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Agenda Item 05

POLICY ON STAKEHOLDER ENGAGEMENT

Recommended Council Decision

The Council, having reviewed document GEF/C.53/05/Rev.01, *Policy on Stakeholder Engagement*, approves the Policy contained in Annex I to the document.

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INTRODUCTION

1. The Council, at its 51st meeting in October 2016 and having reviewed document GEF/C.51/09/Rev.01, *Recommendations of the Working Group on Public Involvement*¹, requested the Secretariat to “present an updated policy on stakeholder engagement and access to information at its 53rd meeting in [November] 2017”².
2. In response to the Council’s decision, this paper presents a proposed, new *Policy on Stakeholder Engagement* (Annex I) that would supersede the 1996 *Policy on Public Involvement in GEF Projects*³.

Background

3. According to the *Instrument for the Establishment of the Restructured Global Environment Facility*: “GEF Operational Policies [...] with respect to GEF-financed projects shall provide for full disclosure of all non-confidential information, and consultation with, and participation as appropriate of, major groups and local communities throughout the project cycle”⁴.
4. The Council, at its seventh meeting in April 1996, adopted the *Policy on Public Involvement in GEF Projects* (hereafter “Public Involvement Policy”)⁵. The policy affirms that “[e]ffective public involvement is critical to the success of GEF-financed projects”, and goes on to note that public involvement can improve project performance and impact by:
 - (a) Enhancing country ownership and accountability;
 - (b) Addressing the social and economic needs of affected people;
 - (c) Building partnerships among Agencies and stakeholders; and
 - (d) Harnessing the skills, experiences and knowledge of a wide range of stakeholders, particularly civil society organizations (CSO), community and local groups, and the private sector.

¹ (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.51.09.Rev_01_Recommendations_of_the_WG_on_Pi.pdf)

² *Joint Summary of the Chairs: 51st GEF Council Meeting, October 25–27, 2016* (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.51_Joint_Summary_of_the_Chairs.pdf)

³ SD/PL/01 (http://www.thegef.org/sites/default/files/documents/Public_Involvement_Policy-2012.pdf). A policy on access to information is being considered separately.

⁴ Paragraph 5 (http://www.thegef.org/sites/default/files/documents/GEF_Instrument-Interior-March23.2015.pdf)

⁵ SD/PL/01 (http://www.thegef.org/sites/default/files/documents/Public_Involvement_Policy-2012.pdf)

5. The Public Involvement Policy sets out five core principles for the design, implementation, and evaluation of GEF-financed projects:

- (a) Effective public involvement should enhance the social, environmental, and financial sustainability of projects;
- (b) 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;
- (c) 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;
- (d) 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; and
- (e) Public involvement activities will be carried out in a transparent and open manner. All GEF financed projects should have full documentation of public involvement.

6. The Policy further sets out the respective roles and responsibilities of the Secretariat, Agencies and recipient country governments in implementing the above principles.

7. In December 2014, the Secretariat issued guidelines that provide further details on the implementation of the 1996 policy⁶. The guidelines address information disclosure and consultation in national-level programming, the project and program cycles, as well as monitoring and evaluation. The guidelines also provide information on the systems for conflict resolution, and define relevant terms and concepts related to stakeholder engagement.

8. In addition to the Public Involvement Policy, the GEF has established rules and requirements for stakeholder engagement through, *inter alia*, its *Agency Minimum Standards on Environmental and Social Safeguards*⁷, *Minimum Fiduciary Standards for GEF Partner*

⁶ SD/GN/01, *Guidelines for the Implementation of the Public Involvement Policy* (<http://www.thegef.org/sites/default/files/documents/Publication%20Guidelines%20for%20the%20Implementation%20of%20the%20GEF%20Public%20Involvement%20Policy.pdf>)

⁷ SD/PL/03 ([http://www.thegef.org/sites/default/files/documents/Policy Environmental and Social Safeguards 2015.pdf](http://www.thegef.org/sites/default/files/documents/Policy%20Environmental%20and%20Social%20Safeguards%202015.pdf))

*Agencies*⁸, *Policy on Gender Mainstreaming*⁹, *Monitoring and Evaluation Policy*¹⁰ and *Principles and Guidelines for Engagement with Indigenous Peoples*¹¹.

9. With respect to environmental and social safeguards, the need for stakeholder engagement, including with affected groups, local civil society and indigenous peoples, is required across all safeguard standards; and all Agencies are required to have in place effective accountability and grievance systems. The policy also affirms that the GEF – in engaging with indigenous peoples – adheres to 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. For other projects, the GEF Agencies “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.”¹²

10. In accordance with the aforementioned policies, procedures and guidelines, stakeholder engagement has been broadly mainstreamed across the GEF Partnership and operations, including through templates, documentation and reporting requirements, criteria for project and program review, as well as the Secretariat’s on-going outreach to countries and civil society. At concept stage, project identification forms (PIF)¹³ and program framework documents (PFD)¹⁴ are required to identify key stakeholders, including civil society and indigenous peoples, and briefly describe how they will be engaged in project preparation. Following project preparation, requests for endorsement or approval by the GEF CEO¹⁵ are required to elaborate on provisions for stakeholder engagement in project preparation and implementation, including through the development of a stakeholder engagement plan (see *Guidelines for the Implementation of the Public Involvement Policy*, pp. 18-19). The Secretariat, in its review of project and program proposals, addresses these questions as well.

11. Notwithstanding the GEF’s existing, wide-ranging policy framework for stakeholder engagement, there are important areas for improvement, as recognized in several reviews, and ultimately by the Council in its decision to request an updated policy.

⁸ GA/PL/02

(http://www.thegef.org/sites/default/files/documents/GA.PL_02_Minimum_Fiduciary_Standards_0.pdf)

⁹ SD/PL/02 (http://www.thegef.org/sites/default/files/documents/Gender_Mainstreaming_Policy-2012_0.pdf)

¹⁰ (http://www.thegef.org/sites/default/files/documents/ME_Policy_2010_0.pdf)

¹¹ (http://www.thegef.org/sites/default/files/publications/Indigenous_Peoples_Principle_EN.pdf)

¹² SD/PL/03 – Para 7, page 5.

¹³ (http://www.thegef.org/sites/default/files/documents/PIF%20FSP_MSP_%208-23-2016.doc)

¹⁴ (<http://www.thegef.org/sites/default/files/documents/GEF-6%20PFD%20Template-Sept2015r.doc>)

¹⁵ (http://www.thegef.org/sites/default/files/documents/GEF6%20CEO%20Endorsement-Approval%20Template_12-05-2016_gender.doc)

12. In its *Fifth Overall Performance Study* the Independent Evaluation Office (IEO) recognized the GEF as a “leader in civil society engagement in the global environmental arena”, yet it found that the Public Involvement Policy is “outdated, not systematically implemented, and ineffective”. IEO further concluded that “[a]ny serious endeavor to further enhance CSO engagement in the GEF would be greatly assisted by updating the 1996 [Public Involvement Policy].¹⁶

13. Concurrently with OPS5, the CSO Network reviewed the 1996 Public Involvement Policy to provide “input and recommendations to the [Secretariat] for the formulation of guidelines for [Agencies] and governments on public participation in GEF project development and implementation”¹⁷. Similar to OPS5, the review recommended an update of the Public Involvement Policy, particularly by broadening the scope of its application and strengthening the definitions and key principles of engagement.

14. In light of the work carried out by IEO and the CSO Network, as well as a *Review of GEF Agencies’ Policies, Procedures, and Guidelines on Stakeholder Involvement*¹⁸ commissioned in support of further deliberations on the Public Involvement Policy, the multi-stakeholder Working Group on Public Involvement¹⁹ recommended to the Council in October 2016 that the 1996 Policy on Public Involvement be updated²⁰, for the following reasons:

- (a) The policy should be updated to reflect the evolution of other policies and guidelines related to stakeholder engagement both within the GEF and other international institutions.
- (b) The policy uses outdated and imprecise terminology and lacks the clarity and consistency of a policy document. It provides an unclear mix of aspirational guiding principles (“should”) and affirmative policy mandates and requirements (“will”).
- (c) The policy has not been kept up-to-date with policies and practices regarding stakeholder engagement, including among many Agencies. An updated policy would contribute towards greater harmonization across an expanded

¹⁶ GEF/A.05/04 (http://www.thegef.org/sites/default/files/council-meeting-documents/OPS5_Final_Report_Full_Version-English_1.pdf)

¹⁷ *Review of the GEF Public Involvement Policy* (http://www.gefngo.org/view_file.cfm?fileid=939)

¹⁸ GEF/C.51/Inf.05 (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.51.Inf_05_Review_of_Agencies_on_Stakeholder_Engagement.pdf)

¹⁹ The Working Group, which was formed in 2015, includes representatives of the GEF Secretariat, the CSO Network, the Council, Agencies, the GEF’s Indigenous Peoples Advisory Group, IEO, and GEF Operational Focal Points.

²⁰ GEF/C.51/09/Rev.01, *Recommendations of the Working Group on Public Involvement* (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.51.09.Rev_01_Recommendations_of_the_WG_on_PI.pdf)

Partnership, and clarify GEF's minimum standards for an increasingly diverse Partnership.

The Proposed, New Policy on Stakeholder Engagement

15. Reflecting the above findings, conclusions and recommendations, and based on a consultative process involving the Working Group on Public Involvement, as well as input received through public consultations, the proposed, new *Policy on Stakeholder Engagement* would introduce the following, key improvements to the 1996 Public Involvement Policy:

- (a) Roles, responsibilities and accountability: The proposed, new policy is clearly focused on the Agencies and the Secretariat, and applicable to all GEF-financed activities. Unlike the 1996 Policy on Public Involvement, the proposed, new policy is written exclusively in mandatory language, thereby providing greater clarity in terms of application and accountability.
- (b) Use of Agency systems: Recognizing that key aspects of stakeholder engagement cannot be addressed in detail in the Secretariat's review of individual projects or programs, and noting the evolving policies, procedures and practices across the Partnership; the proposed, new policy would introduce a set of clear minimum standards for all Agencies, building on and complementing the standards already established through the policies on environmental and social safeguards and fiduciary standards.
- (c) Monitoring and reporting: The proposed, new policy would introduce clear requirements for project- and program-level monitoring and reporting on stakeholder engagement by Agencies, and portfolio-level monitoring and reporting by the Secretariat.
- (d) Documentation requirements: To ensure adequate documentation of, and easy access to information regarding stakeholder engagement in GEF-financed activities, the proposed, new policy would introduce more specific, mandatory documentation requirements across the project cycle, including the requirement for Agencies to present a stakeholder engagement plan or equivalent at CEO Endorsement/ Approval.

Effectiveness and Implementation

16. The Secretariat proposes that the new *Policy on Stakeholder Engagement* come into effect on July 1, 2018 and that it apply to all new GEF-financed activities submitted on or after the date of effectiveness. For GEF-financed activities under implementation, the Secretariat proposes that the Policy apply to all annual project implementation reports as well as mid-term reviews and terminal evaluations submitted after one year from the date of effectiveness. This would allow the Secretariat, working with Agencies and other stakeholders, to complete the requisite, preparatory work to enable the effective implementation of the new policy.

17. Following the Councils' approval of the proposed, new policy, the Secretariat will update project templates consistent with the new project-level documentation requirements.

18. In addition, the Secretariat, in consultation with the Working Group on Public Involvement, will develop updated guidelines with explanatory information and resources to support the effective implementation of the policy. The Secretariat will post the guidelines on the GEF website after CEO approval, and will notify the Council and other stakeholders accordingly.

19. The proposed, new policy also introduces a set of minimum requirements for Agencies' policies, procedures and capabilities related to stakeholder engagement. Agencies' compliance with these requirements will be assessed drawing on the procedures²¹ established for assessing Agencies' compliance with the 2011 policies on environmental and social safeguards and gender mainstreaming, as well as the considerations set out in Paragraph 16 of the 2007 policy, *Minimum Fiduciary Standards for GEF Partner Agencies*²², with updates as needed. Following the initial assessment, Agencies' compliance will be subject to periodic monitoring consistent with the 2016 policy on *Monitoring Agency Compliance*²³. With a view to minimizing transaction costs and harnessing synergies with other GEF policies, the Secretariat recommends that the initial assessment of Agencies' compliance with the proposed, new *Policy on Stakeholder Engagement* be carried out only upon approval of an updated policy on environmental and social safeguards²⁴, which is expected in calendar year 2018.

²¹ SD/GN/03, *Application of Policy on Environmental and Social Safeguard Standards*
(http://www.thegef.org/sites/default/files/documents/Guidelines_Application_of_Environmental_and_Social_Safeguard_Policy_2015.pdf)

²² GA/PL/02
(https://www.thegef.org/sites/default/files/documents/GA.PL_.02_Minimum_Fiduciary_Standards_0.pdf)

²³ SD/PL/04
(http://www.thegef.org/sites/default/files/documents/Monitoring_Agency_Compliance_Policy_SDPL04.pdf)

²⁴ GEF-C.53-08, *Plan to Review the GEF's Environmental and Social Safeguards*

ANNEX I: POLICY ON STAKEHOLDER ENGAGEMENT

Definitions

CEO Approval means the approval of a fully developed medium-sized project or enabling activity by the GEF CEO

CEO Endorsement means the endorsement of a fully developed full-sized project by the GEF CEO

Civil Society comprises non-stake actors, including not-for-profit non-governmental organizations (NGOs), farmers, women, the scientific and technological community, youth and children, Indigenous Peoples and their communities, business and industry, workers and trade unions

Enabling Activity means a project for the preparation of a plan, strategy or report to fulfill commitments under a Convention

GEF-Financed Activity means any full-sized project, medium-sized project or enabling activity financed from any GEF-managed trust fund, as well as regional and national outreach activities.

GEF Partner Agency means an agency eligible to request and receive GEF resources directly for the design, implementation, and supervision of GEF projects

Program Framework Document means the document that sets forth the concept of a program that is proposed for GEF financing

Project Identification Form means the applicable document that sets forth the concept of a full-sized project or medium-sized project that is requesting GEF financing

Stakeholder means an individual or group that has an interest in the outcome of a GEF-financed activity or is likely to be affected by it, such as local communities, Indigenous Peoples, civil society organizations, and private sector entities, comprising women, men, girls and boys

Stakeholder Engagement means a process involving stakeholder identification and analysis, planning of Stakeholder Engagement, disclosure of information, consultation and participation, monitoring, evaluation and learning throughout the project cycle, addressing grievances, and on-going reporting to stakeholders

Work Program: means a group of Full-Sized Projects and/ or Programmatic Approaches that is presented for Council approval in a Council meeting

Introduction

1. Effective Stakeholder Engagement enhances the transparency, accountability, integrity, effectiveness and sustainability of GEF governance and operations by, *inter alia*, strengthening the design and implementation of GEF-Financed Activities, reducing risks and addressing the social and economic needs of affected parties.
2. In addition, effective Stakeholder Engagement promotes country ownership by forging stronger partnerships, particularly with civil society, Indigenous Peoples, communities and the private sector, and by harnessing the knowledge, experience and capabilities of affected and interested individuals and groups.

Purpose

3. This Policy sets out the core principles and mandatory requirements for Stakeholder Engagement in GEF governance and operations, with a view to promoting transparency, accountability, integrity, effective participation and inclusion. The Policy reaffirms and operationalizes the GEF's commitment, with respect to GEF-Financed Activities, to "full disclosure of all non-confidential information, and consultation with, and participation as appropriate of, major groups and local communities throughout the project cycle" (Instrument for the Establishment of the Restructured Global Environment Facility, Paragraph 5).

Application

4. This Policy applies to the Secretariat and all GEF Partner Agencies (hereafter "Agencies"). The Policy applies to all GEF-Financed Activities²⁵.

Objective

5. The objective of this Policy is to promote the inclusive and meaningful participation of Stakeholders in GEF's governance and operations in support of the GEF's mandate to protect the global environment.

Core Principles

6. The following principles constitute the foundation for Stakeholder Engagement across GEF governance and operations:
 - (a) Constructive, responsive, accountable and transparent Stakeholder Engagement is critical to the success of all GEF-Financed Activities.

²⁵ Including activities funded through all GEF-managed trust funds, unless decided otherwise by the LDCF/SCCF Council in response to guidance from the Conference of the Parties of the United Nations Framework Convention on Climate Change.

- (b) Stakeholder Engagement in the GEF supports fair, balanced, and inclusive participation in GEF governance and operations.
- (c) Stakeholder Engagement applies to all GEF-Financed Activities, irrespective of the level of potential social and environmental risks and impacts.
- (d) In order to be effective and meaningful, Stakeholder Engagement requires sustained commitment and action, including the appropriate allocation of resources, throughout the identification, design, implementation, monitoring and evaluation of GEF-Financed Activities.
- (e) Effective Stakeholder Engagement in GEF governance and operations is supported by appropriate documentation and easy and timely access to relevant information.

Policy Requirements

7. This Policy sets out mandatory requirements in three key areas: (A) project and program cycles; (B) activities led by the Secretariat; and (C) Agency policies, procedures and capabilities.

A. Stakeholder Engagement Throughout the GEF Project and Program Cycles

8. In Program Framework Documents and Project Identification Forms submitted for Work Program entry or CEO Approval, Agencies provide a description of any consultations conducted during project development, as well as information on how Stakeholders will be engaged in the proposed activity, and means of engagement throughout the project/ program cycle.

9. At CEO Endorsement/ Approval, Agencies present Stakeholder Engagement Plans or equivalent documentation, with information regarding Stakeholders who have been and will be engaged, means of engagement, dissemination of information, roles and responsibilities in ensuring effective Stakeholder Engagement, resource requirements, and timing of engagement throughout the project/ program cycle.

10. The Secretariat, in its review of Requests for CEO Endorsement/ Approval, assesses whether adequate measures have been proposed, supported by an adequate allocation of resources, to ensure effective Stakeholder Engagement throughout the life-cycle of the activity, and whether such measures have been adequately documented as per paragraphs 8–11 above²⁶.

11. Agencies oversee the implementation of Stakeholder Engagement as set out in the documentation submitted at CEO Endorsement/ Approval, and include information on

²⁶ The Secretariat also invites stakeholder inputs on PFDs and PIFs posted on its website: <https://www.thegef.org/partners/csos>

progress, challenges and outcomes in their annual project implementation reports as well as mid-term reviews and terminal evaluations.

12. Agencies propose and allocate adequate resources in their respective program and project budgets to promote effective Stakeholder Engagement throughout the program and project cycles.

13. The Secretariat updates and maintains publicly available and easily accessible project and program templates to support the implementation of this Policy.

B. Stakeholder Engagement in Activities Led by the Secretariat

14. The Secretariat engages with Stakeholders in all other GEF-Financed Activities, such as national and regional outreach activities executed by the Secretariat, following the principles set out in Paragraph 6.

15. The Secretariat provides for appropriate Stakeholder Engagement in the development of GEF policies, guidelines and strategy.

C. Agency Policies, Procedures and Capabilities

16. Agencies demonstrate that they have in place the necessary policies, procedures and capabilities to ensure that:

- (a) Stakeholders are identified and involved as early as possible in the identification and development of activities implemented by the Agency and that Stakeholder Engagement is sustained throughout the life-cycle of the activity.
- (b) Stakeholders are engaged in meaningful consultations where they are able to express their views on project plans, benefits, risks, impacts, and mitigation measures that may affect them.
- (c) Such consultations are gender responsive; free of manipulation, interference, coercion, discrimination and intimidation; and responsive to the needs and interests of disadvantaged and vulnerable groups.
- (d) A public record of Stakeholder Engagement throughout the project cycle is maintained and disclosed. In cases where confidentiality is necessary to protect stakeholders from harm, statistical information is recorded and made publicly available.
- (e) Stakeholders have access to timely, relevant and understandable information about activities implemented by the Agency, and clear procedures to request information.

- (f) Where GEF-financing supports an activity implemented by the Agency, such support is clearly identified and related non-confidential information is made publicly available and easily accessible.
- (g) The requirements set out in paragraph 16 a–f are met by governments and other executing partners that are engaged in activities implemented by the Agency.

Compliance, Monitoring and Reporting

17. The Secretariat facilitates an assessment of Agencies' compliance with the requirements set out in Paragraph 14, for Council review and decision within 18 months of the date of effectiveness of this Policy.

18. If an Agency does not meet the requirements set out in Paragraph 14, the Agency, in consultation with the Secretariat, develops a concrete, time-bound action plan to achieve compliance. The Secretariat, on behalf of the Agency, submits the action plan for review and approval by the Council. Unless the Council decides otherwise, the Agency may continue to seek GEF financing while it implements the time-bound action plan.

19. Once an Agency has been found to meet the requirements set out in Paragraph 14, the Agency and the Secretariat carry out periodic reporting and monitoring of compliance using the modalities set out in the *Policy on Monitoring Agencies' Compliance*²⁷.

20. The Secretariat reports annually to the Council on Stakeholder Engagement across GEF-Financed Activities, including the number and share of projects that effectively engage Stakeholders in line with paragraphs 8–11 above, and using gender-disaggregated data where appropriate, at CEO Endorsement/ Approval, during implementation, and at completion.

21. As part of the as part of the Overall Performance Study undertaken every 4 years, the GEF Independent Evaluation Office will review GEF's engagement with Stakeholders in governance and operations.

22. The Secretariat develops and disseminates, in consultation with Agencies, civil society, and other relevant stakeholders, Guidelines to support the implementation of this Policy within one year from the adoption of this Policy.

Review of the Policy

23. The Council decides on the review and revision of this Policy.

²⁷ SD/PL/04

(http://www.thegef.org/sites/default/files/documents/Monitoring_Agency_Compliance_Policy_SDPL04.pdf)

Effectiveness

24. The Policy will come into effect on July 1, 2018, and will remain in effect until amended or superseded by the Council. The Policy applies to all new GEF-Financed Activities submitted on or after the date of effectiveness. For GEF-financed Activities under implementation, the Policy applies to all annual project implementation reports as well as mid-term reviews and terminal evaluations submitted after one year of the date of effectiveness.

References and Related Documents

GEF Policies

- *Agency Minimum Standards on Environmental and Social Safeguards (OP/PL/01)*
- *Minimum Fiduciary Standards for GEF Partner Agencies (GA/PL/02)*
- *Monitoring Agencies' Compliance (SD/PL/04)*
- *Monitoring and Evaluation Policy*
- *Project and Program Cycle (OP/PL/01)*
- *Policy on Gender Equality (GEF-C.53-04, forthcoming)*

Guidelines

- *Application of Environmental and Social Safeguard Standards (SD/GN/03)*
- *Guidelines on the Project and Program Cycle Policy (GEF/C.52/Inf.06)*
- *Principles and Guidelines for Engagement with Indigenous Peoples*
- *Guidelines on the Implementation of the Public Involvement Policy (GEF/C.47/Inf.06)*