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53rd GEF Council Meeting
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Washington, D.C.

Agenda Item 11

PLAN TO REVIEW THE GEF'S SOCIAL AND ENVIRONMENTAL SAFEGUARDS

Recommended Council Decision

The Council, having reviewed document GEF/C.53/07, *Plan to Review the GEF's Environmental and Social Safeguards*, welcomes the plan and requests the Secretariat to present an updated policy on environmental and social safeguards for consideration at its 55th meeting.

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INTRODUCTION

1. The Council, at its 52nd meeting in May 2017, and having reviewed the document GEF/ME/C.52/Inf.08, *Review of the GEF Policy on Agency Minimum Standards on Environmental and Social Safeguards*¹, requested the Secretariat to prepare a plan to review the GEF's Social and Environmental Safeguards to be presented to Council at its 53rd meeting in November 2017².
2. This document sets out a consultative process for reviewing and updating the GEF's 2011 *Agency Minimum Standards on Environmental and Social Safeguards*³ by the 55th meeting of the Council.

BACKGROUND

3. The Council approved a *Provisional Policy on Environmental and Social Safeguard Standards*⁴ in May 2011, in connection with its decision to pilot an expansion of the GEF Partnership^{5,6}. Following Council guidance, the current *Agency Minimum Standards on Environmental and Social Safeguards* were approved at the subsequent Council meeting in November 2011⁷. The policy was introduced with view to ensuring that all Agencies that implement GEF-financed activities – including any new Agencies accredited as part of the pilot to broaden the Partnership – have robust systems in place to avoid, minimize and mitigate any potentially adverse environmental and social impacts.

¹ GEF/ME/C.52/Inf.08 (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.ME_C.52_Inf.08_Safeguard_May_2017.pdf)

² *Joint Summary of the Chairs, 52nd GEF Council Meeting, May 23–25, 2017* (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.52_Joint_Summary_of_the_Chairs.pdf)

³ SD/PL/03, (http://www.thegef.org/sites/default/files/documents/Policy_Environmental_and_Social_Safeguards_2015.pdf)

⁴ GEF/C.40/10/Rev.1 (http://www.thegef.org/sites/default/files/council-meeting-documents/C.40.10.Rev_1.GEF_Policies_on_Safeguards_and_Gender.May_25_2011_1.pdf)

⁵ GEF/C.40/09, *Broadening the GEF Partnership under Paragraph 28 of the GEF Instrument* (http://www.thegef.org/sites/default/files/council-meeting-documents/C.40.09_Broadening_the_GEF_Partnership.04_26_11_1.pdf)

⁶ *Joint Summary of the Chairs, 40th GEF Council Meeting, May 24–26, 2011*

⁷ *Joint Summary of the Chairs, 41st GEF Council Meeting, November 8–10, 2011* (http://www.thegef.org/sites/default/files/council-meeting-documents/Joint_Summaries_11.10.11_0_4.pdf)

4. The policy was followed by a set of guidelines for its application⁸. The guidelines focus on the assessment of prospective GEF Project Agencies' and existing GEF Agencies' compliance with the minimum standards.

5. At its 48th meeting, in June 2015, the Council noted that all ten GEF Agencies⁹ had achieved compliance with the GEF's minimum standards on environmental and social safeguards. By that time, the pilot expansion of the Partnership had also been completed, and the eight new GEF Project Agencies¹⁰ had been found to be in compliance with applicable minimum standards.

REVIEW OF THE CURRENT POLICY BY THE INDEPENDENT EVALUATION OFFICE

6. In May 2017, the Independent Evaluation Office (IEO) presented the findings, conclusions and recommendations of its *Review of the GEF Policy on Agency Minimum Standards on Environmental and Social Safeguards*¹¹.

7. The review found, *inter alia*, that:

- (a) GEF Safeguards have served as a catalyst among many Agencies to strengthen existing safeguard policies and, in a number of cases, adopt comprehensive safeguard policy frameworks.
- (b) Unlike some peer institutions, the GEF does not have requirements in place for monitoring and reporting on safeguards implementation.
- (c) A high-level comparison of the GEF's policy with more recently adopted frameworks suggests that there are several, possible gaps and/or areas that could merit greater emphasis, including:
 - (i) human rights, nondiscrimination, and equity;

⁸ SD/GN/03, *Application of Policy on Agency Minimum Standards on Environmental and Social Safeguards* (http://www.thegef.org/sites/default/files/documents/Guidelines_Application_of_Environmental_and_Social_Safeguard_Policy_2015.pdf)

⁹ The term GEF Agency refers to the ten institutions that were entitled to receive GEF Trust Fund resources directly as of November 2010, including (a) the three Implementing Agencies, as identified in the GEF Instrument: the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), and the World Bank; and (b) the seven Agencies previously granted access to GEF resources under Paragraph 28 of the Instrument: the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the Food and Agriculture Organization of the United Nations (FAO), the Inter-American Development Bank (IDB), the International Fund for Agricultural Development (IFAD), and the United Nations Industrial Development Organization (UNIDO).

¹⁰ These are: Conservation International (CI), the Development Bank of Latin America (CAF), Development Bank of Southern Africa (DBSA), Foreign Economic Cooperation Office, Ministry of Environmental Protection of China (FECO), Brazilian Biodiversity Fund (FUNBIO), International Union for Conservation of Nature (IUCN), West African Development Bank (BOAD), World Wildlife Fund (WWF-US).

¹¹ GEF/ME/C.52/Inf.08 (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.ME_C.52_Inf.08_Safeguard_May_2017.pdf)

- (ii) stakeholder engagement;
- (iii) climate change and disaster risk;
- (iv) biodiversity offsets;
- (v) invasive alien species;
- (vi) supply chains;
- (vii) sustainable resource management;
- (viii) community health, safety and security;
- (ix) hazardous materials;
- (x) involuntary resettlement;
- (xi) indigenous peoples and the application of free, prior informed consent (FPIC);
- (xii) cultural heritage; and
- (xiii) labor and working conditions.

8. In light of the above findings, IEO recommended that the GEF's minimum standards on environmental and social safeguards be reviewed to fill critical gaps while avoiding an excessive burden on the Agencies. The review further recommended that safeguards monitoring and reporting be improved at the project and portfolio levels, and that capacity development and knowledge sharing be strengthened to enable a more effective dissemination of safeguards-related expertise and experience across the GEF Partnership.

9. The Secretariat, in its management response¹² to the May 2017 *Semi-Annual Evaluation Report*¹³ – which comprised the review of the safeguards policy – agreed with the main findings and recommendations of the review, and the Council endorsed IEO's recommendations¹⁴.

NEXT STEPS: A COLLABORATIVE PROCESS TO UPDATE THE GEF'S POLICY ON ENVIRONMENTAL AND SOCIAL SAFEGUARDS

10. Pursuant to IEO's review and the Council's request in May 2017, the Secretariat recommends that an updated policy on environmental and social safeguards be presented for Council consideration at its 55th meeting in the Fall of 2018.

11. The Secretariat stands ready to lead a collaborative process to develop the updated policy. Drawing on positive experiences with the multi-stakeholder Working Group on Public

¹² GEF/ME/C.52/02, Management Response to the Semi-Annual Evaluation Report of the Independent Evaluation Office: May 2017 (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.ME_C.52.02_MR_to_SAER.pdf)

¹³ GEF/ME/C.52/01/Rev.02 (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.ME_C.52.01_SAER_Rev_02_May_2017_0.pdf)

¹⁴ *Joint Summary of the Chairs, 52nd GEF Council Meeting, May 23–25, 2017* (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.52_Joint_Summary_of_the_Chairs.pdf)

Involvement and the GEF Gender Partnership, the policy development process could be spearheaded by a group of interested representatives of, *inter alia*, the Council, Agencies, the CSO Network, the Indigenous Peoples Advisory Group, IEO, and recipient country Operational Focal Points.

12. In addition, the Secretariat would make arrangements to draw on the expertise and experience of other relevant organizations, including other environmental and development finance institutions.

13. In view of IEO's findings, conclusions and recommendations, as well as experience of the implementation of the current minimum safeguard standards, the Secretariat believes that there are at least four questions that merit particular attention in the policy development process:

- (a) What is the appropriate scope of the policy? An updated policy on environmental and social safeguards has to address the full range of environmental and social risks that are critical to the GEF's work, while at the same time keeping the costs of implementation at a reasonable level.
- (b) What is the appropriate division of roles and responsibilities between the Secretariat and Agencies? The guidelines for the application of the current minimum standards note that:

“[t]here will be no GEF Secretariat level screening of the implementation of [minimum standards for Agency systems] 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.”¹⁵

An updated policy should strike an appropriate balance between minimum standards for Agency policies, procedures and capabilities¹⁶ – which apply to all activities implemented by the Agency – and principles or requirements that are specific to GEF-financed activities¹⁷. Where requirements are not built into

¹⁵ SD/GN/03, *Application of Policy on Agency Minimum Standards on Environmental and Social Safeguards* (http://www.thegef.org/sites/default/files/documents/Guidelines_Application_of_Environmental_and_Social_Safeguard_Policy_2015.pdf)

¹⁶ The current policy sets out eight minimum standards for Agency systems: (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.

¹⁷ The current policy provides that GEF-financed activities (a) shall not finance activities that degrade or convert critical natural habitats, (b) shall not finance the construction or rehabilitation of large or complex dams, (c) shall not finance the introduction or use of potentially invasive, non-indigenous species, (d) shall seek to avoid

Agency systems, compliance has to be ensured downstream in the Secretariat's review of projects and programs, which presents additional demands on Secretariat capacity and resources. On the other hand, as noted in the IEO review, Agencies cannot be expected to make wholesale revisions to their existing safeguard frameworks only meet GEF standards.

- (c) What are the appropriate modalities for monitoring and reporting on policy implementation? Related to the questions above, if modalities for project- and portfolio-level monitoring and reporting are introduced to ensure a "flow-through" of information on safeguards implementation – as recommended by IEO – such modalities will need to be carefully designed so as not to cause excessive transaction costs, and to maintain a practical division of roles and responsibilities between the Secretariat and Agencies.
- (d) How will Agencies' compliance be assessed, and how is compliance tied to Agencies' ability to participate in GEF programming? The current policy sets out eight minimum standards, of which three are mandatory across all Agencies, whereas five can be deemed "inapplicable" given the nature of activities implemented by the Agency. Where existing Agencies were found not to be compliant with the minimum standards, they were requested to present time-bound action plans to achieve compliance. Agencies were able to continue to put forward new projects for Council approval while they implemented the proposed action plans. The development of an updated policy presents an opportunity to review whether there is a need to change the way in which GEF standards on environmental and social safeguards are rolled out across the GEF Partnership.

14. Experience with other GEF policies suggests that addressing questions such as these will require a robust, consultative and collaborative process that builds on a solid, analytical foundation. The Secretariat has found tremendous value in harnessing the regional workshops organized through the Country Support Program to consult with stakeholders in recipient countries, and in publishing draft policy documents on its external website for public access and comments. Such modalities cannot be utilized without adequate time, however. Table I sets out a preliminary roadmap for developing an updated policy on environmental and social safeguards, which aims to balance the need for a timely response to IEO's recommendations with the demands of an inclusive process.

involuntary resettlement, and (e) shall not use or promote the use of any substances listed under the Stockholm Convention on Persistent Organic Pollutants.

Table 1: Preliminary Roadmap for a Collaborative Process to Develop and Updated GEF Policy on Environmental and Social Safeguards

Action	Timing
1. Multi-stakeholder Working Group on Environmental and Social Safeguards formed	December 2017
2. Further analysis of critical gaps in current policy, and opportunities for improvement in light of evolving best practice	January–February 2018
3. First draft of an updated policy on environmental and social safeguards prepared for review and input by the Working Group	March–June 2018
4. Face-to-face meeting with the Working Group and other stakeholders in conjunction with the sixth GEF Assembly and 54 th meeting of the Council	June 2018
5. Broader consultations on a revised draft of the updated policy	July–September 2018
6. Revised draft of the updated policy presented for Council review and approval	2018