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**PROGRESS REPORT ON  
THE IMPLEMENTATION OF THE GEF  
POLICY ON ENVIRONMENTAL AND SOCIAL SAFEGUARDS**

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## INTRODUCTION

1. The GEF Policy on Environmental and Social Safeguards<sup>1</sup>, approved by the Council at its 55<sup>th</sup> GEF Council Meeting in December 2018, requests the Secretariat to report, annually, to the Council on the implementation of this Policy, including the type and level of Environmental and Social Risks and Impacts identified in GEF financed projects and programs and the management of such risks and impacts during project implementation and at project completion<sup>2</sup> (para 17). In response to this request, this Progress Report aims to update the GEF Council on progress implementing since the Policy came into effect on July 1<sup>st</sup>, 2019.

2. This Report focuses on the application of the GEF Policy on Environmental and Social Safeguards on the Project Identification Forms (PIFs) and Program Framework Documents (PFDs) submitted after the date of effectiveness of the Policy of July 1, 2019. As such, the Report covers the analysis of the 128 approved PIFs and PFDs included in the December 2019 and the June 2020 Work Programs<sup>3</sup>. It is anticipated that, as these projects will reach CEO Endorsement stage<sup>4</sup>, the next annual report will include greater focus on Environmental and Social Safeguards considerations in project/program implementation.

## BACKGROUND

3. The GEF Policy on Environmental and Social Safeguards (hereafter Policy on ESS) sets out the GEF's approach to enhance the positive effect and to reduce adverse impact on people and the environment as a direct result of GEF-funded projects and programs. The Policy on ESS focuses in particular on anticipating, and then avoiding, preventing, minimizing, mitigating, managing, offsetting or compensating adverse impacts that GEF-financed projects and programs may have on people or the environment throughout the project or program cycle, thereby enhancing the environmental and social outcomes. Ensuring a positive impact of GEF-funded activities is also at the center of Environmental and Social Safeguards, and the Policy on ESS was designed in the spirit of enhancing good outcomes and results. In addition, the Policy on ESS introduced some important new standards including Indigenous People (Free, Prior and Informed Consent); Labor and Working Conditions; Community Health, Safety and Security; as well as other key elements to improve project screening and approaches on issues related to Climate Change and Disaster, Disability Inclusion, and Gender-Based Violence and Sexual Abuse and Exploitation.

4. The Policy on ESS states nine minimum requirements for the Agencies to identify and manage environmental and social risks and impacts in GEF-financed projects and programs. It further requires all Agencies to have the necessary policies, procedures, systems and

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<sup>1</sup> GEF/C.55/07/Rev.01 ([http://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF.C.55.07.Rev\\_.01\\_ES\\_Safeguards.pdf](http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.55.07.Rev_.01_ES_Safeguards.pdf))

<sup>2</sup> Para 17 of GEF/C.55/07/Rev.01

<sup>3</sup> It includes 12 Full-sized Project (FSP) of LDCF, and two Enabling Activities exceeded more than \$2 million, which have been processed as FSP. It does not include five addendums of Programs.

<sup>4</sup> There was no FSP's CEO Endorsement, which was applicable to new Policy on ESS, have been approved between July 1, 2019 and June 30, 2020. Only eight Medium-sized projects' CEO Endorsements (one step MSP) have been approved between July 1, 2019 and June 30, 2020.

capabilities in place to ensure that these nine minimum standards are met at all levels of project and program implementation, including by executing partners. The GEF Secretariat presented for Council consideration, at its 57<sup>th</sup> meeting, the Report on the Assessment of Agencies' Compliance with Minimum Standards in the GEF Policies on: Environmental and Social Safeguards; Gender Equality; and Stakeholder Engagement <sup>5</sup> (hereafter referred to as the 2019 Compliance Report), outlining the findings of the requested assessment of GEF Agencies' compliance with the applicable minimum standards.

5. As described in the 2019 Compliance Report, the most common partial gaps among Agencies related to the new screening requirements in the GEF Policy on ESS include climate and disaster risks; disability inclusion; disadvantaged or vulnerable individuals or group; and adverse gender-related impacts. In addition, some Agencies did not have policies or systems to address the full range of issues related to the two new GEF minimum standards on Labor and Working Conditions (MS8) and Community Health, Safety and Security (MS9). As outlined in the Report, all Agencies have, however, committed themselves to improve their internal policies, systems and procedures; improvements addressed include for example, Agencies' early risk screening procedures and approaches/measures to prevent, mitigate and manage environmental and social risks and potential impacts throughout the project cycle.

6. In follow-up to the 2019 Compliance Report, the Council requested, among other things, Agencies to provide updates to the Secretariat on progress implementing the actions contained in their plans of action until Agencies have come into full compliance. As part of the progress implementing the plans of actions, an expert-led assessment was carried out in October 2020. <sup>6</sup> The assessment concluded that six Agencies have now satisfactorily completed their plans of action and addressed significant gaps identified in the 2019 Compliance Report. These six Agencies are the Brazilian Biodiversity Fund (FUNBIO), Conservation International (CI), Inter-American Development Bank (IDB), International Union for Conservation of Nature (IUCN), United Nations Environment Programme (UNEP) and World Wildlife Fund (WWF-US).

7. The GEF Policy on ESS, in addition to Policy compliance, further:

- (i) Stipulates requirements for Agencies to document and report on environmental and social risks and potential impacts, and their management, throughout the GEF project and program cycle (intended to enhance the flow of information on safeguards implementation across GEF-financed projects and programs); and
- (ii) Sets out a role for the Secretariat in their review of projects and programs for the availability and completeness of the information requested at the various stages of the project and program cycles as well as the monitoring of and reporting on safeguards implementation at the portfolio level.

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<sup>5</sup> GEF/C.57/05 ([https://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF\\_C.57\\_05\\_Report%20on%20Assessment%20of%20Agencies%20Compliance.pdf](https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF_C.57_05_Report%20on%20Assessment%20of%20Agencies%20Compliance.pdf) )

<sup>6</sup> GEF/C.59/Inf.16 (Progress Report on Agencies' Compliance with Minimum Standards in the GEF Policies on Environmental and Social Safeguards; Gender Equality; and Stakeholder Engagement).

8. The Policy further requests the Secretariat to report annually to the Council on the implementation of the Policy, including the type and level of Environmental and Social Risks and Impacts identified in GEF-financed projects and programs and the management of such risks and impacts during project implementation and at project completion.

9. In addition, the Secretariat is required to promptly make available on the GEF website the information of grievance cases related to the Policy on ESS reported by Agencies in accordance with Paragraph 15 and notifies the Council as new information is made available and presents a summary of such information as part of its annual reporting on the implementation of this Policy. The summary report on grievance cases relating both to ESS and fiduciary standards can be found in a separate report.<sup>7</sup>

### **ESS CONSIDERATIONS IN GEF PROJECTS AND PROGRAMS**

10. In line with the Policy on ESS requirement, the GEF Secretariat, in collaboration with Agencies, developed the Guidelines on GEF Policy on Environmental and Social Safeguards (hereafter referred to as the ESS Guidelines) to support the effective implementation of the project and program level documentation and reporting requirements set out in the Policy (the ESS Guidelines were shared with Council, as an information document, in December 2019<sup>8</sup>). Following the completion of the ESS Guidelines, the GEF Secretariat, in the spring of 2020, updated its templates for PIFs, PFDs, as well as for MTRs and TEs and programmed new sections in the GEF portal to support the effective implementation of the Policy.

11. As the Policy came into effect on July 1<sup>st</sup>, 2019, the documentation requirements set out in the Policy started to apply to PIFs and PFDs, included in the Work Program, presented for the Council's approval at the 57<sup>th</sup> Council Meeting (December 2019).

### **ESS risk screening at the PIF and PFD stage**

12. The Secretariat analysis of 128 approved PIFs and PFDs<sup>3</sup> since the Policy came into effect, shows a positive trend in terms of Agency responsiveness and compliance. While the analysis found in the first set of PIFs/PFDs, included in the December 2019 Work Program, that few PIFs in fact had submitted ESS screening reports, the subsequent PIFs/PFDs, included in the June 2020 Work Program, showed a large increase in the number of projects/programs that submitted their initial screening reports (see Figure 1. below).

13. It is important to note that the GEF ESS Guidelines were not completed until December 2019 and that many Agencies (as described in the report on Agency Compliance approved by Council in December 2019<sup>9</sup>), as expected, currently are in the process of updating their policies and procedures to be in full compliance with GEF minimum standards on Environmental and

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<sup>7</sup> GEF/C.59/Inf.11: Summary report on grievance cases

<sup>8</sup> Guidelines on GEF Policy on Environmental and Social Standards: SD/GN/03:

[https://www.thegef.org/sites/default/files/documents/guidelines\\_gef\\_policy\\_environmental\\_social\\_safeguards.pdf](https://www.thegef.org/sites/default/files/documents/guidelines_gef_policy_environmental_social_safeguards.pdf)

<sup>9</sup> GEF/C.57/05

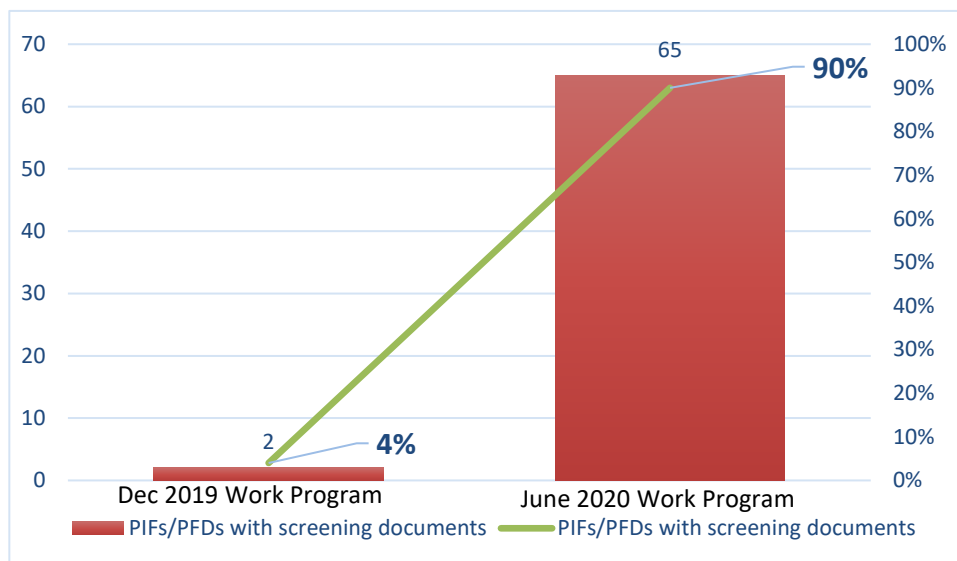
Social Safeguards. In the Minimum Standard 1 of the Policy<sup>10</sup>, it requires Agency systems and procedures to ensure that projects and programs are screened as early as possible to identify environmental and social risks and potential impacts considering the type of risks and potential impacts contained in the Policy.

14. The ESS Guidelines require Agencies to submit any early screening/assessment report(s) and / or any indicative plans/measures to address identified risks, if available. As the Guidelines became effective and as the Secretariat began reviewing projects and programs more systematically, submission of screening reports substantially improved.

15. Before the completion of the ESS Guidelines in December 2019, only 4 percent of 56 PIFs/PFDs, included in the December 2019 Work Program approved by Council, provided/attached their ESS risk screening documents. In contrast, after the application of the Guidelines and Secretariat review of PIFs/PFDs against compliance with the ESS, the analysis found that 90 percent of 72 PIFs/PFDs in the June 2020 Work Program attached documentation such as ESS screening reports or summary of environmental and social review at the concept stage.

16. It is also important to note that according to the Policy on ESS and ESS Guidelines, Agencies are only required to submit supporting documents, such as screening reports or preliminary Environmental and Social Risk and Impact Assessment report(s) if they are available.

**Figure 1: PIFs/PFDs that attached ESS screening reports**



<sup>10</sup> Paragraph 4a of the Policy on ESS

## Risk classification in the GEF Portfolio

17. The Policy on ESS specifies that, based on Agencies' environmental and social screening and risk classification procedures and systems, Agencies document and report on environmental and social risk and potential impacts associated with GEF projects or programs.

18. The ESS Guidelines, completed in December 2019, provided further guidance to Agencies in terms of required documentation and the GEF Secretariat's "due diligence" in project review. The Guidelines clearly stipulate that Agencies, as part of PIF submission, provide:

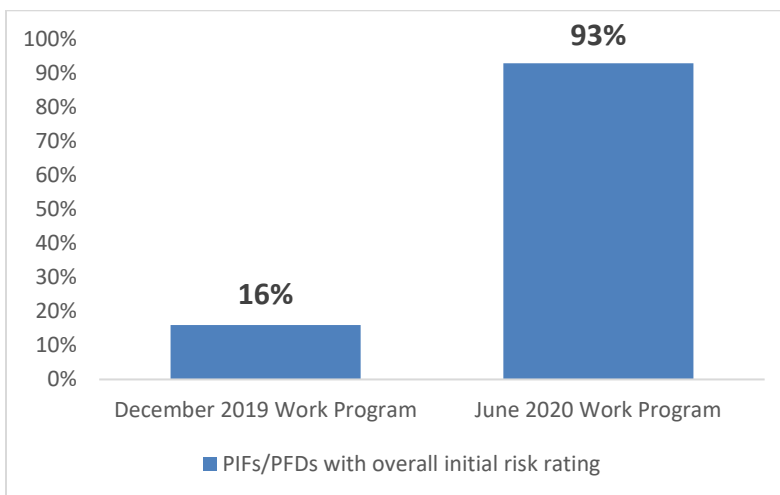
- a. Overall preliminary risk rating for project or program; and
- b. Types of risks and, if available, risk ratings of identified type(s).

### *Overall project ESS risk ratings at PIFs and PFDs stage*

19. Based on Agencies' systems and procedures related to identifying and addressing Environmental and Social Risks and potential Impacts, and based on preliminary screening and/or assessment, Agencies are asked at PIF/PFD stage to provide the **initial risk classification of the overall project/program**.

20. The analysis of 128 PIFs/PFDs<sup>11</sup> shows that there has been a positive trend in terms of projects/programs increasingly providing these initial project risk ratings as part of the submissions from the December 2019 to the June 2020 Work Program. Ninety-three percent of the 72 projects/programs in the June 2020 Work program were able to identify the initial risk level of the projects/programs at the time of submission (see Figure 2. below).

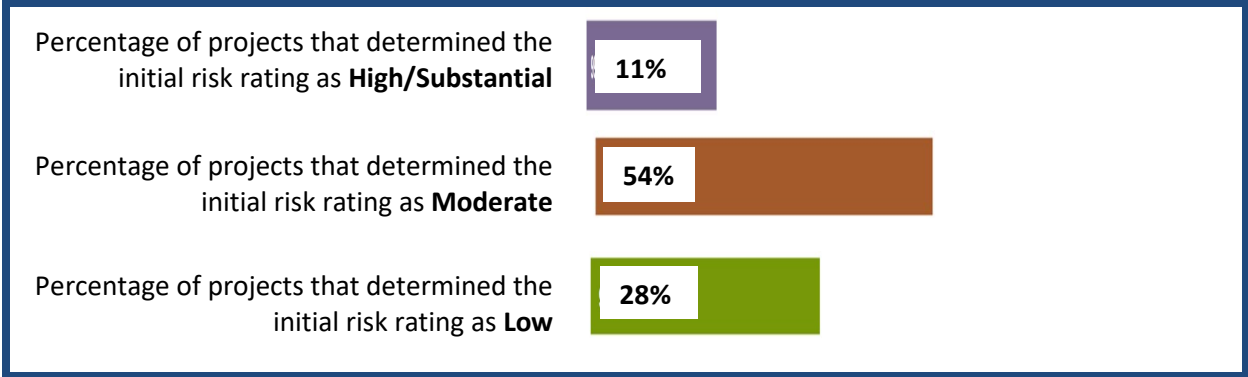
**Figure 2. Percentage of projects/programs that provided Initial overall risk classification**



<sup>11</sup> It includes 12 Full-sized Project (FSP) of LDCF and two Enabling Activities exceeded more than \$2 million, which have been processed as FSP. It does not include five addendums of Programs.

21. In the initial overall ESS risk of the June 2020 Work Program, almost half of the projects/programs were determined as projects/programs with moderate ESS risks and only 11 percent of the projects/programs were determined as projects/programs with high/substantial ESS risks (see the Figure 3 below)<sup>12</sup>. Seventeen out of eighteen GEF Agencies have three different risk categories, high, moderate and low<sup>13</sup>. However, each GEF Agency follows its internal process and procedures to determine risk categories (high/significant, moderate and low) and ESS risk identification of projects/programs is a new practice for many of the GEF Agencies. Thus, it seems that the methodology and process to determine ESS risks are not always consistent within or between the GEF Agencies at this stage.

**Figure 3. Initial risk classification of the overall projects/programs in the June 2020 Work Program**



<sup>12</sup> In the June 2020 Work Program, most of PIFs/PFDs provided overall ESS risks of projects/programs. Thus, the report analysed overall ESS risk classification of projects/programs in the June 2020 Work Program.

<sup>13</sup> World Bank has four risk classifications, high, significant, moderate and low and the report counts significant risk projects/programs as high-risk project/programs. Many Agencies also have risk category called the Financial Intermediaries, but that category is not for the GEF projects/programs.



## Types of ESS risks

22. The Policy on ESS sets out mandatory requirements for identifying and addressing Environmental and Social Risks and Impacts in GEF-financed projects and programs. Projects and programs are classified based on level and magnitude of potential risks and impacts, including considerations of direct, indirect, cumulative, transboundary impacts, the risks and impacts of Associated Facilities, and other considerations. The minimum standards (set out in Annex I.A of the Policy on ESS) indicate the types of risks that need to be considered (see summarized in Box 1)

23. The analysis shows that out of the 128 PIFs/PFDs approved in December 2019 and June 2020 Work Programs<sup>11</sup>, the most often identified risk was related to Climate Change and Disaster risk (MS1) followed by Restrictions on Land Use and Involuntary Resettlement (MS4); Biodiversity Conservation and the Sustainable Management of Living Natural Resources (MS3); Community Health, Safety and Security (MS9); Indigenous Peoples (MS5) and Adverse Gender-related impacts, including Gender-Based Violence and Sexual Exploitation (MS1) (see Figure 4. below).

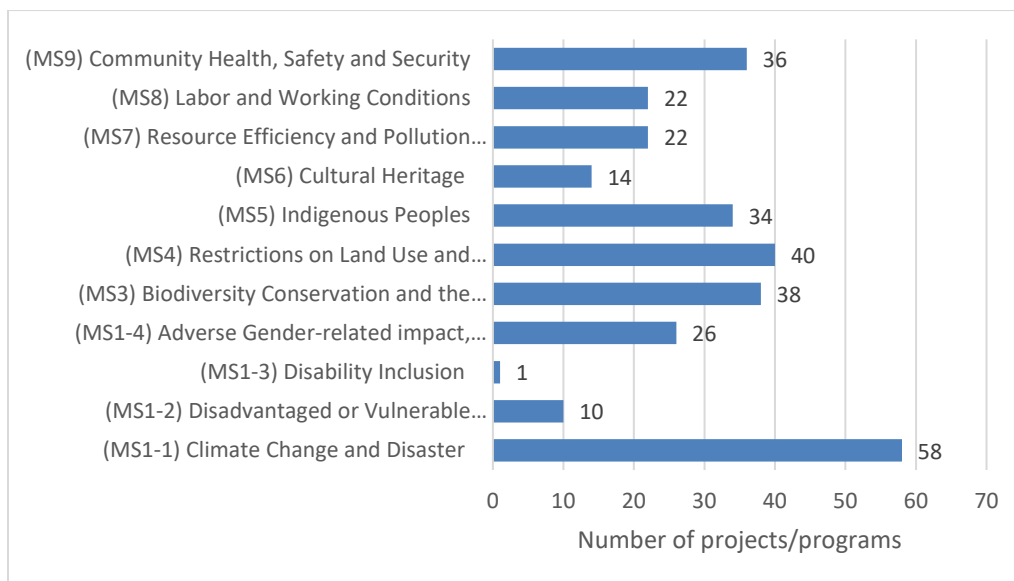
24. The analysis of the PIFs/PFDs indicate that climate change and disaster is often recognized as a risk in projects in terrestrial, costal and freshwater areas. Other risks often found in projects are related to management of protected/conservation areas, which include restriction of land use and access to natural resources. Related to restriction of land use and access to natural resources, potential impacts on indigenous peoples have also been identified in projects that plan to create/expand protected areas or strengthening management of conservation areas and watersheds. The introduction of new species, seeds and agriculture crops for restoration of lands and climate change adaptation has also been identified in some projects/programs as a biodiversity risk.

25. At the PIF/PFD stage, while, most of the projects/programs often only have carried out an initial ESS screening, many describe plans to carry out a full ESS assessments and to develop environmental and social management plans during the Project Preparation Grant (PPG) stage or as part of the project inception stage.

### **Box 1. Types of Risks and Potential Impacts to be screened and assessed in GEF Projects & Programs**

<b>(MS1)</b>	<b>Climate Change and Disaster</b>
<b>(MS1)</b>	<b>Disadvantaged or Vulnerable Individuals or Groups</b>
<b>(MS1)</b>	<b>Disability Inclusion</b>
<b>(MS1)</b>	<b>Adverse Gender-related impact, including Gender-Based Violence and Sexual Exploitation</b>
<b>(MS3)</b>	<b>Biodiversity Conservation and the Sustainable Management of Living Natural Resources</b>
<b>(MS4)</b>	<b>Restrictions on Land Use and Involuntary Resettlement</b>
<b>(MS5)</b>	<b>Indigenous Peoples</b>
<b>(MS6)</b>	<b>Cultural Heritage</b>
<b>(MS7)</b>	<b>Resource Efficiency and Pollution Prevention</b>
<b>(MS8)</b>	<b>Labor and Working Conditions</b>
<b>(MS9)</b>	<b>Community Health, Safety and Security</b>

**Figure 4: Types of identified risks at PIF/PFD stage in Dec 2019 and Jun 2020 Work Programs**



#### CONCLUSION AND NEXT STEPS

26. As described in the Compliance Report<sup>14</sup>, Agencies’ efforts to develop or adjust policies, procedures and systems to be in full compliance with the GEF updated ESS minimum standards are still ongoing. As GEF Agencies are taking concrete actions to improve their policies, procedures and systems, as outlined in the plans of actions in the 2019 Compliance Report (referenced above), we are already noticing evidence of greater adherence to the ESS minimum standards in GEF Projects/Programs, including improved documentation on ESS as part of PIF/PFD submissions. Having that said, it is important to note that the comprehensive implementation of the Policy on ESS will take some time.

27. As expected, determining the overall project risk rating at the project/program concept stage can be difficult. While, some projects with very clear target areas are able to produce detailed environmental and social assessment reports as part of their PIF submission, others outline in their ESS screening documents that they will need to revisit the overall ESS risk during the Project Preparation Grant (PPG) stage. Many of the PIFs/PFDs, as described in the analysis above, plan to conduct a more detailed environment and social assessment and to develop environmental and social management plans prior to CEO Endorsement and during the project implementation. The Secretariat will, in addition to its “due diligence” in project review, review and analyze the CEO Endorsement Requests, MTRs and TEs for which the Policy on ESS are applicable.

28. Systematic ESS risk identification and rating processes are fairly new practices for some of the GEF Agencies. Thus, it seems that the methodology and process to determine ESS risks

<sup>14</sup> GEF/C.57/05

(high/significant, moderate and low) are not always consistent within/or between the GEF Agencies. In order to improve management of ESS risks in GEF projects and programs, it might be beneficial to exchange experiences among the GEF Agencies about ESS risk identification/ratings, environmental and social assessments, and the development and implementation of management plans to address identified risks and potential impacts. It might also be beneficial to put in place a kind of “Community of Practice” to share lessons learned across GEF Agencies’ ESS practices related to dealing with high risk projects and grievances, and/or addressing some of the new ESS minimum standards including Gender-Based Violence; and Free, Prior and Informed Consent (FPIC) etc.