental and social safeguards and gender issues to assess whether the existing GEF Agencies meet the proposed minimum standards. GEF will apply the standards in an equitable manner to all GEF Partner Agencies. However, because the GEF’s minimum safeguard standards are derived from World Bank safeguard policies, and the World Bank already has a best-practice accountability system, the Secretariat recommends that the Council note that the Bank already meets the proposed minimum standards.

6. In the context of the review of the GEF Agencies, the GEF Council will have the ability to make a finding of “inapplicability” for Minimum Standards 3 through 7 if it is found that the Agency would not reasonably need to apply such a safeguard in the context of its GEF operations, as defined by the type of projects it will implement or execute, or its agreed comparative advantage. The Accreditation Panel would have the ability to make a similar finding for agencies that apply for accreditation as a GEF Project Agency, taking into account the types of projects they would be expected to implement according to its comparative advantage in the GEF network. The GEF Secretariat will not screen GEF Partner Agency<sup>1</sup> compliance with this policy on a project-by-project basis.

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<sup>1</sup> As noted in GEF Council Document GEF/39.8/2, *Accreditation Procedure for GEF Project Agencies*, the term GEF Partner Agency refers to one of the agencies eligible to request and receive GEF resources directly for the design, implementation, and supervision of GEF Projects. The term encompasses both the ten GEF Agencies and GEF Project Agencies accredited under paragraph 28 of the GEF Instrument.

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## Background

1. In May 2011, the Council approved a pilot to broaden the GEF Partnership, as proposed in Council Document GEF/C.40/09, *Broadening of the GEF Partnership under Paragraph 28 of the GEF Instrument*. Linked with this reform, the Council also approved a *Provisional Policy on Environmental and Social Safeguard Standards* and a *Policy on Gender Mainstreaming*, as contained in Council Document GEF/C.40/10/Rev.1, *GEF Policies on Environmental and Social Safeguard Standards and Gender Mainstreaming*.
2. In approving the *Provisional Policy on Environmental and Social Safeguard Standards* (hereafter referred to as the Provisional Safeguards Policy), “the Council requested that the policy be kept under review and that the Secretariat submit a revised policy at the November 2011 Council meeting, taking into account comments, including those from civil society, received no later than August 31, 2011.”<sup>2</sup> The Council approved the recommendation that the GEF Accreditation Panel assess whether agencies that apply for accreditation as GEF Project Agencies<sup>3</sup> (Applicants) have adopted adequate environmental and social safeguard policies and whether they are applying these policies to their projects. This recommendation was the result of the input of members of the GEF Council Subcommittee on broadening the GEF partnership (hereafter referred to as the Subcommittee).
3. During and subsequent to the May 2011 Council Meeting, CSOs, particularly the GEF NGO Network, and some Council Members proposed that several important changes be made to the Provisional Safeguards Policy, including the following:
  - (a) The subsequent Council Paper should more clearly explain how the GEF, through its policies, strategies, and operations is committed to providing sustainable development benefits;
  - (b) Strengthen provisions relating to preventing adverse impacts to indigenous peoples;
  - (c) Clarify what types of activities the GEF and its trust funds would not finance or support; and
  - (d) Provide clearer definitions relating to the proposed minimum safeguard standards.
4. The present Council Document and the draft Policy (attached at Annex II) propose improvements to address these concerns and to clarify other issues.

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<sup>2</sup> *Joint Summary of the Chairs*, 40<sup>th</sup> Council Meeting, May 24-26, 2011; Paragraph 31.

<sup>3</sup> Council document, GEF/C.39/8/Rev.2 defines a “GEF Project Agency” is an agency that has been accredited (under Paragraph 28 of the GEF Instrument) to receive GEF resources directly to implement and execute GEF-financed projects, apart from the existing ten GEF Agencies.

## **Mandate of the GEF and Purpose of the Proposed Policy**

5. Since its inception, the GEF's mission has been to support the sustainable development of its recipient countries by providing new and additional financing to meet the agreed incremental costs of measures taken to protect the global environment. With the GEF's climate change focal area, the GEF's provision of financing to help countries adapt to the negative impacts of climate change (provided through the GEF-managed Least Developed Countries Fund [LDCF] and Special Climate Change Fund [SCCF]) has further strengthened the GEF's contribution to sustainable development.<sup>4</sup> As such, GEF financing provides important global environmental and climate change adaptation benefits that are that are incremental or additional to baseline activities that are undertaken at the national and regional level and are supported by co-financing provided by GEF Partner Agencies and other partners.

6. The GEF only provides financing for efforts that benefit the global environment or support climate change adaptation efforts. The GEF generally does not finance large, complex infrastructure projects that pose significant environmental and social issues. There is little evidence that GEF financing has led or will lead to adverse environmental or social impacts. Nevertheless, there are still some trade-offs that GEF projects face in terms of competing environmental objectives and in terms of balancing environmental and socioeconomic objectives. For instance, the siting of solar and wind energy generation facilities must often consider how to avoid, minimize, or mitigate potential impacts on both human settlements, natural habitats, and other impacts on biodiversity. GEF protected area projects must also consider both positive and negative effects on the livelihoods of local peoples, including Indigenous Peoples.

7. In this regard, the GEF has followed a principle, integral to sustainable development, that GEF-financed operations seeking to achieve benefits in one area should avoid adverse environmental or socioeconomic impacts in other areas. If avoidance is not feasible, then all efforts should be made to minimize, mitigate, or offset, as appropriate, potentially adverse impacts. Many of the GEF Agencies – particularly the World Bank and the regional development banks – have relied on systems of environmental and social safeguards to help them balance these competing objectives. The GEF has benefitted from the application of these policies, both in terms of enhanced quality of the projects that it supports and in terms of the minimization of operational and reputational risks.

8. As the GEF partnership expands to include new agencies (e.g. GEF Project Agencies), some Council Members have underscored the importance that all GEF Partner Agencies be required to demonstrate that they have adequate agency-level safeguard systems<sup>5</sup> to ensure that they avoid, minimize, or mitigate potentially adverse environmental or social impacts that could arise from GEF-supported projects. The Council agreed to this proposition in approving the pilot on broadening the GEF partnership and the Provisional Safeguard Policy. It should be borne in mind, however, that there are both costs and benefits entailed. While the GEF may benefit from

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<sup>4</sup> The GEF's climate adaptation mission is particularly relevant since Principle 2 of the Rio Declaration on Environment and Development states that "the right to development must be fulfilled so as to equitably meet developmental and environmental needs of present and future generations".

<sup>5</sup> See Annex I for definition.

improved project quality and the minimization of operational and reputational risks,<sup>6</sup> and the assurance that it will only work with agencies with a strong dedication to sustainable development, the application of safeguard policies to projects generally adds time and cost to the project development and appraisal processes.

9. The GEF Policy on Fiduciary Standards sets forth the minimum requirements that GEF Partner Agencies must meet to implement GEF projects. They will serve as a key benchmark for the accreditation of GEF Project Agencies. While the Policy on Fiduciary Standards requires that GEF Partner Agencies' project appraisal processes include environmental and social safeguard measures, it does not set clear minimum standards in this area that can be used as a basis for making decisions on accreditation.

10. The primary purpose of this policy, therefore, is to establish the minimum standards on environmental and social safeguard systems that all GEF Partner Agencies shall be expected to meet in order to implement GEF-financed projects. These minimum standards are proposed in the draft policy attached at Annex II.

### **Sustainable Development Benefits from GEF Operations**

11. It must be emphasized at the outset that the purpose of the proposed policy is clearly distinct from questions relating to the benefits, both environmental and socioeconomic, that GEF projects aim to achieve through its financing of sustainable development efforts. This latter issue relates to the GEF's goals and objectives, which are established in the *GEF Instrument* and the GEF's focal area strategies, which are revised every four years as part of the GEF's replenishments of resources,<sup>7</sup> and other GEF policies, such as the *Policy on Gender Mainstreaming*.

12. The GEF was established as a financial mechanism to provide resources to developing countries and countries with economies in transition to assist them in protecting and benefiting the global environment. Through its management of the LDCF and the SCCF, the GEF also provides resources to assist countries to adapt to the negative impacts of climate change, including variability. Through the Nagoya Protocol Implementation Fund (NPIF), the GEF will also provide assistance to countries to enhance the fair and equitable access to and sharing of benefits arising from the use of genetic resources. The provision of such benefits – in other words “doing good” – is firmly established at the core of the GEF's mission.

13. It should also be noted that GEF activities are incremental and build on baseline projects and activities, usually those aimed at assisting the sustainable economic development of recipient countries. In this way, the totality of GEF-supported projects, including baseline activities supported with co-financing, provide important socioeconomic benefits as well as global environmental and climate change adaptation benefits. Following on the findings from two

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<sup>6</sup> Such risks can arise from GEF-financed project components as well as baseline project components supported by others.

<sup>7</sup> The Focal Area Strategies for the GEF Trust Fund for the fifth replenishment (GEF-5) period can be found at: <https://www.thegef.org/publications/gef-5-focal-area-strategies>. The GEF's *Strategy for Adaptation to Climate Change for the LDCF and SCCF* during the GEF-5 period can be found at: <https://www.thegef.org/publications/gef-programming-strategy-adaptation-climate-change-least-developed-countries-fund>.

studies conducted by the independent GEF Evaluation Office since 2006,<sup>8</sup> the GEF is working to strengthen the linkages between local socioeconomic benefits and global environmental benefits in the design of GEF-supported projects. The GEF Secretariat is developing a guidance document to encourage the inclusion of local socioeconomic benefits in project design and facilitate the measurement of such benefits and their contribution to the achievement of global environmental benefits. As part of this, the Secretariat is developing results indicators for inclusion in focal area and project results frameworks.<sup>9</sup>

### **Relationship with Other GEF Policies**

14. There are important linkages between this policy and other policies that relate to the GEF's sustainable development objectives. The *Policy on Public Involvement in GEF Projects*, adopted in 1996, is critical to the GEF's approach to maximize the benefits of its projects as well as to avoid, minimize, or mitigate any potential adverse impacts. This policy, by requiring effective public involvement in the design and implementation of GEF projects, enhances the environmental, social and financial sustainability of projects. It applies to all GEF focal area programs and projects and spells out the rationale, terms, and principles for public involvement. It is attached as Annex III. All GEF Partners agencies are required to follow this policy.

15. The Policy was adopted 15 years ago but remains very relevant as the network expands to include new implementing partners (e.g. GEF Project Agencies). The GEF Secretariat will be consulting with the GEF NGO Network, the GEF Agencies, and others, as relevant, to determine whether the policy requires updating. If the Secretariat believes an update is necessary, it will take this recommendation to the GEF Council. The Secretariat will also consult with the GEF Accreditation Panel to determine whether additional guidelines are needed to assess the capacity of GEF Project Agency Applicants to implement the *Policy on Public Involvement in GEF Projects* as presently written.

16. In May 2011, the Council adopted a Policy on Gender Mainstreaming that commits the GEF and its Agencies to ensuring the equal treatment of men and women in its operations. It requires that each GEF Partner Agencies have adopted either a policy, strategy, or action plan, or their equivalent, that meet certain minimum requirements. The GEF Accreditation Panel will assess whether applicants for accreditation meet this policy.<sup>10</sup>

### **Overview of Proposed Policy**

17. The proposed policy (attached as Annex II) includes three main elements: policies that will apply to GEF-financed operations, an explanation of the role of the GEF Conflict Resolution Commissioner, and the minimum standards that GEF Partner Agencies would be required to meet. This section explains and provides background on each of these elements.

18. The proposed policy attempts to set forth a balanced and pragmatic approach to ensuring that GEF Partner Agencies meet minimum standards. The development and application of

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<sup>8</sup> See the 2006 *The Role of Local Benefits in Global Environmental Programs*, and 2010 *The Fourth Overall Performance Study of the GEF* (pp 149 – 150).

<sup>9</sup> See Council Document C.39/6, *Results-based Management and Knowledge Management Work Plan for GEF-5*, page 11.

<sup>10</sup> As decided by the GEF Council in May 2011, the Secretariat will have consultants assess whether all of the existing ten GEF Agencies meet the requirements of this policy.

safeguard systems is a complex undertaking, and the GEF policy will impose costs on Agencies, particularly for those GEF Agencies that will need to develop or upgrade their environmental and social safeguard systems to meet the standards. The application of safeguards to projects will also impose time and other costs for project development.

19. Bearing this in mind, the GEF has sought to take as pragmatic an approach to the proposal in this paper as possible. It seeks to rely on systems at the agency level and not duplicate them at the level of the GEF Secretariat. It recognizes that there is currently a significant diversity among GEF Agencies in terms of the types of projects they implement and the sectors in which they operate. As such, caution is needed to avoid a one-size-fits-all approach that would require some Agencies to adopt policies they will never need to apply. This must, however, be balanced against the need to implement the Policy in a fair and transparent manner.

#### *Key Principles for GEF Operations*

20. The first section of the Policy outlines general policies that shall apply throughout the GEF network of agencies. It includes a list of activities and types of projects that the GEF will not support, which reflects current practice regarding the use of GEF resources. For instance, the GEF has not financed and will not finance large and complex dams and will not finance the cost of the involuntary physical relocation or displacement of people. As the GEF's mission is to protect global biodiversity and enhance the provision of ecosystem services, it goes without saying that the GEF will clearly avoid activities that degrade or convert natural habitats. The policy states this explicitly to clarify misperceptions that had arising with regard to the Minimum Standard 2 (Protection of Natural Habitats), which sets a standard that GEF Partner Agencies will need to meet in terms of their agency-wide systems.

21. The GEF recognizes that Indigenous Peoples are important partners in its mission to conserve global biodiversity and also that the identities and cultures of Indigenous Peoples are inextricably linked to the lands on which they live and the natural resources on which they depend. Indigenous Peoples are important partners for many GEF projects, particularly those in the natural resource focal area. The GEF Secretariat has begun consultations with Indigenous Peoples' representatives and the GEF NGO Network to prepare an issues paper, including options for enhancing the engagement and participation of Indigenous Peoples with the GEF and in its operations.

22. Several Council Members, the GEF NGO Network and various civil society organizations have asked that the GEF clarify its relationship with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) and the Convention 169, the Indigenous and Tribal Peoples Convention of the International Labour Organization (ILO). UNDRIP is a declaration adopted by the United Nations General Assembly in 2007. ILO Convention 169 is a convention ratified by approximately 22 states.

23. Both ILO Convention 169 and UNDRIP are significant in that, among other things, they address the participation of Indigenous Peoples in matters that affect them. ILO 169 refers to “free and informed consent”. UNDRIP refers, among other things, to “free, prior and informed consent (FPIC).” FPIC is not only applicable in state signatories to ILO 169, but also where it is required by domestic legislation or other applicable international obligations. The proposed GEF policy clarifies that the GEF adopts a standard of free, prior and informed consent for GEF-financed projects for which FPIC is required by virtue of the relevant state’s ratification of ILO Convention 169. The policy also states that there is no universally accepted definition of FPIC. For such projects, GEF Partner Agencies will ensure that project executors document (i) the mutually accepted consultation process between the project proponent and affected indigenous communities and (ii) evidence of agreement between the parties as the outcome of the consultations. FPIC does not necessarily require unanimity and may be achieved even when individuals or groups within the community explicitly disagree.

24. The policy clarifies that for all other projects, GEF Partner Agencies will rely on their systems for consultation with Indigenous Peoples and will ensure that such consultations result in broad community support for the GEF-financed operation being proposed.

#### *Accountability, Grievances, and Conflict Resolution*

25. The paper has been amended to include a minimum standard with regard to accountability and grievance systems (see Minimum Standard 8). This new minimum standard does two things: First, it requires that each Partner Agency has systems or measures to ensure accountability, including determination of whether Agencies are complying with their own policies. Second, it requires Partner Agencies to have systems for receiving and responding to complaints, which are sometimes referred to as grievance or ombudsman functions.

26. Neither type of system at the Agency level is intended to substitute for country-level systems. Indeed, it is generally seen as best practice for project potentially affected persons to bring complaints to local or country-level grievance and dispute resolution systems. This not only enhances local and country-ownership and governance, but it also reflects the fact the local and country-level authorities often have better information and understanding relating to the causes of disputes that can arise from project implementation. If resolution of complaints is not possible at the local or country level, then it is appropriate to bring forward complaints to the Agency level.

27. In 2007, the GEF CEO put in place a Conflict Resolution Commissioner to respond, in a systematic manner, to complaints brought forward to the Secretariat. The Commissioner works directly with the complainant, GEF Partner Agencies, and the GEF Participant Country to help address complaints, resolve disputes, and address other issues of importance to GEF operations. The Commissioner’s contact and procedures are listed on the GEF website. Further information about this function is attached in Annex III.

28. The GEF Corporate-results Framework for GEF 5 requires the GEF to track conflicts and complaints, brought to the GEF CEO, with an objective of timely resolution of such complaints.

The draft policy would require all GEF Partner Agencies to report annually, as part of their submissions for the Annual Monitoring Review (AMR), on cases that have been reported to their respective accountability and grievance systems and how they have been addressed. The Secretariat will report to the Council on these issues through the AMR.

### *Minimum Environmental and Social Safeguard Standards*

29. The minimum standards that GEF Partner Agencies shall be required to meet are grouped into the eight areas listed below.<sup>11</sup> Their purpose is to serve as a benchmark to ensure that all GEF Partner Agencies have adopted sufficient safeguard systems for avoidance, minimization, and mitigation of potentially adverse environmental or social impacts in the context of any GEF-supported projects.

1. Environmental and Social Impact Assessment;
2. Natural Habitats;
3. Involuntary Resettlement;
4. Indigenous Peoples;
5. Pest Management;
6. Physical Cultural Resources;
7. Safety of Dams; and
8. Accountability and Grievance Systems.

### *Revision of the Policy*

30. There is considerable work underway, in a number of international fora on environmental and social safeguards. The United Nations Environment Management Group has been discussing a common, UN-wide approach to safeguards. The World Bank is undertaking a revision of its environmental and social safeguard policies. It will be important for the GEF to update its safeguards policy as international practice on this issue continues to evolve. Accordingly, the GEF will review and revise this Policy, as necessary, no later than 2015. The draft Council decision asks the GEF Evaluation Office (EO) to review the Policy and its implementation so that the GEF Secretariat and Council can take the EO's recommendations into account in revising it.

### **Implementation of the Policy**

31. In November 2011, the Council decided that any new GEF policies applied to GEF Project Agencies should be applied to the existing GEF Agencies,<sup>12</sup> as appropriate, in order to maintain a level playing field. Therefore, the present policy will apply to all GEF Partner

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<sup>11</sup> Minimum standards are proposed in these areas because discussions with safeguard experts have emphasized the need to follow best practices. In general, World Bank safeguard policies are seen as best practice.

<sup>12</sup> As noted in document GEF/C.39/8/Rev.2, the term GEF Agency refers to the 10 institutions that were entitled to receive GEF Trust Fund resources directly as of November 2010. It includes (a) the GEF's three Implementing Agencies, as identified in the GEF Instrument: the United Nations Development Programme, the United Nations Environment Programme, and the World Bank; enshrined in and as such pursuant to the GEF Instrument; and (b) the seven agencies previously granted access to GEF resources under Paragraph 28: the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Food and Agriculture Organization of the United Nations, the Inter-American Development Bank, the International Fund for Agricultural Development, and the United Nations Industrial Development Organization.

Agencies.<sup>13</sup> As described below, the GEF Secretariat, through hired consultants, and the GEF Accreditation Panel will play important roles in assessing Agencies' capabilities to meet the standards in the proposed policy.

32. When GEF Partner Agencies are assessed for their compliance with the proposed minimum standards, it will be important to take into account each Partner Agency's agreed or proposed comparative advantage. In June 2007, the Council agreed to a policy that categorized and described the comparative advantages of the GEF agencies and requested that the Agencies focus their involvement in GEF projects within their respective comparative advantages.<sup>14</sup> The description of the Agencies' comparative advantages focused on their ability to develop and manage the different types of projects with a GEF portfolio and sought to establish a clear division of labor among the Agencies. Under the GEF's approach, the assessment of each Agency's comparative advantage is made based on its institutional role and core functions, as described in its official mandate, mission statement, and policies; the Agencies actual capacity, expertise, and experience, as reflected in its business plan and project portfolio; the Agency's ability to ensure delivery and management of projects through field presence or well-established contact networks at the national regional level; and the Agency's overall performance in implementing projects.

33. Comparative advantage in the GEF is defined according to both the type of intervention (i.e. investment related interventions, capacity building and technical assistance, and technical and scientific analysis) and according to the focal area of intervention (e.g. climate change, biodiversity, etc.). The GEF's 2007 Policy on Comparative Advantage also noted that it is critical to take into account "agencies' capacity to manage different types of projects," which relies not only on the Agencies' portfolio of GEF projects but also on the expertise and experience derived from preparing and implementing projects outside of the GEF. The GEF policy notes "the existence of environmental and social safeguard procedures is an important aspect, especially for investment projects. Some of the agencies have fully developed safeguard policies that are accessible to the public while others have indicated that they have internal procedures or that they are in the process of developing explicit policies."<sup>15</sup>

34. The multilateral development banks that serve as GEF Agencies have in place policies on environmental and social safeguards. Recently, Agencies within the UN System have been engaged in discussions concerning the harmonization of environmental and social safeguard standards. Simultaneously, the international community has embraced efforts to strengthen recipient country institutions and systems. In this area, the World Bank (WB) and the Asian Development Bank (ADB) have established policies for the use of country systems in the application of environmental and social safeguard standards, which use principles-based approaches to assess the equivalency and acceptability of country systems in this area. The WB's Forest Carbon Partnership Facility Readiness Fund has also established A Common Approach to Environmental and Social Safeguards for Multiple Delivery Partners, which provides the World Bank and other FCPF Delivery Partners with a common platform for risk

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<sup>13</sup> As noted in Document GEF/C.39/8/Rev.2, the GEF will refer to the collectivity of GEF Agencies and GEF Project Agencies collectively as "GEF Partner Agencies."

<sup>14</sup> See document GEF/C.31/5, Comparative Advantages of the GEF Agencies, May 2007.

<sup>15</sup> GEF/C.31/5 Comparative Advantages of the GEF Agencies, paragraph 18.

management and quality assurance in the preparation of REDD+ readiness programs, using the safeguard policies of the World Bank as a minimum standard.

35. It will be up to each GEF Partner Agency to apply its system of safeguards to the projects that it implements, irrespective of how the projects are executed. The GEF Secretariat will not conduct a project-by-project review of the application of the minimum safeguard standards. These minimum standards are not intended to affect, and should not be construed as affecting, Agencies' policies in cases where they are more stringent than the GEF's minimum standards. If the environmental and social safeguard policies and procedures of a GEF Partner Agency are more stringent and/or protective than those required by the GEF minimum standards, the Partner Agency shall apply its policies and procedures to GEF Projects.

#### *Compliance with Minimum Safeguard Standards*

36. The GEF Instrument requires all GEF Partner Agencies to be accountable to the Council for their GEF-financed activities, including the preparation and cost-effectiveness of GEF projects, and for the implementation of the operational policies, strategies, and decisions of the Council.<sup>16</sup> This includes Council-determined policies and strategies in response to guidance received from the conventions for which the GEF serves as a financial mechanism.

37. The GEF Partner Agencies will need to document that they have policies and systems that comply with all eight minimum safeguard standards. No exceptions for safeguard standards 1 (Environmental and Social Impact Assessment), 2 (Natural Habitats), and 8 (Accountability and Complaint) will be allowed. The rationale for making Safeguard 1 compulsory for all GEF Partner Agencies is that Environmental and Social Impact Assessment is the umbrella policy framework within which application of the other safeguard standards occurs. The reason for requiring compliance with Safeguard 2 in all cases is that it is in keeping with the GEF's long-standing policy that GEF projects in one focal area do not cause harm in another focal area. In this case, GEF projects in other focal areas should not harm natural habitats, which are critical to the preservation of biodiversity and ecosystem function.

38. The GEF Agencies will be allowed to develop time-bound action plans for coming into compliance with the eight minimum standards deemed applicable for their operations, during which time they will continue to be eligible to put forward project proposals. Full compliance shall be expected by end-2014. Project Agencies will need to meet all standards that the Accreditation Panel deems applicable to them in order to be accredited.

39. There are considerable differences among the Agencies in terms of their comparative advantages, and this diversity will expand after the GEF begins accrediting GEF Project Agencies. Not all agencies will implement projects that could be expected to require the application of each and every one of the five safeguard standards 3 through 7. For example, some GEF Partner Agencies do not implement projects in focal areas where the application of a safeguard on pest management is needed. Some do not finance any aspects related to dams, and some are not allowed to support the resettlement of people. It will be necessary, therefore, to apply these standards in a reasonable manner.

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<sup>16</sup> Paragraph 22 of the *GEF Instrument*.

40. If a GEF Partner Agency can demonstrate that a particular safeguard standard would not apply to it because its area of work simply would never cause the safeguard to be applied, then the GEF can decide that the safeguard is “inapplicable” to that Agency. Findings of “inapplicability” may be allowed for safeguard standards 3 (Involuntary Resettlement), 4 (Indigenous Peoples), 5 (Pest Management), 6 (Physical Cultural Resources and), and 7 (Safety of Dams), taking into account guidance on applicability listed under each standard. The GEF Council would have the ability to make a determination concerning the “inapplicability” for one of the existing GEF Agencies. The GEF Accreditation Panel would have the ability to do so for the new GEF Project Agencies. This would be coupled with an understanding that the Agency would not expand its areas of work in ways that would require such safeguards to be applied.

41. For those Agencies that are assessed as meeting all eight of the proposed GEF minimum standards, this policy will not result in any restrictions on the scope of projects that they will be able to implement.<sup>17</sup> Because the GEF safeguard standards are derived from a version of the WB's safeguard standards it is understood that the World Bank already meets the standards. For this reason, the GEF will not assess the World Bank according to the minimum standards in this policy.

42. There will be no GEF Secretariat level screening of the implementation of safeguards on a project-by-project basis, as this would inappropriately place the GEF Secretariat in a matter that is under the jurisdiction of the GEF Agencies. Moreover, it would needlessly complicate and delay the GEF Secretariat project review process. Since the GEF Secretariat does not have sufficient experience in this regard, it would also be costly and inefficient to build such capacity.

43. At its 39th Meeting in November 2010, through Council Paper GEF/C.39/8/Rev.2, *Accreditation Procedure for GEF Project Agencies*, the Council decided that accredited GEF Project Agencies would go through a review of their accreditation every five years after successful completion of their first accreditation. The Council also decided that it reserved the “right to suspend accreditation of any GEF Partner Agency because of internal or external events that effectively reduce the competencies of the GEF Partner Agency, including those established during the accreditation process.”<sup>18</sup>

#### *Assessment of GEF Project Agencies*

44. At its November 2010 and May 2011 Meetings, the GEF Council approved the policy and procedures for a pilot to expand the GEF Partnership.<sup>19</sup> Under the terms of the pilot, the GEF will accredit up to ten new GEF Project Agencies during GEF-5, and priority shall be given to accreditation of national institutions. Specifically, the GEF will aim for at least five of the new GEF Project Agencies to be national institutions.

45. All applicants will need to complete the same accreditation procedure to be accredited as a GEF Project Agencies, consisting of the three following stages:

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<sup>17</sup> Other GEF policies, such as the policy on comparative advantage, might, however limit the scope of projects that an agency can implement.

<sup>18</sup> GEF/C.39/8/Rev.2, *Accreditation Procedure for GEF Project Agencies*, page 9

<sup>19</sup> Please refer to Council Document GEF/C.40/09, Broadening the GEF Partnership under Paragraph 28 of the GEF Instrument, and Council Document GEF/C.39/8/Rev.2, Accreditation Procedure for GEF Project Agencies.

- Stage 1:** Submission of Stage 1 Application, Value-added Review, and Council approval;
- Stage 2:** Submission of Stage 2 Application and Accreditation Panel Review; and
- Stage 3:** Conclusion of Memorandum of Understanding and Financial Procedures Agreement.

46. During Stage 2, the GEF Accreditation Panel will assess each applicant to determine that each applicant meets all the GEF Fiduciary Standards, GEF Environmental and Social Safeguard Standards, criteria on gender mainstreaming<sup>20</sup> and other applicable policies as decided by the Council. The Accreditation Panel will consist of three members, one of whom will have extensive expertise concerning environmental and social safeguards and gender mainstreaming policies and their application. The GEF Accreditation Panel will assess whether each applicant has the policies and systems in place to ensure that the applicant is able to meet the minimum safeguard standards.

47. If the GEF Accreditation Panel determines that an applicant can effectively apply the criteria to its projects for a given safeguard standard, it will be assessed as complying with that standard. An applicant will need to demonstrate that it can effectively apply the criteria to its projects for Safeguard Standards 1 (Environmental and Social Impact Assessment), 2 (Natural Habitats), and 8 (Accountability and Grievance Systems) to be accredited as a GEF Project Agency, without exception. As stated in paragraphs 37 and 40 above, the GEF Accreditation Panel will also require that applicants comply with the Minimum Safeguard Standards 3 through 7 to be accredited, unless the Panel finds that one or more of these minimum standards are inapplicable to the Agency given the types of projects it normally implements and its expected comparative advantage within the GEF. This can only be done in accordance with the guidance for granting such exceptions listed under each Standard.

48. If a GEF Project Agency does not meet one or more required minimum standards, the Accreditation Panel may grant the Applicant a one-year grace period, during which it will be expected to come into full compliance with the required minimum standards. The Applicant would then submit evidence of its compliance to the Accreditation Panel for a further assessment.

#### *Assessment of the Existing GEF Agencies*

49. The Secretariat will need to hire consultants with significant expertise in the area of environmental and social safeguard standards to assess whether each of the existing GEF Agencies complies with the minimum standards. These consultants will also assess compliance with the Policy on Gender Mainstreaming. The assessment will be implemented in a transparent manner. Terms of References of these consultancies and the assessment process in general will be discussed with the GEF Agencies. The consultants will consolidate the results of this assessment in a report to the Secretariat, which will clearly indicate those areas in which the Agency meets the relevant criteria (e.g. on the different safeguards and the gender mainstreaming policy) and where the Agency does not. The Secretariat shall convey this report to the Council together with a Council paper containing recommendations for Council decision.

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<sup>20</sup> As defined in the GEF's Policy on Gender Mainstreaming

50. In cases where an Agency does not meet a safeguard standard, the GEF Agency will develop a time-bound action plan for coming into compliance with the relevant standard and provide it to the consultants, who will convey it to the Secretariat. This process will follow a participatory process between the consultants and the GEF Agency. Agencies will continue to be able to seek GEF financing while they are implementing their time-bound action plans. After consulting with the GEF Agency and the consultants, and consistent with paragraphs 37 through 40 above, the GEF Secretariat may recommend to the Council that certain minimum safeguard standards (Minimum Standards 3, 4, 5, 6, and 7) be found inapplicable to particular Agencies given the types of projects they normally finance and their agreed comparative advantage within the GEF. It will be expected that the GEF Agencies will come into full compliance with the Minimum Standards deemed applicable to them by end-2014. The GEF Secretariat and Agencies will collaborate so that the report, associated recommendations, and time-bound action plans can be presented to the Council at its November 2012 meeting.

51. As noted above, the World Bank will not be assessed according to the minimum standards in this Policy. The GEF will apply the Policy in an equitable manner in which GEF Partner Agencies are treated fairly.

## Annex I: Terms and Definitions

1. **Accreditation Panel:** The panel to be constituted by the GEF that will review Stage 2 Applications for accreditation of GEF Project Agencies.
2. **Accreditation Panel Review:** A criteria-based review to be performed by the Accreditation Panel, which will include the assessment of project performance capacity, agencies' governance framework, environmental and social safeguards, and other issues as determined by Council.
3. **Agency Systems/ Agency Safeguard Systems:** When used in this policy, “Agency Systems” or “Safeguard Systems” shall mean a GEF Partner Agency’s legal and institutional framework, including all applicable policies, regulations, rules and procedures. For National Institutions accredited as GEF Project Agencies, it shall include country’s applicable national, sub-national or sectoral laws, policies, regulations, rules, and procedures.
4. **Applicant:** An entity that requests or seeks accreditation as a GEF Project Agency.
5. **Complainant:** A potentially project-affected party that brings a complaint about a GEF-financed project forward, either to a local or country-level dispute resolution system, a GEF Partner Agency, or the GEF Resolution Commissioner.
6. **Critical natural habitats<sup>21</sup> are:** (i) existing protected areas and areas officially proposed by governments as protected areas (e.g., reserves that meet the criteria of the World Conservation Union [IUCN] classifications<sup>22</sup>), areas protected by Indigenous Peoples and traditional local communities, and sites that maintain conditions vital for the viability of these protected areas (as determined by the environmental assessment process); or (ii) sites identified on supplementary lists prepared by authoritative sources. Such sites may include areas recognized Indigenous Peoples and traditional local communities; areas with known high suitability for biodiversity conservation; and sites that are critical for rare, vulnerable, or endangered species.<sup>23</sup> Listings should be based on systematic evaluations of such factors as species richness; the degree of endemism, rarity, vulnerability of component species; representativeness; and integrity of ecosystem processes.
7. **Degradation** is modification of a critical or other natural habitat that substantially reduces the habitat's ability to maintain viable populations of its native species.

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<sup>21</sup> Biodiversity outside of natural habitats (such as within agricultural landscapes) is not covered under this policy. It is good practice to take such biodiversity into consideration in project design and implementation. .

<sup>22</sup> IUCN categories are as follows: I (a) Strict Nature Reserve/ (b) Wilderness Area: protected area managed for science or wilderness protection; II--National Park: protected area managed mainly for ecosystem protection and recreation; III--Natural Monument or feature: protected area managed mainly for conservation of specific natural features; IV--Habitat/Species Management Area: protected area managed mainly for conservation through management intervention; V--Protected Landscape/Seascape: protected area managed mainly for landscape/seascape conservation and recreation; and VI—Protected area with sustainable use of natural resources: protected area managed mainly for the sustainable use of natural ecosystems. Further information on IUCN’s management goal categories and classification of governance types maybe be found in Dudley, N. (Editor) (2008) *Guidelines for Applying Protected Area Management Categories*. Glad, Switzerland: IUCN.

<sup>23</sup> Rare, vulnerable, endangered, or similarly threatened, as indicated in the IUCN Red List of Threatened Animals, BirdLife World List of Threatened Birds, IUCN Red List of Threatened Plants, or other credible international or national lists..

8. **Environmental and Social Impact Assessment:** An Instrument to identify and assess the potential environmental and social impacts of a proposed project; evaluate alternatives; and design appropriate mitigation, management and monitoring measures.
9. **GEF Agency:** Any one of the 10 institutions that have direct access to the GEF Trust Fund resources as of November 2010. They include the following organizations: the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development, the Food and Agriculture Organization (FAO) of the United Nations (UN), the Inter-American Development Bank, the International Bank for Reconstruction and Development (IBRD), the International Fund for Agricultural Development (IFAD), the United Nations Development Program (UNDP), United Nations Environment Program (UNEP), and the United Nations Industrial Development Organization (UNIDO).
10. **GEF Partner Agency:** One of the agencies eligible to request and receive GEF resources directly for the design, implementation, and supervision of GEF Projects. This category includes both GEF Agencies and GEF Project Agencies. It does not include agencies designated by countries that request resources from the GEF Secretariat for the execution of activities under direct access modalities, including for Convention reports and National Portfolio Formulation Exercises.
11. **GEF Project Agency:** Any institution that the GEF has accredited to receive GEF resources on behalf of countries to implement GEF-financed projects under the provisions of paragraph 28 of the Instrument apart from the ten GEF Agencies.
12. **GEF-financed Project or Operation:** Any project or operation financed with resources from any GEF-managed trust fund, including the GEF Trust Fund, the Least Developed Countries Fund (LDCF), the Special Climate Change Fund (SCCF), and the Nagoya Protocol Implementation Fund (NPIF).
13. **Natural habitats:** are land and water areas where (i) the ecosystems' biological communities are formed largely by native plant and animal species, and (ii) human activity has not essentially modified the area's primary ecological functions. All natural habitats have important biological, social, economic, and existence value. Important natural habitats may occur in tropical humid, dry, and cloud forests; temperate and boreal forests; Mediterranean-type shrub lands; natural arid and semi-arid lands; mangrove swamps, coastal marshes, and other wetlands; estuaries; sea grass beds; coral reefs; freshwater lakes and rivers; alpine and sub alpine environments, including herb fields, grasslands, and paramos; and tropical and temperate grasslands.
14. **Stage 1 Application:** The initial application of Applicant submitted to the GEF Secretariat. It provides the information needed to perform the Value-added Review by the GEF Secretariat.
15. **Stage 2 Application:** The second application of an Applicant, which will provide information on how the entity meets the GEF Minimum Fiduciary Standards, GEF environmental and social safeguard standards, and other issues, as required by Council and will be reviewed by the Accreditation Panel

16. **Significant conversion or loss:** is the elimination or severe diminution of the integrity of a critical or other natural habitat caused by a major, long-term change in land or water use. Significant conversion may include, for example, land clearing; replacement of natural vegetation (e.g., by crops or tree plantations); permanent flooding (e.g., by a reservoir); drainage, dredging, filling, or channelization of wetlands; or surface mining. In both terrestrial and aquatic ecosystems, conversion of natural habitats can occur as the result of severe pollution. Conversion can result directly from the action of a project or through an indirect mechanism (e.g., through induced settlement along a road).

## **Annex II: Draft GEF Policy on Agency Minimum Environmental and Social Safeguard Standards**

### **Introduction**

1. Since its inception, the GEF's mission has been to support sustainable development by providing new and additional financing to meet the agreed incremental costs of measures to protect the global environment. The GEF's provision of financing to help countries adapt to the negative impacts of climate change (provided through the GEF-managed Least Developed Countries Fund [LDCF] and Special Climate Change Fund [SCCF]) has further strengthened the GEF's contribution to sustainable development.<sup>24</sup>
2. A key principle that the GEF has followed, which is integral to sustainable development, is that GEF-financed operations that achieve benefits in one area should not lead to adverse environmental or social impacts in other areas. All efforts should be made to avoid adverse impacts, and if avoidance is not feasible, then they should be minimized, mitigated, and offset, as appropriate. While there is little evidence that GEF financing leads to adverse impacts, as the GEF partnership expands to include new agencies (e.g. GEF Project Agencies), as a precautionary measure, it is important to ensure that all implementers of GEF projects can demonstrate sufficient dedication to sustainable development. A key factor in assessing this is whether they have established adequate systems for environmental and social safeguards that require them to avoid, minimize, and mitigate adverse environmental and social impacts in the design, implementation, and evaluation of their projects.
3. The GEF Policy on Fiduciary Standards sets forth the minimum requirements that GEF Partner Agencies must meet to implement GEF projects. They will serve as a key benchmark for the accreditation of GEF Project Agencies. While the Policy on Fiduciary Standards requires that GEF Partner Agencies' project appraisal processes include environmental and social safeguard measures, it does not set clear minimum standards in this area that can be used as a basis for making decisions on accreditation. The GEF Council has, therefore, decided to establish the present policy to clarify the GEF's policies for avoidance, minimization, and mitigation of adverse environmental and social impacts in the context of the operations that it supports, including minimum standards for GEF Partner Agencies in terms of environmental and social safeguards.

### **Purpose**

4. The purpose of this policy is to support environmentally sustainable development by ensuring that the GEF and its Partner Agencies undertake sufficient efforts to avoid, minimize, mitigate, and where appropriate, offset any adverse impacts to people and the environment from GEF-financed operations. This purpose is accomplished in two ways:
  - (a) clarification of policies that shall apply specifically to GEF financed operations; and

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<sup>24</sup> The GEF's climate adaptation mission is particularly relevant since Principle 2 of the Rio Declaration on Environment and Development states that "the right to development must be fulfilled so as to equitably meet developmental and environmental needs of present and future generations."

- (b) establishment of the minimum standards on environmental and social safeguard systems that all GEF Partner Agencies shall be expected to meet in order to implement GEF-financed projects.

### *Key Principles for GEF Operations*

5. The principles<sup>25</sup> below will apply to GEF-financed projects, or to the use of GEF resources in such projects, as specified in each paragraph.<sup>26</sup>

- (a) The GEF shall not finance activities that degrade or convert critical natural habitats.
- (b) The GEF shall not finance the construction or rehabilitation of large or complex dams.<sup>27</sup>
- (c) The GEF shall not finance the introduction or use of potentially invasive, non-indigenous species.
- (d) GEF projects shall seek to avoid involuntary resettlement. Where it is not feasible to avoid resettlement, all efforts will be made to minimize involuntary resettlement and all viable alternatives will be explored. In this context, GEF will not finance the cost of the physical relocation or displacement of people.<sup>28</sup>
- (e) GEF-financed projects shall not use or promote the use of any substances listed under the Stockholm Convention on Persistent Organic Pollutants.

### *Indigenous Peoples*

6. The GEF recognizes that the identities and cultures of Indigenous Peoples are inextricably linked to the lands on which they live and the natural resources on which they depend. The GEF is dedicated to ensuring that its operations fully respect the dignity, human rights, economies, cultures, and traditional knowledge of Indigenous Peoples and their members. In furtherance of this objective, the GEF adopts a standard of free, prior and informed consent (FPIC) for GEF-financed projects for which FPIC is required by virtue of the relevant state's ratification of ILO Convention 169. While there is no universally accepted definition of FPIC, for the purposes of this paragraph, GEF Partner Agencies will ensure that project executors document: (i) the mutually accepted consultation process between the project proponent and affected indigenous communities and (ii) evidence of agreement between the parties as the outcome of the consultations. FPIC does not necessarily require unanimity and may be achieved even when individuals or groups within the community explicitly disagree.

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<sup>25</sup> These principles do not alter or affect the minimum standards included in Appendix A.

<sup>26</sup> GEF resources include resources from any GEF-managed trust funds.

<sup>27</sup> Large dams are defined as those of 15 meters or more in height. Complex dams are those of a height between 10 and 15 meters that present special design complexities, including an unusually large flood-handling requirement, location in a zone of high seismicity, foundations that are complex and difficult to prepare, or retention of toxic materials.

<sup>28</sup> The physical relocation and displacement of people includes the involuntary acquisition of land. It does not include the involuntary restriction of access to legally designated parks and protected areas (which does not include the acquisition of land) that may result in adverse impacts on the livelihoods of local people or communities.

7. For other projects, GEF Partner Agencies will rely on their systems for consultation with Indigenous Peoples and will ensure that such consultations result in broad community support for the GEF-financed operation being proposed.

#### *GEF Minimum Safeguard Standards for Agency Systems*

8. The minimum standards for GEF Partner Agencies with regards to environmental and social safeguards are listed in Appendix A of the draft Policy included at Annex I. All GEF Partner Agencies shall to meet the criteria for Minimum Standard 1 (Environmental and Social Impact Assessment) and Minimum Standard 2 (Natural Habitats). GEF Partner Agencies will also be expected to meet Minimum Standards 3 through 7. However, on a case-by-case basis, the GEF Council (for the ten GEF Agencies) or the GEF Accreditation Panel (for GEF Project Agencies) may find that one or more of Minimum Standards 3 (Involuntary Resettlement), 4 (Indigenous Peoples), 5 (Pest Management), 6 (Physical Cultural Resources), and 7 (Safety of Dams), are “inapplicable” to the Agency given its agreed or expected comparative advantage within the GEF, based on an understanding of the type of projects it normally implements, both with and without GEF support. Such findings will be made in accordance with the guidance on applicability/inapplicability listed under each Standard.
9. In order to meet each criterion, GEF Partner agencies will need to demonstrate that has relevant policies and systems in place that can satisfy the minimum requirements that are listed under each criterion. Moreover, the Agency will also need to demonstrate that it has sufficient institutional capabilities to apply the standard to GEF-financed projects, including for projects that are executed by a separate entity through an agreement with the Agency.
10. If one of the existing GEF Agencies does not meet a given Standard, the Council may agree for the Agency to implement a time-bound action plan to come into compliance. During the implementation of the time-bound action plans, the GEF Agency will continue to be eligible to put forward project proposals. If the Agency fails to implement its time-bound action plan adequately, the Council may determine that the Agency is ineligible for further GEF funding until it determines otherwise.

#### *Role of GEF Conflict Resolution Commissioner*

11. Potentially affected parties may bring disputes and complaints about GEF projects directly to the Conflict Resolution Commissioner at the GEF Secretariat. The Commissioner will work directly with the complainant, the GEF Partner Agency, and recipient country concerned to help address complaints and resolve disputes and other issues of importance to GEF operations. The GEF website will include contact information and procedures for the GEF Conflict Resolution Commissioner.
12. GEF Partner Agencies will report annually, as part of their submissions for the Annual Monitoring Review (AMR), on cases that have been reported to their respective resolution systems and how they are being addressed.

#### *Revision of the Policy*

13. The GEF understands that mainstreaming environmental and social safeguard standards is a long-term undertaking, which will require the updating of policies as practice and approaches evolve. Taking into account such evolution and the harmonization of environmental and social safeguards at the international level, the GEF will review and revise this Policy, as necessary, no later than 2015.

## Appendix A: GEF Minimum Environmental and Social Safeguard Standards

### *Minimum Standard 1: Environmental and Social Impact Assessment*

#### Criteria:

1. Established Agency Systems<sup>29</sup> ensure that the Agency conducts Environmental and Social Impact Assessments of proposed projects to help ensure their environmental and social soundness and sustainability;

#### Minimum Requirements

2. The Agency uses a screening process for each proposed project, as early as possible, to determine the appropriate extent and type of environmental and social impact assessment<sup>30</sup> required of the project so that appropriate studies are undertaken proportional to potential risks and to direct, and, as relevant, indirect, cumulative, and associated impacts. The Agency also uses strategic, sectoral or regional environmental assessment, when appropriate.
3. Assesses potential impacts of the proposed project to physical, biological, socioeconomic, cultural, and physical cultural resources, including transboundary concerns, and potential impacts on human health and safety;
4. Assesses the adequacy of the applicable legal and institutional framework, including applicable international environmental agreements, and confirm that project activities that will contravene such international obligations are not financed;
5. Feasible investment, technical, and siting alternatives, including the “no action” alternative, are assessed, as well as potential impacts, feasibility of mitigating these impacts, their capital and recurrent costs, their suitability under local conditions, and the institutional, training and monitoring requirements associated with them;
6. Agency policy requires executors of projects receiving GEF funds to place a priority on the prevention of harmful social and environmental impacts. And where not possible to prevent such impacts, project executors are required to at least minimize, or compensate adverse project impacts and enhance positive impacts through environmental planning and management that includes the proposed mitigation measures, monitoring, institutional capacity development and training measures, an implementation schedule, and cost estimates;
7. Involve stakeholders, including project-affected groups, indigenous peoples, and local CSOs, as early as possible, in the preparation process and ensure that their views and concerns are made known to decision makers and taken into account. Continue consultations throughout project implementation as necessary to address environmental and social impact assessment-related issues that affect them;

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<sup>29</sup> See Annex I.

<sup>30</sup> See Annex I.

8. Use independent expertise in the preparation of environmental and social impact assessments, where appropriate. Use independent advisory panels during preparation and implementation of projects that are highly risky or contentious or that involve serious and multi-dimensional environmental and/or social concerns;
9. Provide for application of the minimum requirements to subprojects under investment and financial intermediary activities;
10. Disclose draft environmental and social impact assessments in a timely manner, before appraisal formally begins, in a place accessible to key stakeholders including project affected groups and CSOs in a form and language understandable to them.

### ***Minimum Standard 2: Protection of Natural Habitats***

#### Criteria:

11. Established policies, procedures, and guidelines require the Agency to ensure that environmentally sustainable development is promoted by supporting the sustainable management, the protection, conservation, maintenance, and rehabilitation of natural habitats and their associated biodiversity and ecosystem functions;

#### Minimum Requirements

12. Use a precautionary and ecosystem approach to natural resource conservation and management to ensure opportunities for environmentally sustainable development. Determine if project benefits substantially outweigh potential environmental costs;
13. Give preference to siting physical infrastructure investments on lands where natural habitats have already been converted to other land uses;
14. Avoid significant conversion or degradation of critical natural habitats, including those habitats that are:
  - a) Legally protected,
  - b) Officially proposed for protection,
  - c) Identified by authoritative sources for their high conservation value, or
  - d) Recognized as protected by traditional local communities.
15. Where projects adversely affect non-critical natural habitats, proceed only if viable alternatives are not available, and if appropriate conservation and mitigation measures,<sup>31</sup>

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<sup>31</sup> These are measures that remove or reduce adverse impacts on natural habitats or their functions, keeping such impacts within socially defined limits of acceptable environmental change. Specific measures depend on the ecological characteristics of the given site. They may include full site protection through project redesign; strategic habitat retention; restricted conversion or modification; reintroduction of species; mitigation measures to minimize the ecological damage; post development restoration works; restoration of degraded habitats; and establishment and maintenance of an ecologically similar protected area of suitable size and contiguity. Such measures should always include provision for monitoring and evaluation to provide feedback on conservation outcomes and to provide guidance for developing or refining appropriate corrective actions.

including those required to maintain ecological services they provide, are in place. Include also mitigation measures that minimize habitat loss and establish and maintain an ecologically similar protected area.

16. Screen as early as possible for potential impacts on health and quality of important ecosystems including forests, and on the rights and welfare of the people who depend on them.
17. Do not finance projects that will involve significant conversion or degradation of critical natural habitats, including forests, or that will contravene applicable international environmental agreements.
18. Do not finance natural forest harvesting or plantation development that will involve conversion or degradation of critical forest areas<sup>32</sup> or related critical natural habitats.
19. Ensure that forest restoration projects maintain or enhance biodiversity and ecosystem functionality and that all plantation projects are environmentally appropriate, socially beneficial and economically viable.
20. Consult appropriate experts and key stakeholders, including local nongovernmental organizations and local communities, and involve such people in design, implementation, monitoring, and evaluation of projects, including mitigation planning.
21. Disclose draft mitigation plan in a timely manner, before appraisal formally begins, in a place accessible to key stakeholders, including project affected groups and CSOs, in a form and language understandable to them.

### ***Minimum Standard 3: Involuntary Resettlement***

#### **Criteria**

22. Established policies, procedures, and guidelines require the Agency to ensure that involuntary resettlement is avoided or minimized. Where this is not feasible, the Agency is required to ensure displaced persons are assisted in improving or at least restoring their livelihoods and standards of living in real terms relative to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher;

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<sup>32</sup> Critical forest areas are those forest areas that qualify as critical natural habitats as defined under this policy. Critical forest areas are the subset of natural forest lands that cover: (i) existing protected areas and areas officially proposed by governments as protected areas (e.g., reserves that meet the criteria of the IUCN classifications as noted in Annex I of this policy), areas initially recognized as protected by traditional local communities, and sites that maintain conditions vital for the viability of these protected areas (as determined by the environmental assessment process); or (ii) sites identified on supplementary lists prepared by authoritative sources. Such sites may include areas recognized by traditional local communities, areas with known high suitability for biodiversity conservation, and sites that are critical for rare, vulnerable, migratory, or endangered species. (Rare, vulnerable, endangered species or similarly threatened species are those indicated in the IUCN Red List of Threatened Animals, BirdLife World List of Threatened Birds, IUCN Red List of Threatened Plants, or other credible international or national lists. Identified sites also include those based on systematic evaluations of such factors as species richness; the degree of endemism, rarity, and vulnerability of component species; representativeness; and integrity of ecosystem processes.)

## Minimum Requirements

23. Agency policies require it to assess all viable alternative project designs to avoid, where feasible, or minimize involuntary resettlement;
24. Through census and socio-economic surveys of the affected population, the Agency identifies, assesses, and addresses the potential economic and social impacts of the project that are caused by involuntary taking of land (e.g. relocation or loss of shelter, loss of assets or access to assets, loss of income sources or means of livelihood, whether or not the affected person must move to another location) or involuntary restriction of access to legally designated parks and protected areas;
25. The Agency identifies and addresses impacts, also if they result from other activities that are (a) directly and significantly related to the proposed GEF-financed project, (b) necessary to achieve its objectives, and (c) carried out or planned to be carried out contemporaneously with the project. The Agency consults project-affected persons, host communities and local CSOs, as appropriate.
26. For projects that involve the involuntary restriction of access to legally designated parks and protected areas, policies require the Agency to design, document and disclose before appraisal a participatory process for: (a) preparing and implementing project components; (b) establishing eligibility criteria; (c) agreeing on mitigation measures<sup>33</sup> that help improve or restore livelihoods in a manner that maintains the sustainability of the park or protected area; (d) resolving conflicts; and (e) monitoring implementation.
27. If resettlement is required, provide persons to be resettled with opportunities to participate in the planning, implementation, and monitoring of the resettlement program, especially in the process of developing and implementing the procedures for determining eligibility for compensation benefits and development assistance (as documented in a resettlement plan), and for establishing appropriate and accessible grievance mechanisms. Pay particular attention to the needs of vulnerable groups among those displaced, especially those below the poverty line, the landless, the elderly, women and children, Indigenous Peoples, ethnic minorities, or other displaced persons who may not be protected through national land compensation legislation;
28. Inform persons to be resettled of their rights, consult them on options, and provide them with technically and economically feasible resettlement alternatives and assistance. For example (a) prompt compensation at full replacement cost for loss of assets attributable to the project; (b) if there is relocation, assistance during relocation, and residential housing, or housing sites, or agricultural sites of equivalent productive potential, as required; (c) transitional support and development assistance, such as land preparation, credit facilities, training or job opportunities as required, in addition to compensation measures; (d) cash compensation of land when impact of land acquisitions on livelihoods is minor; (e) provision of civic

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<sup>33</sup> "Mitigation Measures" include, as appropriate, minimizing habitat loss (e.g., strategic habitat retention and post-development restoration) and establishing and maintaining an ecologically similar protected area. The GEF accepts other forms of mitigation measures only when they are technically justified.

infrastructure and community services; and (f) give preference to land-based resettlement strategies for persons whose livelihoods are land-based;

29. For those without formal legal rights to lands or claims to such land that could be recognized under the laws of the country, provide resettlement assistance in lieu of compensation for land to help improve or at least restore their livelihoods;
30. Disclose draft resettlement plans and/or plans to address involuntary restriction on access to protected areas, including documentation of the consultation process, in a timely manner, before appraisal formally begins, in a place accessible to key stakeholders including project affected groups and CSOs in a form and language understandable to them. Apply these minimum requirements described in the involuntary resettlement section, as applicable and relevant, to subprojects requiring land acquisition.
31. Implement all relevant resettlement plans before project completion and provide resettlement entitlements before displacement or restriction of access. For projects involving restriction of access, impose the restrictions in accordance with the timetable in the plan of actions.
32. Upon completion of the project, the Agency assesses whether the objectives of the project resettlement plan have been achieved, taking account the baseline conditions and the results of resettlement monitoring.

#### Guidance for Applicability/Inapplicability

33. This safeguard will be applicable to any Agency that implements (a) investment projects as part of its regular operations (b) projects concerning the creation or expansion of protected areas. The minimum requirements relating to physical relocation of people (i.e. paragraphs 39, 40, 44 and 45) will not apply to those agencies that have policies prohibiting them from supporting the physical relocation of people.

#### ***Minimum Standard 4: Indigenous Peoples***

##### Criteria

34. Established policies, procedures, and guidelines require the Agency to ensure projects are designed and implemented in such a way that fosters full respect for Indigenous Peoples' and their members' dignity, human rights, and cultural uniqueness so that they (a) receive culturally appropriate social and economic benefits; and (b) do not suffer adverse effects during the development process.

##### Minimum Requirements

35. Screen early for the presence of Indigenous Peoples in the project area, who are identified through criteria that reflect their social and cultural distinctiveness. Such criteria may include: self-identification and identification by others as Indigenous Peoples, collective attachment to land, presence of customary institutions, indigenous language, and primarily subsistence-oriented production.

36. Undertake free, prior, and informed consultations with affected Indigenous Peoples to ascertain their broad community support<sup>34</sup> for projects affecting them and to solicit their full and effective participation in designing, implementing, and monitoring measures to (a) ensure a positive engagement in the project (b) avoid adverse impacts, or when avoidance is not feasible, minimize, mitigate, or compensate for such effects; and (c) tailor benefits in a culturally appropriate way.
37. Undertake the environmental and social impact assessment, with involvement of Indigenous Peoples, to assess potential impacts and risks when a project may have adverse impacts. Identify measures to avoid, minimize and/or mitigate adverse impacts.
38. Provide socioeconomic benefits in ways that are culturally appropriate, and gender and generationally inclusive. Full consideration should be given to options preferred by the affected Indigenous Peoples for provision of benefits and mitigation measures.
39. Make provisions in plans, where appropriate, to support activities to establish legal recognition of customary or traditional land tenure and management systems and collective rights used by project affected Indigenous Peoples.
40. Where restriction of access of Indigenous Peoples to parks and protected areas is not avoidable, ensure that affected Indigenous Peoples fully and effectively participate in the design, implementation, monitoring and evaluation of management plans for such parks, protected areas, and species and share equitably in benefits from the parks and protected areas.
41. Refrain from utilizing the cultural resources or knowledge of Indigenous Peoples without obtaining their prior agreement to such use.
42. For those projects where the environmental and social impact assessment identifies adverse effects on Indigenous Peoples, Agency policies require that the project develop an Indigenous Peoples plan or a framework that (a) specifies measures to ensure that affected Indigenous Peoples receive culturally appropriate benefits and (b) identifies measures to avoid, minimize, mitigate or compensate for any adverse effects, (c) includes measures for continued consultation during project implementation, grievance procedures, and monitoring and evaluation arrangements, and (d) specifies a budget and financing plan for implementing the planned measures. Such plans should draw on indigenous knowledge and be developed in with the full and effective participation of affected Indigenous Peoples.
43. Disclose documentation of the consultation process and the required Indigenous Peoples plan or framework, in a timely manner, before appraisal formally begins, in a place accessible to key stakeholders, including project affected groups and CSOs, in a form and language understandable to them.
44. Monitor, by experienced social scientists, the implementation of the project (and any required Indigenous Peoples plan or framework) and its benefits as well as challenging or negative

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<sup>34</sup> This refers to a culturally appropriate and collective decision-making process subsequent to meaningful and good faith consultation and informed participation regarding the preparation and implementation of projects. It does not constitute a veto right for individuals or groups.

impacts on Indigenous Peoples and address possible mitigation measures in a participatory manner.

#### Guidance for Applicability/Inapplicability

45. Any Agency that desires to implement projects with activities in regions inhabited by Indigenous Peoples would need to meet this standard. The GEF Council or Accreditation Panel will only find this policy inapplicable if the Agency has not and most likely will not implement projects with activities in regions inhabited by Indigenous Peoples.

#### ***Minimum Standard 5: Pest Management***

##### Criteria

46. Established policies, procedures, and guidelines require the Agency to ensure the environmental and health risks associated with pesticide use are minimized and managed, and that safe, effective, and environmentally sound pest management is promoted and supported.

##### Minimum Requirements

47. Promote the use of demand driven, ecologically-based biological or environmental pest management practices (referred to as Integrated Pest Management [IPM] in agricultural projects and Integrated Vector Management [IVM] in public health projects) and reduce reliance on synthetic chemical pesticides. Include assessment of pest management issues, impacts and risks in the EA process.
48. The Agency requires that, in the context of projects that it supports, pesticides are procured contingent on an assessment of the nature and degree of associated risks, taking into account the proposed use and intended users. The Agency also does not allow the procurement or use of formulated products that are in World Health Organization (WHO) Classes IA and IB, or formulations of products in Class II unless there are restrictions that are likely to deny use or access to lay personnel and others without training or proper equipment<sup>35</sup>.
49. The Agency also does not allow the procurement or use in its projects pesticides and other chemicals specified as persistent organic pollutants identified under the Stockholm convention.
50. Follow the recommendations and minimum standards as described in the United Nations Food and Agriculture Organization (FAO) *International Code of Conduct on the Distribution and Use of Pesticides* (Rome, 2003) and its associated technical guidelines and procure only pesticides, along with suitable protective and application equipment that will permit pest management actions to be carried out with well defined and minimal risk to health, environment and livelihoods.

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<sup>35</sup> Reference: WHO's "Recommended Classification of Pesticides by Hazard and Guidelines to Classification" (IOMC, 2000-2002)

51. Support policy reform and institutional capacity development to (a) enhance implementation of IPM- and IVM-based pest management, and (b) regulate and monitor the distribution and use of pesticides.
52. Disclose draft mitigation plans in a timely manner, before appraisal formally begins, in a place accessible to key stakeholders including project affected groups and CSOs in a form and language understandable to them.

#### Guidance on Applicability/Inapplicability

53. Any Agency that implements projects in the areas of sustainable land management (including sustainable forest management) agricultural production and pest management and public health vector control will need to meet this standard. Agencies for which this safeguard is found inapplicable will not be permitted to implement projects in these areas.

#### ***Minimum Standard 6: Physical Cultural Resources***<sup>36</sup>

##### Criteria

54. Established policies, procedures, and guidelines require the Agency to ensure physical cultural resources (PCR) are appropriately preserved and their destruction or damage is appropriately avoided. PCR includes archaeological, paleontological, historical, architectural, and sacred sites including graveyards, burial sites, and unique natural values. The impacts on physical cultural resources resulting from project activities, including mitigating measures, may not contravene either the recipient country's national legislation or its obligations under relevant international environmental treaties and agreements.<sup>37</sup>

##### Minimum Requirements

55. Analyze feasible project alternatives to prevent or minimize or compensate for adverse impacts and enhance positive impacts on PCR, through site selection and design.
56. If possible, avoid financing projects that could significantly damage PCR. As appropriate, conduct field-based surveys using qualified specialists to evaluate PCR.
57. Consult local people and other relevant stakeholders in documenting the presence and significance of PCR, assessing the nature and extent of potential impacts on these resources, and designing and implementing mitigation plans.
58. Provide for the use of "chance find" procedures that include a pre-approved management and conservation approach for materials that may be discovered during project implementation.
59. Disclose draft mitigation plans, in a timely manner, before appraisal formally begins, in a place accessible to key stakeholders including project affected groups and CSOs in a form and language understandable to them.

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<sup>36</sup> Also known as "cultural heritage," cultural patrimony, "cultural assets," or "cultural property." PCR includes archaeological, paleontological, historical, architectural, and sacred sites including graveyards, burial sites, and unique natural values.

<sup>37</sup>This includes the Convention concerning the Protection of the World Cultural and Natural Heritage.

### Guidance on Applicability/Inapplicability

60. Any Agency that desires to implement investment projects would need to meet this standard.

### ***Minimum Standard 7: Safety of Dams***

#### Criteria

61. Agency systems require the Agency to ensure quality and safety in the design and construction of new dams, and the rehabilitation of existing dams, on a scale that is appropriate to the Agency's mission. In addition, the Agency undertakes appropriate measures to ensure the quality and safety in the performance of existing dams on which the project may have an impact or that may affect the outcome of the project.

#### Minimum Requirements

62. Use experienced and competent professionals to design and supervise the construction, operation, and maintenance of dams and associated works.
63. Develop plans, including for construction supervision, instrumentation, operation and maintenance and emergency preparedness.
64. Use independent advice on the verification of design, construction, and operational procedures.
65. Use contractors that are qualified and experienced to undertake planned construction activities.
66. Carry out periodic safety inspections of new/rehabilitated dams after completion of construction/rehabilitation, review/monitor implementation of detailed plans and take appropriate action as needed.
67. Disclose draft plans, in a timely manner, before appraisal formally begins, in a place accessible to key stakeholders, including project affected groups and CSOs, in a form and language understandable to them.

### Guidance on Applicability/Inapplicability

68. This safeguard will apply to those agencies that wish to implement investment projects regarding water management infrastructure, including adaptation projects. Any Agency that desires to implement projects that design and construct new dams and rehabilitates existing dams or projects financing agriculture or water resource management infrastructure, that are highly dependent on the performance of dams or that potentially affect their performance would need to meet this standard.

## *Minimum Standard 8: Accountability and Grievance Systems*

### Criteria

69. GEF Partner Agencies shall have accountability systems or measures that are designed to ensure enforcement of its environmental and social safeguard policies and related systems.
70. GEF Partner Agencies shall also have systems or measures for the receipt of and timely response to complaints from parties affected by the implementation of the Partner Agencies' projects and which seek resolution of such complaints. Such systems are not intended to substitute for the country-level dispute resolution and redress mechanisms.

### Minimum Requirements

71. GEF Partner Agencies' accountability systems shall be:
  - a. Designed to address potential breaches of a GEF Partner Agency's policies and procedures;
  - b. Independent, transparent, and effective;
  - c. Accessible to project-affected people;
  - d. Required to keep complainants abreast of progress with cases brought forward; and
  - e. Required to maintain records on all cases and issues brought forward for review.
72. With regard to systems for the receipt and response to complaints, GEF Partner Agencies shall:
  - a. Designate staff or a division that is available to receive and respond to complaints related to the implementation of its projects.
  - b. Work proactively with the complainant and other parties to resolve the complaints or disputes determined to have standing.
  - c. Maintain records on all cases and issues brought forward, with due regard for confidentiality of information.
  - d. Publicly designate the contact information for the staff and/or division responsible for receiving and responding to complaints. This information should preferably be designated both on the Agency's website and on separate websites, if established, for specific projects. For individual projects, this information should be provided in local languages.
  - e. Inform project stakeholders of the existence of the Agency's Accountability and Grievance Systems during consultations and inform stakeholders how they may file complaints, including provision of contact information for the responsible staff or division.

### **Annex III: Background on GEF Conflict Resolution Function**

1. In 2007, the GEF CEO created the position of Conflict Resolution Commissioner, who reports directly to the CEO. In this role, the incumbent works directly with member countries and GEF Agencies to help resolve disputes and address complaints. Through the Commissioner, the CEO has aimed to expand feedback and interject a more timely response to conflicts and complaints on GEF-funded projects. Above all, the Commissioner's critical mission is to help enhance trust and confidence in the GEF system.
2. Complaints can come from a contract dispute, lack of communication, the perception of wrongdoing, or genuine concerns. Regardless of their cause, the potential negative impacts on the GEF's performance and implications for reputational risks are such that they must be taken seriously by the Secretariat.
3. The services provided at the Secretariat level are intended to complement efforts already undertaken at the level of individual GEF Agencies and to deal with other matters outside of the scope of the work of these Agencies. Key features of the approach are to enhance trust and transparency within the GEF network, effectively mediate and resolve issues raised, and manage and build knowledge on what these issues are.
4. The primary focus of the Conflict Resolution Commissioner to date has been to:
  - (a) address, in a systematic manner, issues of complaint and dispute brought to the attention of the CEO by GEF stakeholders;
  - (b) Opening a channel of communication with convention focal points;
  - (c) Establishing basic norms of engagement with GEF Agencies and countries; and
  - (d) Conducting limited advocacy and information dissemination through the activities of the External Affairs Team.
5. Further development of this function will continue to strengthen confidence building and the GEF's core principles and values, as well as to expand existing measures to protect the integrity of the organization and make it a credible and trustworthy institution. Further effort will be put on developing a simple conflict/dispute-settling mechanism/system. Specific institutional level efforts that were initiated will be continued, including outreach toward countries and Agencies, awareness raising, and monitoring.
6. Parties wishing to learn more about this service, raise an issue, file a complaint, or ask for dispute settlement are encouraged to send a formal request in the form of a letter or an e-mail to the Chairperson and CEO of the GEF or by contacting the Commissioner directly.
7. More information on this function can be found at:  
<http://www.thegef.org/about/organization/conflict-resolution-commissioner>.

## **Annex IV: GEF Policy on Public Involvement in GEF Projects<sup>38</sup>**

### **I. Introduction**

1. The need for public involvement -- information dissemination, consultation, and stakeholder participation -- is explicit in the *Instrument for the Establishment of the Restructured Global Environment Facility* (or *GEF Instrument*). As stated in the basic provisions of the Instrument, all GEF-financed projects will "provide for full disclosure of non-confidential information, and consultation with, and participation as appropriate of, major groups and local communities throughout the project cycle" (paragraph 5, p. 6). The Secretariat is to "in consultation with the Implementing Agencies<sup>39</sup>, ensure the implementation of the operational policies adopted by the Council through the preparation of common guidelines on the project cycle. Such guidelines shall address project identification and development, including the proper and adequate review of project and work program proposals, consultation with and participation of local communities and other interested parties" (*GEF Instrument*, p. 12). The GEF Implementing Agencies also have their own policies, guidelines, and procedures on public involvement which are consistent with the above provisions.

### **II. Objectives**

2. Effective public involvement is critical to the success of GEF-financed projects. When done appropriately, public involvement improves the performance and impact of projects by:
- (a) Enhancing recipient country ownership of, and accountability for, project outcomes;
  - (b) Addressing the social and economic needs of affected people;
  - (c) Building partnerships among project executing agencies and stakeholders; and
  - (d) Making use of skills, experiences, and knowledge, in particular, of CSOs, community and local groups, and the private sector in the design, implementation, and evaluation of project activities.

### **III. Scope of Application**

3. The policy applies to GEF Secretariat, Trustee, GEF Partner Agencies, Recipient Countries and Others participating in GEF-financed projects.

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<sup>38</sup> This policy was approved by the GEF Council at its seventh meeting in April 1996, as was proposed in Council Document GEF/C.7/6, *Public Involvement in GEF Projects*. Some terminology, as indicated in the following footnotes, has been updated to reflect subsequent Council decisions.

<sup>39</sup> As a consequence of Council decisions to broaden the range of GEF implementing partners, first under the policy on expanded opportunities, and then through the policy to broaden the GEF partnership to include GEF project agencies, the provisions of the policy will apply to all GEF Partner Agencies. The Policy has been updated to reflect this.

#### **IV. Policy Requirements**

4. Based upon provisions contained in the Instrument, policies and procedures of the Implementing Agencies, and experience gained from the pilot phase, the following principles will apply in the design, implementation, and evaluation of GEF-financed projects.

***Effective public involvement should enhance the social, environmental, and financial sustainability of projects.***

5. Public involvement activities should be designed so that they contribute to the environmental, financial, and social sustainability of projects. By improving project performance and sharing accountability for project outcomes, public involvement contributes to the environmental and financial sustainability of projects. In addition, to be socially sustainable, projects should, as appropriate, address the social, cultural, and economic needs of people affected by GEF-financed projects. As mentioned in the operational strategy, relevant social issues will be taken into account in the design, implementation and evaluation of projects. Such issues may include the socio-economic needs of affected people, the special needs of vulnerable populations and access to project benefits.

***Responsibility for assuring public involvement rests within the country, normally with the government, project executing agency or agencies, with the support of GEF Partner Agencies.***

6. Public involvement activities should strengthen ownership of projects by recipient countries. Governments should ensure that all GEF-financed projects are country-driven and based on national priorities for sustainable development. Governments should promote public involvement in the identification of project concepts. GEF Partner Agencies will assist and collaborate with recipient governments and project executing agencies, as appropriate, in developing projects that make use of, and promote public involvement throughout the project cycle. GEF Partner Agencies will work closely with governments and project executing agencies to involve stakeholders starting at the earliest phase of project identification and throughout design, implementation and evaluation.

***Public involvement activities should be designed and implemented in a flexible manner, adapting and responding to recipient countries' national and local conditions and to project requirements.***

7. It is recognized that there are differences in requirements for public involvement across focal areas and types of projects. For example, biodiversity projects affecting indigenous peoples may require more extensive stakeholder participation than global projects which focus on technical assistance and capacity building at the national and regional levels. There will also be diversity in approaches to design of public involvement activities that respond to in-country conditions, such as the cultural, political, and project-specific factors influencing project development and implementation.

***To be effective, public involvement activities should be broad-based and sustainable. GEF Partner Agencies will include in project budgets, as needed, the necessary financial and***

***technical assistance to recipient governments and project executing agencies to ensure effective public involvement.***

8. GEF Partner Agencies will work with governments and project executing agencies to ensure that public involvement activities are designed in a manner that is representative of a broad range of stakeholder groups and effectively carried out over the long-term. GEF Partner Agencies will support project executing agencies in: (a) providing relevant, timely, and accessible information to as many stakeholders as possible; (b) facilitating broad-based and project-specific consultations, especially at the local or sub-national levels; and (c) promoting the active participation of key stakeholder groups throughout the project cycle, including awareness raising and capacity strengthening activities.

***Public involvement activities will be carried out in a transparent and open manner. All GEF financed projects should have full documentation of public involvement.***

9. Consistent with provisions in the Instrument, there should be transparency in the preparation, conduct, reporting, and evaluation of public involvement activities in all projects. The format for documentation of public involvement will be developed by the Secretariat, in consultation with GEF Partner Agencies. Such a format should be brief and concise and should take into consideration good practice formats currently in use by GEF Partner Agencies, CSOs, and project executing agencies.

10. The Secretariat will undertake the following to facilitate effective public involvement in all GEF-financed projects:

- a) Establish, in consultation with the GEF Agencies, operational guidelines for assessing the effectiveness of public involvement activities in the project's design and implementation plan; subsequent monitoring of public involvement activities through the annual project implementation review; and evaluating the impacts of public involvement in terms of improving projects;
- b) Facilitate the exchange of good practices on public involvement among recipient governments, GEF Partner Agencies, project executing agencies, and other stakeholders with a view to ensuring that lessons learned are incorporated into design of future projects;
- c) In collaboration with GEF Partner Agencies, explore ways in which NGO roles can be strengthened in project preparation, design, implementation and evaluation and conduct periodic assessments of the effectiveness of CSOs, and other stakeholders, in promoting public involvement in projects; and
- d) Ensure that funding is available to recipient governments, executing agencies, and, as appropriate, CSOs for carrying out effective public involvement.

11. GEF Partner Agencies are committed to promoting effective public involvement within their own institutional environment. In accordance with internal policies and procedures, and consistent with the principles outlined in Part III above, GEF Partner Agencies should develop

guidelines for public involvement in their own GEF-financed projects, which may include the following:

- a) Modalities for incorporating public involvement in projects, and addressing social issues, starting at the earliest stages of the project cycle, and recognizing the difficulties and long-term nature of cultivating local participation; and
- b) Financing options during project preparation, and within project budgets, to facilitate design and implementation of public involvement activities, as appropriate, including allocation of project funding to encourage participation of CSOs, local groups, and the private sector.

Responsible Party	Required Actions
a. GEF Secretariat	In consultation with the GEF Agencies, ensure the implementation of the operational policies adopted by the Council through the preparation of guidelines on the project cycle. Such guidelines shall address project identification and development, including the proper and adequate review of project and work program proposals, consultation with and participation of local communities and other interested parties
b. GEF Partner Agencies	GEF Partner Agencies will assist and collaborate with recipient governments and project executing agencies, as appropriate, in developing projects that make use of, and promote public involvement throughout the project cycle. GEF Partner Agencies will work closely with governments and project executing agencies to involve stakeholders starting at the earliest phase of project identification and throughout design, implementation and evaluation.
c. Recipient Countries	Governments should ensure that all GEF-financed projects are country-driven and based on national priorities for sustainable development. Governments should promote public involvement in the identification of project concepts.

## V. References

- a. *Public Involvement in GEF Projects* GEF/C.7/6
- b. *Draft Outline of Policy Paper on Public Involvement in GEF-Financed Projects* (GEF/C.6/Inf.5)
- c. GEF Council Meeting *Joint Summary of Chairs*, p. 3 - February 1995.