



**GLOBAL ENVIRONMENT FACILITY**  
INVESTING IN OUR PLANET

GEF/C.56/05  
May 14, 2019

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56<sup>th</sup> GEF Council Meeting  
June 11–13, 2019  
Washington, D.C.

Agenda Item 06

**INFORMING THE COUNCIL OF POSSIBLE NON-COMPLIANCE WITH ENVIRONMENTAL  
AND SOCIAL SAFEGUARDS**

**Recommended Council Decision**

The Council, having reviewed document GEF/C.56/05, *Informing the Council of Possible Non-Compliance with Environmental and Social Safeguards*, approves the proposed amendment to the *Policy on Environmental and Social Safeguards* (GEF/C.55/07/Rev.01) as set out in Annex I.

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## INTRODUCTION

1. The Council, at its 55<sup>th</sup> meeting in December 2018 and having reviewed document GEF/C.55/07/Rev.01, *Updated Policy on Environmental and Social Safeguards*<sup>1</sup>, “[requested] the Secretariat to propose a procedure to inform the Council of possible non-compliance with the minimum standards contained in the Policy, where reputational risks for the GEF may arise, for the Council’s consideration at its 56<sup>th</sup> meeting in the Spring of 2019”<sup>2</sup>.
2. Pursuant to the Council’s request, this document proposes an amendment to the *Policy on Environmental and Social Safeguards*<sup>3</sup> to ensure more timely reporting to the Council on possible cases of non-compliance with Agencies’ respective policies on environmental and social risks and safeguards. The proposed amendment has been prepared in consultation with Agencies.
3. This document focuses on cases of possible non-compliance involving environmental and social risks. Reporting on possible non-compliance with Agencies’ fiduciary policies and safeguards; including cases related to fraud, corruption, and misuse of funds; will be addressed as part of the planned update of the GEF’s minimum fiduciary standards<sup>4</sup> for Council consideration at its 57<sup>th</sup> meeting in the Fall of 2019.

## CURRENT GEF POLICY

4. The Council approved an updated *Policy on Environmental and Social Safeguards*<sup>5</sup> at its 55<sup>th</sup> meeting in December 2018. The policy sets out minimum standards on environmental and social risks and safeguards that Agencies are required to meet using their own policies, procedures and systems.
5. One of the minimum standards contained in the updated policy (Minimum Standard 2) requires that Agencies demonstrate that they have in place accountability, grievance, and conflict resolution systems to receive and address concerns about possible non-compliance with their policies and procedures related to the identification, management and monitoring of

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<sup>1</sup> ([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> *Joint Summary of the Chairs, 55<sup>th</sup> GEF Council Meeting, December 18–20, 2018* ([http://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF.C.55\\_Joint\\_Summary\\_of\\_the\\_Chairs.pdf](http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.55_Joint_Summary_of_the_Chairs.pdf))

<sup>3</sup> GEF/C.55/07/Rev.01, *Updated Policy on Environmental and Social Safeguards* ([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>4</sup> GA/PL/02, *Minimum Fiduciary Standards for GEF Partner Agencies* ([http://www.thegef.org/sites/default/files/documents/Fiduciary\\_Standards.pdf](http://www.thegef.org/sites/default/files/documents/Fiduciary_Standards.pdf))

<sup>5</sup> GEF/C.55/07/Rev.01, *Updated Policy on Environmental and Social Safeguards* ([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)).

environmental and social risks<sup>6</sup>. Specifically, Agencies are required to have in place an independent accountability system that, *inter alia*, identifies and responds to potential non-compliance with Agency policies and procedures; as well as grievance and conflict resolution systems at the appropriate level to receive and seek resolution to complaints (e.g. through dialogue, conciliation, mediation and ombudsperson role).

6. The Secretariat is currently facilitating an assessment of all Agencies against the new minimum standards, to be presented for Council consideration at its 57<sup>th</sup> meeting in the Fall of 2019<sup>7</sup>. Once Agencies have been found to meet the minimum standards, periodic reviews will be carried out to ensure continued compliance<sup>8</sup>.

7. In addition to establishing minimum standards for Agencies' relevant policies, procedures, systems, and capabilities, the policy requires that Agencies report annually to the Council, through the Secretariat, any cases reported to their respective accountability, grievance, and conflict resolution systems in connection with GEF-financed projects or programs, and how such cases have been addressed<sup>9</sup>.

#### **OVERVIEW OF CURRENT AGENCY POLICIES AND PROCEDURES**

8. Agencies' accountability, grievance, and conflict resolution systems typically involve different stages of processing. In accordance with each Agency's policies and procedures, these may include: initial review and registration of a complaint; determination of eligibility for investigation and/or initiation of an alternative dispute resolution process; investigation; final report; and follow-up and/or monitoring. Some Agencies combine some of these stages (e.g. the first two) or carry them out concurrently.

9. Depending on the status of processing and the nature of each case, Agencies' accountability, grievance, and conflict resolution systems provide varying degrees of access to information regarding cases of possible or actual non-compliance. Consistent with Agencies' relevant policies and procedures, information is generally shared with the parties directly involved in a complaint, Agencies' governing bodies, and the public through their respective websites. The information published on websites may include a registry or list of cases determined to be within the scope of review (e.g. through registration and/or determination of

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<sup>6</sup> See Annex I.A, paragraphs 5–6 ([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>7</sup> See also SD/GN/03, *Guidelines for Assessing GEF Agencies' Compliance with Policies on Environmental and Social Safeguards, Gender Equality, and Stakeholder Engagement* ([http://www.thegef.org/sites/default/files/documents/20190301\\_agency\\_policy\\_compliance\\_assessment\\_guidelines.pdf](http://www.thegef.org/sites/default/files/documents/20190301_agency_policy_compliance_assessment_guidelines.pdf))

<sup>8</sup> ME/PL/02, *Monitoring Agencies' Compliance with GEF Policies* ([http://www.thegef.org/sites/default/files/documents/Monitoring\\_Agency\\_Compliance\\_Policy\\_0.pdf](http://www.thegef.org/sites/default/files/documents/Monitoring_Agency_Compliance_Policy_0.pdf))

<sup>9</sup> See Annex I, paragraphs 15–17 ([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)).

eligibility) along with information about the receipt and nature of the complaint, the status of processing, and associated documents. Agencies' systems generally operate in a transparent manner, while providing for confidentiality during investigations and to protect the anonymity of complainants where requested.

#### **PROPOSED POLICY AMENDMENT**

10. In response to the Council's request cited in Paragraph 1 above and building on the recently approved GEF policy<sup>10</sup> as well as Agencies' current accountability, grievance, and conflict resolution systems, the Secretariat proposes that the *Policy on Environmental and Social Safeguards* be amended to ensure more timely reporting on possible cases of non-compliance with Agencies' respective policies on environmental and social risks and safeguards. The proposed amendment is set out in Annex I.

11. Specifically, the Secretariat proposes that the existing requirement of annual reporting, described in Paragraph 7 above be replaced with a requirement that Agencies report promptly to the Council, through the Secretariat, cases reported to their respective accountability, grievance, and conflict resolution systems that they have determined to be within the scope of their review.

12. The proposed approach is designed to build on the diligence and established procedures of Agencies in assessing and reviewing complaints received. The analysis and consultations carried out by the Secretariat indicate that this is an objective method to inform the Council of cases of possible non-compliance in a timely manner, while enabling Council members to directly assess any associated reputational risks.

13. In practice, the Secretariat proposes that reports from Agencies include a summary of the case and its status, and – if available – a link to a page on the Agency website where stakeholders may access further, up-to-date information regarding the nature of the claim, the status of processing, associated documents, and results of any reviews. The Secretariat would post the summaries and any links provided by Agencies in a designated space on the Conflict Resolution section of its website. The implementation modalities to support the proposed policy amendment would be included in guidelines to support the implementation of the documentation and reporting requirements contained in the *Policy on Environmental and Social Safeguards*.

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<sup>10</sup> GEF/C.55/07/Rev.01, *Updated Policy on Environmental and Social Safeguards* ([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)).

**ANNEX I: PROPOSED AMENDMENT TO THE POLICY ON ENVIRONMENTAL AND SOCIAL SAFEGUARDS  
(GEF/C.55/07/REV.01)**

15. Agencies report annually promptly to the Secretariat any cases reported to their respective accountability, grievance, and conflict resolution mechanisms in connection with GEF-financed projects or programs, ~~and how such cases have been addressed, which these mechanisms have determined to be within the scope of their review~~, consistent with the requirements set out in Minimum Standard 2 in Annex I.A of this Policy.

[...]

17. The Secretariat reports 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, ~~as well as cases reported to and addressed by Agencies' accountability, grievance and conflict resolution mechanisms. In addition, the Secretariat makes available on the GEF website the information reported by Agencies in accordance with Paragraph 15.~~