ENVIRONMENTAL AND SOCIAL SAFEGUARDS AT THE GREEN CLIMATE FUND
1. INTRODUCTION: GREEN CLIMATE FUND (GCF)

2. INTRODUCTION: ENVIRONMENTAL & SOCIAL SAFEGUARDS

3. ENVIRONMENTAL & SOCIAL POLICY

4. RISK SCREENING

5. EXTERNAL COMMUNICATIONS

6. MANAGEMENT PROGRAM & ORGANIZATIONAL CAPACITY & COMPETENCY

7. MONITORING & EVALUATION
The Green Climate Fund (GCF) is an international fund that aims to support climate change mitigation and adaptation in developing countries. It was created by parties to the United Nations Framework Convention on Climate Change (UNFCCC) and is currently headquartered in Songdo, South Korea.

GCF Board members have set certain guidelines as to the types of projects or programmes that the GCF will invest in. Figure 1 provides six assessment factors that the Board will use when deciding whether or not to fund proposed activities.

**Figure 1: Initial criteria for project or programme funding decisions.**

- Impact Potential
- Paradigm Shift Potential
- Sustainable Development Potential
- Responsive To Recipients Needs
- Promote Country Ownership
- Efficiency & Effectiveness

WHAT IS “DIRECT ACCESS”?  

The GCF allows institutions from developing countries to receive so-called “direct access” to finance if they meet certain requirements. Many existing international funds require recipients of finance to use intermediary institutions – often multilateral institutions or bilateral entities – to manage the received funding. For example, the Clean Technology Fund (CTF), one of the Climate Investment Funds, uses the World Bank, International Finance Corporation, and four regional development banks as financial intermediaries.¹ The term “direct access” describes a method whereby institutions in developing countries receive finance directly from the fund itself without going through such an intermediary.

HOW CAN INSTITUTIONS GAIN DIRECT ACCESS TO FINANCE?  

National institutions can gain direct access to finance from the GCF once they have become accredited and put forward a successful project proposal.

In order to become accredited and receive financing, institutions must show that they can meet certain fiduciary standards and adequately manage potential environmental and social risks associated with funded activities (see figure 2). This handbook focuses on the environmental and social risk management requirements. Additional information on the fiduciary standards can be found in Annex II of GCF Board Decision GCF/B.07/11.

Figure 2: Accreditation Requirements

In order for national institutions to gain direct access to finance from the GCF, the country where the institution intends to implement its activities also needs to have in place certain institutional arrangements. Most importantly, the country needs a National Designated Authority (NDA), which is responsible for nominating institutions for accreditation and approving project proposals. Once accredited, national institutions will be responsible for designating “executing entities” to help with actual implementation of the project. Figure 2 provides an overview of the institutional arrangement for direct access to the GCF.

¹ The four regional banks include the African, Asia, European and Inter-American Development Banks as implementing agencies.
Figure 3: Institutional arrangement for direct access to the GCF

- **Green Climate Fund (GCF)**
  - Accredits and gives financing

- **National Designated Authority (NDA)**
  - Nominates NIEs
  - Approves project proposals to GCF

- **National Implementing Entity (NIE)**
  - Becomes accredited
  - Must have ESMS

- **Executing Entity (EE)**
  - Implements activities
  - Follows standards
WHAT ARE SAFEGUARDS?
Environmental and social safeguards aim to avoid, reduce or compensate for negative effects of activities. While there is no universal definition of safeguards, generally one can say that they consist of:

- **Rules** (such as policies, laws, regulations) that reduce the environmental and social risk and negative impact of activities.
- **Institutions** that implement those rules.

WHAT ARE THE GCF SAFEGUARDS?
The GCF adopted the International Finance Corporation (IFC) Performance Standards as its safeguard standards on an interim basis until 2017. In addition, it adopted requirements related to gender. The GCF will create its own safeguard standards over the next 3 years, which will likely be similar to the interim standards.

Institutions seeking to be accredited to the GCF need to be able to show that they can implement the Performance Standards and the GCF Gender Policy. However, not all institutions have to show that they can meet all the standards (see the section on “fit for purpose” below).

WHY HAVE SAFEGUARDS?
Environmental and social safeguards help ensure that planned activities are successful. They can reduce conflict, optimize benefits, and help ensure that activities do not result in unintentional harm to people or ecosystems. See Table 1 for an overview of some of the benefits to communities and project developers.
Table 1: Value of Safeguards

<table>
<thead>
<tr>
<th>Value to Communities</th>
<th>Value to Project Developers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involve local people as project beneficiaries</td>
<td>Prevent conflict with communities</td>
</tr>
<tr>
<td>Protect rights to natural resources and other rights</td>
<td>Avoid project delays and increased costs</td>
</tr>
<tr>
<td>Prevent environmental degradation</td>
<td>Avoid reputational damage</td>
</tr>
</tbody>
</table>

WHAT ARE THE IFC PERFORMANCE STANDARDS?

The International Finance Corporation (IFC) is the part of the World Bank Group that lends to private companies. The IFC Performance Standards (PSs) are widely recognized as good practice in the business community. The Performance Standards consist of one overarching standard (PS 1) and seven standards covering specific issue areas (PS 2-8). PS 1 covers the elements that need to be in place to help ensure that the remaining seven standards are implemented. Together these elements are called the environmental and social management system (ESMS). Table 2 gives an overview of the topics covered in IFC’s PS 1-8.

Table 2: The IFC's Performance Standards

<table>
<thead>
<tr>
<th>OVERARCHING (ESMS)</th>
<th>SUBJECT SPECIFIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>PS1: Assessment and Management of Environmental and Social Risks and Impacts</td>
<td>PS2: Labor and Working Conditions</td>
</tr>
<tr>
<td>Policy (or equivalent documents)</td>
<td>PS3: Resource Efficiency and Pollution Prevention</td>
</tr>
<tr>
<td>Process for identifying risks &amp; impacts</td>
<td>PS4: Community Health, Safety, and Security</td>
</tr>
<tr>
<td>Management program</td>
<td>PS5: Land Acquisition and Involuntary Resettlement</td>
</tr>
<tr>
<td>Organizational capacity &amp; competency</td>
<td>PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources</td>
</tr>
<tr>
<td>Process for monitoring &amp; evaluation</td>
<td>PS7: Indigenous Peoples</td>
</tr>
<tr>
<td>External communications</td>
<td>PS8: Cultural Heritage</td>
</tr>
</tbody>
</table>
WHAT DOES “FIT FOR PURPOSE” MEAN?

The GCF decided to take a “fit for purpose” approach to accreditation. “Fit for purpose” in this context means that the GCF has different accreditation requirements depending on the size and type of activities that the institution intends to implement. The GCF decided to take a fit for purpose approach to accreditation in order to allow a broader set of institutions to become accredited, while simultaneously ensuring that only capable institutions receive funding for higher risk projects.

In terms of environmental and social safeguards, there are three different accreditation categories. Institution can be accredited to implement:

- Lowest risk activities only. These activities are known as category C or I3 (more on this below).
- Lowest (category C or I3) and medium (category B or I2) only.
- All of the risk categories, including high risk projects, known as category A or I1.

Note that in addition to the risk categories, there are accreditation categories based on the size of the projects to be funded (micro, small, medium or large) and the type of finance that the institution aims to receive and provide. These are separate from risk categories and are covered in the fiduciary standards.

WHAT IS AN ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS)?

An ESMS consists of the processes that institutions have in place to make sure that they adequately assess, manage and monitor environmental and social risks, and respond to problems that arise. All institutions seeking accreditation to the GCF must have an ESMS. The strength of the ESMS can vary though depending on the accreditation category.

To determine whether an institution’s ESMS is adequate the GCF uses elements laid out in IFC’s PS 1, including:

1. Environmental and social policy
2. Process for identifying risks & impacts
3. Management program
4. Organizational capacity & competency
5. Process for monitoring & evaluation
6. External communications
Those seeking accreditation for low risk projects only need to show that their ESMS enables them to identifying risks, categorize projects by risk, and deal with unexpected challenges that arise. An institution does not need to have an environmental and social policy to become accredited to implement low-risk projects. Those seeking higher risk accreditation need to show a more complete risk management system covering the six ESMS elements.

Table 3 gives an overview of the main ESMS requirements for different levels of accreditation.

Table 3: Overview of ESMS Requirements for Different Accreditation Categories

<table>
<thead>
<tr>
<th>Element of ESMS</th>
<th>Low Risk</th>
<th>Medium or High Risk&lt;sup&gt;a&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy</td>
<td>Not Required</td>
<td>Must be consistent with PS 1-8</td>
</tr>
<tr>
<td>Identification of Risks &amp; Impacts</td>
<td>Process to screen &amp; categorize risk</td>
<td>Process &amp; implementation track record consistent with PS 1-8</td>
</tr>
<tr>
<td>Management Programme</td>
<td>Process to identify &amp; manage risks (incl. unanticipated risks)</td>
<td>Process &amp; track record for mitigating identified risk</td>
</tr>
<tr>
<td>Organizational Capacity &amp; Competency</td>
<td>Staff members able to categorize activities by risks</td>
<td>Clear roles &amp; authority for implementation; includes Senior Management</td>
</tr>
<tr>
<td>Monitoring &amp; Review</td>
<td>Monitoring for unforeseen impacts or risks</td>
<td>Process for &amp; track record of monitoring mitigation actions; includes Senior Management</td>
</tr>
</tbody>
</table>

<sup>a</sup> High risk accreditation requires full development and integration of each element. Institutions seeking accreditation for medium risk projects can have elements that are slightly less developed or integrated into the institution.
WHO NEEDS A POLICY?
Any institution that wants to become accredited to implement or oversee activities presenting medium or high levels of environmental or social risk needs to have an environmental and social policy (or equivalent). Those seeking accreditation for only low risk activities do not need to have a policy in place. They do, however, need to show that they have some form of policy commitment to support gender equity.

WHAT COUNTS AS A POLICY?
There are different ways in which institutions can show that they meet the requirement for an environmental and social policy.

- The easiest way is for the institution to have a stand-alone policy that covers all the areas outlined in IFC PS 2-8.
- If they lack such an over-arching policy, institutions can also show that relevant commitments on environmental and social risk are embedded in other policies or procedures, including the national laws of the country where the planned activities will take place.

WHAT SHOULD BE IN THE POLICY?
The GCF asks for the policy to include:

1. An overarching statement of the environmental and social objectives and principles guiding the institution;
2. Environmental and social standards that the institution adheres to (which should be consistent with the IFC PSs – see below); and
3. An indication of who within the institution will be responsible for its execution.
The policy should be:

- Endorsed by management for medium risk accreditation, and senior management for high risk accreditation.
- Communicated to all levels of the organization for medium risk accreditation, and also publically for high risk accreditation.

**WHAT ENVIRONMENTAL AND SOCIAL STANDARDS DOES THE POLICY (OR EQUIVALENT) NEED TO UPHOLD?**

The standards that the GCF asks institutions to commit to in their policies are provided in the IFC’s Performance Standards. Some highlights from each standard are provided below. Additional information on these standards can be found in the following documents, all of which can be found on the IFC’s website (www.ifc.org):

- **IFC Performance Standards on Environmental and Social Sustainability (2012)**
- **International Finance Corporation’s Guidance Notes: Performance Standards on Environmental and Social Sustainability (2012)**
- **World Bank Group Environment, Health and Safety Guidelines**

Note that institutions do not necessarily need to be able to show that their policy (or equivalent) meets all of the elements of the IFC Performance Standards. Institutions can indicate that they do not intend to implement projects that trigger a particular standard. (For example, they may indicate that they do not intend to implement any activities that would result in land acquisition or involuntary resettlement.) In such cases the institution may not need to show that it has policies relevant to those types of activities.

**PS 2: Labor and Working Conditions**

This Performance Standard asks institutions to:

a. Provide workers with clear and understandable information on their rights, including those related to hours of work, compensation, and benefits.

b. Provide safe and healthy working conditions, taking into account inherent risks in the sector.

c. Not discriminate but instead hire, compensate, manage and lay off employees based on the principle of equal opportunity and fair treatment.

d. Not restrict workers from joining or forming workers’ organizations or bargaining collectively, nor retaliate against workers who organize.

e. Create effective grievance mechanisms for employees.

f. Not employ children (under 18) in any manner that is economically exploitative or harmful to the child’s health, education or social development.
g. Not employ forced labor or trafficked persons.

h. Make efforts to ensure that contracted workers employed by third parties are protected.

i. Monitor primary supply chains to identify and reduce risks of child or forced labor, or significant safety concerns.

**PS 3: Resource Efficiency and Pollution Prevention**

This Performance Standard asks institutions to:

a. Avoid the release of air, water and land pollutants or, when avoidance is not feasible, minimize and/or control project-related pollution.

b. Avoid the generation of waste (both hazardous and non-hazardous), or where unavoidable, minimize and appropriately dispose of waste.

c. Replace hazardous materials with safer substances where feasible, and avoid the manufacture, trade, and use of chemicals and hazardous materials subject to international bans or phase-outs.

d. Use integrated pest management and integrated vector management approaches to reduce the risks of pesticide use.

e. Efficiently use natural resources, including energy and water.

f. Account annually for GHG emissions for all projects anticipated to release over 25,000 tons of CO2 equivalent emissions.

  g. Make an effort to reduce GHG emissions.

**PS 4: Community Health, Safety and Security**

This Performance Standard asks institutions to:

a. Assess and avoid (or if unavoidable, mitigate) adverse impacts on the health and safety of the affected community over the life of the project.

b. Assess and avoid, if possible, project impacts on ecosystem services (such as loss of buffer areas like mangrove forests or resources like freshwater) on which communities depend.

c. Avoid or minimize the potential for community exposure to diseases, including from hazardous waste, taking into consideration the higher sensitivity of certain vulnerable groups.

d. Assess safety risks that the project poses towards local communities and create a system to respond to emergency situations (including both project accidents and natural hazards).

e. Assess and mitigate risks posed by a project’s security arrangements, such as use of private security, police or military personnel.
f. Investigate all allegations of unlawful or abusive acts of security personnel, take action (or urge appropriate parties to take action) to prevent recurrence, and report unlawful and abusive acts to public authorities.

**PS 5: Land Acquisition and Involuntary Resettlement**

This Performance Standard asks institutions to:

a. Avoid forced evictions, including the use of coercion and manipulation of communities.

b. Avoid and/or minimize physical displacement (moving people off land that they inhabit) and economic displacement (restricting people’s access to use of land and/or natural resources).

c. Engage with affected communities throughout the resettlement process, including through the provision of a grievance mechanism for affected communities, beginning early in the project development phase.

d. Provide all displaced persons with fair and equitable compensation, such as replacement land, cash or in-kind replacement of lost assets, and restored access to natural resources.

e. Improve or restore the livelihoods and standards of living of those people who are displaced.

f. For people with a legal right to the land, offer the choice of replacement property of equal or higher value and security of tenure, or (if land is not possible) cash compensation.

g. For people without formal land rights recognized by the government, offer adequate housing options with secure tenure and compensation for lost assets, such as buildings.

**PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources**

This Performance Standard asks institutions to:

a. Assess and avoid impacts on biodiversity and ecosystem services if possible, and otherwise implement measures to minimize and restore any impacts.

b. Apply protection measures to all impacted areas that have significant biodiversity value, even if they are habitats that have been modified by human activity.

c. Assess the ecosystem services that the project is likely to impact and/or that the project will rely on, and avoid, minimize or mitigate any negative effects, including from alien species.
d. Not significantly convert or degrade “natural habitat” unless:
   - There are no other feasible options,
   - Stakeholders have been consulted, and
   - Mitigation measures are in place to achieve no net loss of biodiversity.

e. Not implement activities in “critical habitat” unless:
   - There is no other alternative,
   - The activities does not lead to measurable negative impacts on key biodiversity and ecological processes or a net reduction in endangered species, and
   - A monitoring plan is put in place.

f. Not implement activities in legally protected or internationally recognized areas unless:
   - The activity is legally permitted,
   - Adequate stakeholder participation is implemented, and
   - Efforts are taken to enhance conservation in the area.

g. Ensure that activities involving the production of living natural resources (e.g. forestry, agriculture) adhere to relevant globally, regionally, or nationally recognized standards of sustainable management.

h. Monitor the institution’s primary supply chains to ensure that they are not contributing to the conversion of natural or critical habitats.

**PS 7: Indigenous Peoples**

The term “indigenous” is used here to refer to certain marginalized people that often have these characteristics:

- Self-identification;
- Collective attachment to geographically distinct habitats or territories;
- Customary cultural, economic, social, or political institutions that are separate from those of the mainstream society or culture; or
- A distinct language or dialect.

This Performance Standard asks institutions to:

a. Identify indigenous peoples (IPs) that may be affected by the project and the nature of that impact (economic, social, environmental etc.).

b. Avoid negative impacts on IPs where possible, and otherwise minimize, restore or compensate for these impacts in a culturally sensitive manner.

c. Design all measures related to IPs with their informed consultation and
participation throughout the life of the project.

d. Not develop a project on land that is traditionally owned or used by IPs unless the risks are thoroughly assessed, IPs are informed of their rights, IPs continue to have access to resources if possible, appropriate compensation is offered, and IPs are offered a fair and equitable sharing of project benefits.

e. Not relocate Indigenous Peoples from land or natural resources that they have traditionally owned or used unless their free, prior and informed consent is first obtained.

f. Not significantly impact critical cultural heritage unless free, prior and informed consent is first obtained from affected IPs.

g. Not use the traditional knowledge or cultural heritage of IPs for commercial purposes without first obtaining their free, prior and informed consent and providing fair benefit sharing arrangements.

**PS 8: Cultural Heritage**

This Performance Standard asks institutions to:

a. Identify and avoid significant adverse impacts on tangible cultural heritage (like archaeological or historical sites) or unique natural features that embody cultural values (like sacred rocks or waterfalls).

b. Consult with affected communities and relevant government agencies in order to identify cultural heritage of importance.

c. Put in place a system for protecting cultural heritage that is discovered during project implementation (so-called “chance find” procedures).

d. Maintain community access to cultural heritage sites located on the project site.

e. Not remove, significantly alter, or damage critical cultural heritage (such as internationally recognized or legally protected heritage sites), except in exceptional circumstances and in collaboration with affected communities.

f. Use intangible cultural heritage (like knowledge, innovations, or practices) for commercial purposes only in collaboration with relevant communities.
In addition to the IFC performance standards, the GCF wants to see that the institutions consider gender impacts in their activities. They therefore ask that institutions have policies related to gender equality, and experience implementing activities targeting women. This requirement is relevant for ALL institutions, including those implementing low-risk activities.

Note that human resource policies aimed at eliminating discrimination for institution employees, though valuable, are not sufficient to meet the requirement, which is primarily focused on the effects of project implementation on women.

The institution should try to demonstrate that its own employment record and project activities incorporate the following objectives which the GCF has committed to in its Gender Policy:

a. Understand the sociocultural factors underlying climate change-exacerbated gender inequality, and the potential contribution of women and men to societal changes in order to build resilience to, and the ability to address, climate change;

b. Adopt methods and tools to promote gender equality and reduce gender disparities in its climate funding; and

c. Measure the outcomes and impacts of its activities on women and men’s resilience to climate change.

3 GCF/B.09/10
The GCF asks all institutions to assess and manage the environmental and social risks associated with their activities. For accreditation, institutions implementing low risk projects need to show that they can identify and avoid activities with higher levels of environmental and social risk. Institutions implementing medium or high risk projects need to be able to show that they have systems in place to identify and manage environmental and social risks, including clear policies, knowledgeable technical staff, and an effective monitoring system.

WHY CATEGORIZE ACTIVITIES BY RISK?
Identifying and categorizing risk can have several benefits including:

- Gaining an early understanding of the risks associated with activities to ensure proper management.
- Prioritizing use of resources by focusing them on high-risk activities.
- Understanding whether the activity will be eligible for GCF funding, based on the institution’s accreditation level.

WHAT ARE THE DIFFERENT RISK CATEGORIES? (APPLICATION ITEMS 3.8 AND 6.2)
The GCF has adopted the IFC’s approach to risk categorization, which consists of three risk categories. When the institution itself will implement the activity, these categories are called:

- Low risk activities = category C
- Medium risk activities = category B
- High risk = category A
When the institution will act as a financial intermediary, these categories are:

- Low risk = I3
- Medium risk = I2
- High risk = I1

Table 3 provides the definition of the three categories as provided by the GCF. Note that the definitions are the same for the two types of categories. Table 4 provides examples of activities that might typically fall into categories A, B or C.

Table 3: Definition of Categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category A or I1</td>
<td>“Activities with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented.”</td>
</tr>
<tr>
<td>Category B or I2</td>
<td>“Activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.”</td>
</tr>
<tr>
<td>Category C or I3</td>
<td>“Activities with minimal or no adverse environmental or social risks and/or impacts.”</td>
</tr>
</tbody>
</table>
### Table 4: Examples of Activities by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>C (or I3)</td>
<td>- Education and training</td>
</tr>
<tr>
<td></td>
<td>- Public broadcasting (TV, radio, satellite)</td>
</tr>
<tr>
<td></td>
<td>- Small-scale reforestation</td>
</tr>
<tr>
<td></td>
<td>- Health and family planning</td>
</tr>
<tr>
<td></td>
<td>- Monitoring programs</td>
</tr>
<tr>
<td></td>
<td>- Plans and studies</td>
</tr>
<tr>
<td></td>
<td>- Advisory services</td>
</tr>
<tr>
<td>B (or I2)</td>
<td>- Adaptation of crop farming systems to climate change</td>
</tr>
<tr>
<td></td>
<td>- Forest management activities</td>
</tr>
<tr>
<td></td>
<td>- Activities to improve energy efficiency of industry</td>
</tr>
<tr>
<td></td>
<td>- Small and medium-scale low emission power generation</td>
</tr>
<tr>
<td></td>
<td>- Small-scale agriculture initiatives</td>
</tr>
<tr>
<td>A (or I1)</td>
<td>- Large scale forestry projects</td>
</tr>
<tr>
<td></td>
<td>- Large-scale agricultural projects</td>
</tr>
<tr>
<td></td>
<td>- Projects affecting highly sensitive ecosystems</td>
</tr>
<tr>
<td></td>
<td>- Projects with large resettlement components</td>
</tr>
<tr>
<td></td>
<td>- Projects with serious occupational or health risks</td>
</tr>
<tr>
<td></td>
<td>- Projects which pose serious socioeconomic concerns</td>
</tr>
</tbody>
</table>

**HOW SHOULD AN INSTITUTION CATEGORIZE RISKS/IMPACTS?**

In determining risk the institution should be able to identify:

1. The type of risk in question (for example, resettlement), and
2. The significance of that risk (for example, one person being resettled vs. 1000 people).

To help determine the type of risk, institutions should use the Performance Standards and ask themselves whether the proposed activity will trigger any of the requirements in the Standards.

To help determine significance, the institution can also look at:

- **Likelihood** – How likely is it that the negative impact will occur?
- **Frequency** – How often will the activity that creates the risk or impact occur?
• **Intensity** – How big will the impact be?

• **Manageability** – Can the risk be managed?

• **Duration** – How long will the risk be present?

• **Reversibility** – Can the situation be restored if/when negative impacts occur?

**WHAT IF THERE IS UNCERTAINTY?**

There will almost always be some degree of uncertainty when assessing potential risks and impacts of an activity. This uncertainty arises largely for two reasons:

• **Information gaps** – A lack of information about the current state of people or the environment; and

• **Unpredictable future** – An inability to know for sure what will happen in the future.

In order to help deal with this uncertainty, an institution can:

• Note assumptions made in the screening and whether they are likely to hold true.

• Assume that a greater lack of information indicates greater risk.

• Continuously monitor implementation of the activity and adjust plans and actions to reflect any changes.
The GCF asks institutions to regularly engage with external stakeholders, including people potentially affected by funding. Stakeholder engagement requirements are embedded in the Performance Standards, which ask for example for stakeholder consultations to be held during impact assessments and for project level grievance mechanisms to be provided in certain circumstances. In addition, the GCF asks institutions seeking accreditation to explain how they implement external communications at the institutional level.

**WHAT DOES THE GCF MEAN BY ‘EXTERNAL COMMUNICATIONS’?**

The GCF expects institutions to engage with external stakeholders in a variety of ways. In the section on ‘External Communications’ in its application for accreditation, the GCF is referring specifically to communications between the institution itself (for example, the headquarters) and external stakeholders.

The GCF specifically asks institutions to have a process for:

1. Receiving and registering communications from external stakeholders;
2. Screening and assessing issues raised;
3. Addressing issues, as needed; and
4. Keeping a log of communications received and responses.

Institutions can meet these requirements in various ways. Institution-level redress mechanisms and access to information systems are two options.

**WHAT IS A REDRESS MECHANISM?**

One way for institutions to meet the external communications requirement at the GCF is to implement a redress mechanism (sometimes called an

---

**EXTERNAL COMMUNICATION**

(APPLICATION ITEM 6.6)
accountability mechanism or grievance mechanism) at the institutional level. While not required by the GCF such a mechanism can help the institution deal with any complaints that arise in regards to its activities. These mechanisms allow the institution to receive, evaluate and address complaints from stakeholders regarding implementation of safeguards and other policies. There are two main approaches to redress mechanisms:

- Compliance Review Mechanisms, which investigate complaints about non-compliance with safeguards.
- Dispute Resolution Mechanisms, which resolve disputes through, for example, mediation or negotiation.

Redress mechanisms can be staffed by full time or part time staff depending on the size of the institution and the type of activities it implements. In creating a mechanisms, institutions will often spell out:

- The purpose and mission of the mechanism;
- The guiding principles, like transparency, independence;
- How to the institution will conduct investigations;
- Possible results, e.g., project modification; and/or
- Monitoring of agreements/plans.

WHAT IS AN ACCESS TO INFORMATION SYSTEM?
Access to information systems are also not required for GCF accreditation, but they help institutions meet the requirement for external communications. Access to information systems typically provide information to external persons either:

- Upon request – through a designated process, or
- Proactively – on the website or elsewhere so that people do not have to submit a request.

Many international institutions have policies in place that spell out the institution’s approach to information disclosure. Many governments also have laws in place that outline similar commitments. These policies or laws typically provide:

- A presumption in favor of access to information.
- Clear and limited exceptions to the presumption in favor of access to information.
- Commitments in regards to the format that information will be provided in and the timeline that the institution will follow.
Institutions often provide the following information without the need for a request:

- Board meeting minutes
- Project/Program documents
- Country Strategies
- Environmental & Social Impact Assessments
- Information on how to access information by request

Institutions with effective information systems also frequently have in place:

- A sound information management system that enables the institution to efficiently keep track of information.
- An appeals mechanism, for those who have been denied access to information.
- Regular trainings on the system for staff and outreach to external stakeholders.

**HOW DOES THE GCF ITSELF COMMUNICATE WITH EXTERNAL STAKEHOLDERS?**

The GCF as an institution also communicates directly with external stakeholders, including project-affected communities. For example, the GCF is creating its own redress mechanism, and has in place an Interim Information Disclosure Practice.


5 Online at: gcfund.net/fileadmin/00_customer/documents/pdf/Interim_Information_Disclosure_Practice.pdf
WHAT DOES THE GCF WANT TO SEE IN REGARDS TO IMPLEMENTATION?

To become accredited institutions need to show that they have appropriate procedures and people in place to implement the safeguard requirements. The GCF calls these the “Management Program” (Item 6.3) and “Organizational Capacity and Competency” (Item 6.4). One can think of the Management Program as the documents and “Organizational Capacity and Competency” as the people (see figure 4).

Figure 4: Management program and organizational capacity and competency

Again, the size and scale can vary based on the type of accreditation being sought. Institutions seeking accreditation for low risk activities need to show that they have dedicated staffs responsible for and able to categorize projects by risk. Institutions seeking higher risk accreditation need to show a more complete system with procedures and plans, and people to implement them. For example, an institution might use:
• **Documents** – Operational procedures, regulations, templates, work plans and timelines that spell out who is responsible for what tasks within the institution, resource allocation etc.

• **People** – Senior managers, technical staff, independent experts, monitoring and compliance units.

The GCF asks institutions to submit the following types of documents as evidence of their management systems:

• Formal operational processes or procedures describing how the institution will document, track, and apply the risk mitigation actions for individual projects or programmes.

• Audit reports (conducted by external firm or organization) on the effectiveness of institutional management programme.

• Organizational charts that identify units or departments, line management and individuals with environmental and social performance and compliance responsibilities.

• Job descriptions and responsibilities of key personnel, including expertise and experience in PSs 1-8.

• Procedures for information sharing information among the investment, legal and credit offices in the organization in regards to environmental and social risk mitigation.

• Descriptions of training and development programs in environmental and social risk management for relevant staff.
WHY MONITOR AND EVALUATE?
Effectively monitoring and evaluating activities and their impacts can help an institution:

- Know whether implementation of activities is going as planned;
- Be alert to changes or early signs of problems;
- Focus resources where needed;
- Enable adjustment of activities and plans to respond to unexpected events; and
- Build trust with stakeholders.

WHAT DOES THE GCF REQUIRE INSTITUTIONS SEEKING ACCREDITATION TO SHOW IN TERMS OF MONITORING AND EVALUATION CAPACITY?
Accreditation for low risk activities requires a process for watching for unexpected impacts or new risks. Accreditation for higher risk requires ability to monitor implementation of mitigation plans, and any unexpected changes.

HOW SHOULD INSTITUTIONS COLLECT INFORMATION?
The GCF does not have explicit requirements on how institutions should collect information. Effective monitoring systems will generally be tailored to the circumstances of the project or program. Typically though, institutions will benefit from developing several types of monitoring indicators, including:

- Performance indicators, which measure the results of activities.
- Processes or inputs indicators, which measure actions taken to bring about results.
PERFORMANCE INDICATORS
MIGHT MEASURE

- Energy consumption
- Water consumption
- Volume of waste disposal
- Emissions to air
- People displaced
- Wages paid

PROCESS INDICATORS
MIGHT MEASURE

- Percentage of workers trained on labor standards requirements
- Average time between communications from stakeholders and a response
- Procedures in place for handling, storage, and disposal of waste

Indicators can be used to look at different spatial (geographic) or temporal (time) scales. They can monitor the projects, the portfolio, or the broader ESMS.

Information can be gathered in different ways. For example, an institution might use:

- **Measurements and testing**, to understand resource or pollution levels.
- **Visual observation**, to observe work sites and other project activities.
- **Interviews**, to gain information from those involved in or affected by the activity.
- **Surveys**, systematically gain input from stakeholders.
- **Focus groups**, to understand the views of certain populations (like women, youth).

Often many people will be involved with monitoring, including:

- **Monitoring staff** – staff members (or consultants) whose main job is to monitor implementation of activities.
- **Other staff** – other staff members at the institution, such as managers.
- **Independent monitors** – independent bodies hired to monitor activities.
- **Community** – stakeholders affected by the activities.

Note that the so-called Executing Entities will often be required to report monitoring results to the accredited institution, which will in turn report information to the GCF.
WHAT IS THE DIFFERENCE BETWEEN MONITORING AND EVALUATION?

Evaluation means using information gathered through monitoring to assess the status of activities, impacts, and mitigation actions.

For example:

- Water pollution increase may mean mitigations measures are not effective.
- High knowledge of grievance procedure among workers may mean that the information program is effective.

Evaluations can, and should, be done at different intervals. For example, an institution may conduct weekly evaluations of implementation of a pollution monitoring system, quarterly evaluations of safeguard implementation at project level, and annual evaluation of the ESMS across all activities.

Notes
Photo Credits

Page 2: Dollar Club
Page 5: Dollar Club
Page 9: Dollar Club
Page 15: Danilo Penzon, World Bank
Page 16: Charlotte Kesl, World Bank
Page 20: Curt Carnemark, World Bank
Page 23: Arne Hoel, World Bank
Page 25: James Anderson, WRI