

Inputs to the Green Climate Fund regarding the development of the Environmental and Social Management System

24 February 2017

SUMMARY AND RECOMMENDATIONS

Conservation International¹ (CI) values the opportunity to provide inputs regarding the Environmental and Social Management System (ESMS) of the Green Climate Fund (GCF). The GCF is uniquely positioned and empowered to enhance and shift investment patterns to promote the necessary paradigm change toward low-emission and climate-resilient development pathways, and do so while ensuring the well-being of people and ecosystems through strong environmental and social policies.

This submission is a response to the call for public inputs on the proposed environmental and social policy of the GCF in response to Board Decision B.07/02, paragraph (n).² The proposed environmental and social policy presents a strong initial draft.

CI proposes the following recommendations to further improve the environmental and social policy of the GCF and guidance for its implementation:

Ensure strong environmental and social safeguards within its scope and principles

- Require consistency with the Cancun Safeguards for REDD+ in order to maintain coherence with REDD+ requirements under the United Nations Framework Convention on Climate Change and to further streamline monitoring and reporting processes.
- Clearly define free, prior and informed consent, with reference to the United Nations Declaration on the Rights of Indigenous Peoples.
- Conduct a transparent and inclusive process in the development of the forthcoming indigenous peoples' policy that complements and strengthens the ESS, including provisions on free, prior and informed consent.

Clearly define requirements, roles and responsibilities for safeguards implementation

- Provide a timeline for the expected release of key guidance documents, which are essential for effective implementation of the policy.
- Clearly define the roles of the GCF, Accredited Entities, and stakeholders.
- Separate and clearly define accreditation-level requirements and project-level requirements.
- Clearly define how the GCF would enter into a “common approach” on safeguards and how this approach would ensure adherence to the highest international standards.
- Clearly name and define each of the reports referenced and clarify the responsible party.
- Clearly define how revisions to the policy will affect active projects and ongoing activities.

¹ Conservation International was approved as an Accredited Entity to the Green Climate Fund in July 2015 for medium-sized, grant-based projects.

² Green Climate Fund. (2014). GCF/B.07/11 Decisions of the Board – Seventh Meeting of the Board, 18-21 May 2014. http://www.greenclimate.fund/documents/20182/24943/GCF_B.07_11_-_Decisions_of_the_Board_-_Seventh_Meeting_of_the_Board_18-21_May_2014.pdf/73c63432-2cb1-4210-9bdd-454b52b2846b

ENSURE STRONG ENVIRONMENTAL AND SOCIAL SAFEGUARDS

SCOPE AND PRINCIPLES

REDD+

Annex I: Section III Guiding Principles, paragraph 11 (I)

Strong safeguards are essential to ensure that the Fund's investments and activities avoid negative impacts, while also providing environmental and social benefits. CI strongly supports the alignment and coherence between the environmental and social safeguard requirements of the GCF related to reducing emissions from deforestation and forest degradation (REDD+) and the guidance and safeguards adopted by the United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties (COP) for REDD+, including the Cancun Safeguards.³ To minimize duplication and burden of reporting, the GCF should develop specific guidance on how both sets of requirements can be implemented in a way that is rigorous and practical.

Unlike for other sectors, countries have agreed to a framework under the UNFCCC for addressing emissions from deforestation and forest degradation. Implementing the Cancun Safeguards means fulfilling all UNFCCC provisions on REDD+ safeguards, including those related to providing information on how the Cancun Safeguards have been addressed and respected throughout the implementation of activities. To this end, countries must have a system in place to transparently provide information on how the Cancun Safeguards were addressed and respected throughout the implementation of the activities, while respecting sovereignty. Good practices, such as REDD+ Social and Environmental Standards,⁴ can help guide the implementation of safeguard requirements in line with national circumstances.

As an institution seeking transformational change, the GCF should consistently apply its social and environmental standards across all approved projects and programs; therefore, all activities, including REDD+ results-based payments proposals, should also demonstrate compliance with the Fund's safeguards. To minimize duplication of reporting efforts and administrative burden, the GCF should provide guidance indicating how both the Cancun Safeguards for REDD+ and the GCF's safeguards can be applied together through an efficient monitoring and reporting process.

Recommendations:

- Require consistency with the Cancun Safeguards for REDD+ in order to maintain coherence with REDD+ requirements under the UNFCCC and to further streamline monitoring and reporting processes.

Indigenous Peoples

Annex I: Section III Guiding Principles, paragraph 12 (b);

Annex I: Section 6.2 Stakeholder engagement, paragraph 67

The GCF's current, interim safeguards, the IFC Performance Standards, call for the Fund's activities to fully respect the rights of indigenous peoples and local communities; avoid and minimize adverse impacts on communities; and apply Free Prior and Informed Consent (FPIC) in certain circumstances. While the IFC Performance Standards serve as an important foundation for social safeguards, the GCF should build upon these standards when developing the Fund's ESMS and further strengthen the engagement of indigenous peoples and local communities.

CI supports the language in the draft ESS supporting the full and effective participation of indigenous peoples:

³ United Nations Framework Convention on Climate Change. (2010). Report of the Conference of the Parties on its sixteenth session, held in Cancun from 29 November to 10 December 2010. <http://unfccc.int/resource/docs/2010/cop16/eng/07a01.pdf>

⁴ Climate, Community & Biodiversity Alliance. (2016). REDD+ Social and Environmental Standards. <http://www.redd-standards.org/>.

GCF-financed activities will aim to avoid adverse impacts on indigenous peoples, promote benefits and opportunities, foster respect for the culture and the people, and preserve the indigenous culture, knowledge and practices, and will support the full and effective participation of indigenous peoples. The design and implementation of activities will be consistent with the rights and commitments set forth in the United Nations Declaration on the Rights of Indigenous Peoples, including the principle of free, prior and informed consent.

However, there is a contradiction within the draft ESS policy with this statement and paragraph 67, which states, “There is no universally accepted definition of free, prior and informed consent.” As the GCF is an operating entity of the UNFCCC Financial Mechanism, the Fund should seek coherence with international best practice and adhere to the United Nations Declaration on the Rights of Indigenous Peoples⁵ (UNDRIP) principles related to “free, prior and informed consent.” FPIC should be applied at all stages of relevant GCF project or program development and implementation processes.

The GCF’s programs and projects must follow a human rights-based approach and comply with applicable international human rights standards, such as UNDRIP and the International Labour Organization’s Convention 169.⁶ The collective nature of indigenous peoples’ rights to their lands and resources should also be addressed in the development and implementation of relevant safeguards.

CI also supports the inclusion of FPIC in the forthcoming fund-wide indigenous peoples’ policy, under development, as agreed by the GCF Board at its fifteenth meeting. It is important to have a separate, complementary indigenous peoples’ policy, as a policy should go beyond provisions included in the ESS to minimize the potential harm to indigenous peoples and local communities. The policy should also support activities that empower indigenous peoples and local communities to engage in and benefit from the Green Climate Fund. By utilizing the knowledge of indigenous peoples in mitigating and adapting to the impacts of climate change and building their capacity to participate in the Fund’s activities, the GCF will enhance the effectiveness, equity, sustainability and transformational potential of its outcomes.

Recommendations:

- Clearly define free, prior and informed consent, with reference to the UNDRIP.
- Conduct a transparent and inclusive process in the development of the forthcoming indigenous peoples’ policy that complements and strengthens the ESS, including provisions on free, prior and informed consent.

CLEARLY DEFINE REQUIREMENTS, ROLES AND RESPONSIBILITIES FOR SAFEGUARDS IMPLEMENTATION

Section 1.1 Elements of an environmental and social management system, paragraph (c);

Annex I: Section I Introduction and context, Figure: Elements of the Green Climate Fund environmental and social management system;

Annex I: Section IV Overview of roles and responsibilities;

Annex I: Section V General requirements for environmental and social risk management;

Annex 1: Section 2.2 Scope of application, paragraph 9;

Annex I: Section VIII Effective date and review, paragraph 80

The draft environmental and social policy presents a framework for managing environmental and social risks and impacts. The document states in Section 1.1, paragraph (c) that the ESMS and the safeguard frameworks are structured

⁵ United Nations. (2008). United Nations Declaration on the Rights of Indigenous Peoples. http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf.

⁶ International Labour Organization. (2016). C169 - Indigenous and Tribal Peoples Convention, 1989 (No. 169). http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C169.

with “an environmental and social management system manual consisting of management processes, procedures and guidance, which assists an organization in implementing the environmental and social policy and the application of the [Environmental and Social Safeguards or] ESS.” However, it does not state when such a manual will be released by the GCF. The Fund should include a timeline for when this manual and other related guidance documents will become available, as these documents are essential for the successful implementation of the policy.

The policy applies to three key actors: the GCF, Accredited Entities (AEs), and stakeholders. However, the draft policy is insufficient in explaining the roles of each of these actors. For example, under paragraph 5 of the policy named “Elements of the Green Climate Fund Environmental and Social Management System,” the figure appears to include contradictions. Stakeholder engagement is listed separately from the ESS Standards, and the responsibility for stakeholder engagement is designated to stakeholders, NDAs and civil society. Stakeholder engagement should be included as part of the ESS Standards and the responsibility for stakeholder engagement should lie with the GCF, NDAs and Accredited Entities and not solely with the stakeholders themselves. Additionally, the policy outlines the roles and responsibilities of the GCF and AEs, but the current format intermixes accreditation-level and project-level requirements. For example, within Sections IV and V, each subsection contains both accreditation-level requirements (paragraphs 13, 17(a), 24, 59) and project-level requirements (paragraphs 14, 15, 25-31, 57). This complicates the proper understanding of the requirements, especially considering that between the sections the same logical order (accreditation-level information followed by project-level information) is not maintained. The policy should separate and clearly define accreditation-level and project-level requirements within each subsection of the policy.

Furthermore, the proposed common approach referred to in Section 2.2, paragraph 9 of the policy can potentially facilitate new possibilities for cooperation with development partners when the GCF jointly finances projects. The ESMS should more clearly define how the GCF would enter into a “common approach” on safeguards and how this approach would ensure adherence to the highest international standards. The Board should disclose an explanation of any decisions to use common approach agreements.

The ESMS should provide clear guidelines for how an environmental and social policy will be implemented, including monitoring and reporting requirements. The reports referenced in the Accreditation Master Agreement (AMA) and in the Monitoring and Accountability Framework (MAF) each have specific names that clearly define and differentiate each report. The environmental and social policy should refer to each report by a single name in alignment with other GCF documents, including the AMA and MAF, and similarly name each subsequent report to ensure consistency across all GCF policies and guidelines. For each report, the responsible party should be clearly identified.

Furthermore, the policy states in Section VIII, paragraph 80, that “appropriate amendments to the policy and the ESS standards will be considered, based on the results of such review and evaluation and changes to the policy and ESS standards will follow the normal decision-making process of the GCF.” The Fund should clarify how revisions to the policy will affect active projects and ongoing activities.

Recommendations:

- Provide a timeline for the expected release of key guidance documents, which are essential for effective implementation of the policy.
- Clearly define the roles of the GCF, Accredited Entities, and Stakeholders.
- Separate and clearly define accreditation-level requirements and project-level requirements.
- Clearly define how the GCF would enter into a “common approach” on safeguards and how this approach would ensure adherence to the highest international standards.
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