



USAID CLIMATE READY KNOWLEDGE PRODUCTS

Environmental and Social Safeguards Toolkit for Climate Finance Proposals



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Environmental and Social Safeguards Toolkit for Climate Finance Proposals

Prepared by:

DT Global

Adapted from materials developed by:

Keith Bettinger, David Levy, Peter King and Dima Reda (Consultants to the USAID Climate Ready Project)

Cover Photo

Arieta Sokota

Cover Photo Caption

Fishing boat approaching the town of London on Kiritimati Island in the Line Islands group of Kiribati.

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TABLE OF CONTENTS

Introduction.....	4
1. The Purpose of Environmental and Social Safeguards (ESS).....	5
2. Roles and Responsibilities.....	5
3. Environmental and Social Management System Requirements	6
3.1 Environmental and Social Safeguard Policy.....	6
3.2 Identification of Risks and Impact.....	6
3.3 Environmental and Social Risk Management Program.....	7
3.4 Capacity and Implementation Arrangements.....	8
3.5 Grievance Redress Mechanism.....	8
Annex I: Sample Environmental and Social Safeguards Screening Tool.....	10

ACRONYMS

DAE.....	Direct Access Entity
ESIA.....	Environmental and Social Impact Assessment
ESMP.....	Environmental and Social Management Plan
ESS.....	Environmental and Social Safeguards
GCF.....	Green Climate Fund
GRM.....	Grievance Redress Mechanism
NDA.....	National Designated Agency
PICs.....	Pacific Island Countries
USAID.....	United States Agency for International Development

INTRODUCTION

USAID Climate Ready Project

USAID Climate Ready is a five-year regional project funded by the United States Agency for International Development (USAID) and implemented by DT Global, a United States-based institutional contractor with worldwide experience implementing environment programs.

The Project works in 11 Pacific Island Countries (PICs): Federated States of Micronesia, Fiji, Kiribati, Palau, Papua New Guinea, Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

USAID Climate Ready works with PIC governments and other stakeholders to prioritize areas of support that align with their climate and disaster resilience plans and goals to: (1) draft and implement policies that achieve national adaptation goals; (2) access and utilize international sources of climate financing; and (3) improve systems and expertise to better manage and monitor adaption projects.

Background to this Toolkit

This Environmental and Social Safeguards Toolkit for Climate Finance Projects contains information drawn from ESS technical expertise provided to partners across the South Pacific, including Fiji, Federated States of Micronesia and Kiribati, under the USAID Climate Ready Project.

Purpose of this Toolkit

The aim of this toolkit is to provide a simple and concise resource for Direct Access Entities and National Designated Authorities to the Green Climate Fund (GCF) on:

- the purpose of Environmental and Social Safeguards;
- roles and responsibilities related to ESS;
- environmental and social management system requirements of GCF-funded projects; and
- how climate finance projects may be screened to identify and categorize risks and impacts against GCF ESS standards.

I. THE PURPOSE OF ENVIRONMENTAL AND SOCIAL SAFEGUARDS (ESS)

Environmental and Social Safeguards (ESS) serve as important criteria for institutions seeking accreditation to and funding from the Green Climate Fund (GCF) – ESS are the set of ‘standards’ that all GCF projects must adhere to.

The main purpose of the ESS is to guide identification, measurement and management of environmental and social risks, and through this ensure that climate finance projects do not harm communities or the environment.

Presently, the GCF’s ESS are based on the performance standards of the International Finance Corporation and include:

- Assessment and management of environmental and social risks and impacts;
- Labour and working conditions;
- Resource efficiency and pollution prevention;
- Community health, safety and security;
- Land acquisition and involuntary resettlement;
- Biodiversity conservation and sustainable management of living natural resources;
- Indigenous peoples; and
- Cultural heritage.

2. ROLES AND RESPONSIBILITIES

Environmental and social screening is the responsibility of the accredited entity. The accredited entity may draw advice from relevant personnel, technical and project staff, and local and subject matter experts as necessary. In undertaking the environmental and social screening, the accredited entity is responsible for gathering all the relevant information.

The GCF Secretariat will review the results of the environmental and social screening and confirm the risk category and the proposed environmental and social safeguards instruments as may be required and presented in the proposal.

3. ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM REQUIREMENTS

Direct Access Entities (DAEs) accredited to the Green Climate Fund are required to have the following in place:

- An Environmental and Social Safeguard Policy;
- A procedure to identify risks and impacts;
- An Environmental and Social Management Program (including monitoring and review plan);
- Capacity and implementation arrangements; and
- A Grievance Redress Mechanism.

3.1 Environmental and Social Safeguard Policy

An ESS Policy essential lays out the “rules” for ESS. It will be formal and in line with existing national laws and policies. The Policy will relate to the ESS performance standards.

3.2 Identification of Risks and Impact

Climate finance projects at the Concept Note stage must be screened against the ESS performance standards and assigned a category ‘A, B or C’ depending on their assessed risk level¹. A general screening tool and procedure identifying and categorizing risks and impacts are provided below in Annex A.

The following descriptions are drawn from GCF guidance notes on screening and categorizing GCF-financed activities (accessed at: <https://www.greenclimate.fund/sites/default/files/document/sustainability-guidance-note-screening-and-categorizing-gcf-financed-activities.pdf>).

Category A: Activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented.

Activities considered as Category A may have significant risks for and impacts on the physical and biological environment, as well as the socio-economic and cultural environment, such as: large-scale forestry, agriculture or renewable energy projects; projects affecting highly sensitive ecosystems; projects with large resettlements; projects affecting indigenous or tribal populations; projects with serious occupational or health risks; and projects which pose serious socioeconomic concerns.

¹ Accredited entities may only submit proposals for the category/categories of projects for which they have been accredited.

These activities require a comprehensive **Environmental and Social Impact Assessment (ESIA)** to be undertaken and a corresponding **Environmental and Social Management Plan (ESMP)** to be developed and implemented.

In most cases, if a project is reviewed as a Category A, then any action on it should be discontinued.

Category B: Activities with potential limited adverse environmental and/or social risks and impacts that individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures.

These activities, or moderate risk activities, include those with risks and impacts that are less adverse than Category A activities in terms of magnitude and likelihood of occurrence. An **ESIA and/or an ESMP** will be required. Activities considered to be Category B include: adaptation of crops or farming; forest management; energy efficiency of industry; small to medium scale renewables; and small scale agricultural initiatives.

Category C: Activities with minimal or no adverse environmental and/or social risks and/or impacts. These activities are typically those that have no physical elements or defined footprints.

Activities considered to be Category C activities include: capacity development; planning support; institutional development and strengthening; advisory services; communication and outreach; early warning and other monitoring systems; small-scale facilities; smallholder production, and community-based conservation, rehabilitation and maintenance of existing small-scale infrastructure within an already built-up area and with no additional footprint.

Point for Clarification:

- At the Concept Note stage, even Type C projects must apply the ESS screening checklist to demonstrate initial due diligence. At this stage, a full assessment/ESMP is not needed for Type C projects.
- At the Full Proposal stage, a Type C project will require an Environmental and Social Action Plan (as per Annex 12 of the GCF Full Proposal template, Simplified Approval Process).

3.3 Environmental and Social Risk Management Program

To meet the monitoring and review requirement, a program is needed to ensure that there have been no scope changes or unanticipated impacts or risks requiring mitigation and management.

For Category A activities that are anticipated to have significant environmental and social, including transboundary risks and impacts, a full and comprehensive ESIA and ESMP will be required.

For Category B activities with limited impacts, a fit-for-purpose ESIA and an ESMP, with a more limited focus as may be appropriate, that describes the potential impacts, as well as appropriate mitigation, monitoring and reporting measures will be required.

For Category C activities at the Full Proposal stage, an Environmental and Social Action Plan for minimal risk impact projects as below is required (this is as per Annex 12 of the GCF Full Proposal template, Simplified Approval Process) needs to be outlined, as may appear as follows.

Summary of risks	Mitigation measures	Risk significance	Responsible party/person	Schedule	Expected results	Cost/Budget
This contains the description of risks and can be derived from the responses to the screening questions.	Options to avoid, reduce, mitigate risks and impacts. This may also indicate additional due diligence and specific management plans	This contains a description of the overall level of risk	Individual person, unit, or entity tasked to carry out the mitigation measures	Timing of implementation of measures including any additional due diligence and management plans and may depend on the stage of implementation	Expected outputs of the measures	Estimated cost of carrying out the measures

3.4 Capacity and Implementation Arrangements

The accredited entity must demonstrate organizational capacity and competency to oversee and implement the ESS in projects, including having:

- Designated staff with technical competency to identify and categorize risks; and
- An organizational chart illustrating the position of these staff within the organizational structure and relevant lines of reporting and accountability (i.e. roles and responsibilities).

3.5 Grievance Redress Mechanism

Although the focus of the ESS is to avoid risks, in some cases grievances will arise during the project’s implementation. This is why a Grievance Redress Mechanism (GRM) is important – it can be used to resolve issues that arise during project implementation.

A GRM will comprise a set of procedures to guide decision makers in resolving public complaints/concerns pertaining to intervention/activities implemented under GCF funding. The GRM should ensure that inquiries and complaints can be easily received through proper channels in a timely manner. These communications should be registered and responded to, and the resulting resolutions monitored.

ANNEX I: SAMPLE ENVIRONMENTAL AND SOCIAL SAFEGUARDS SCREENING TOOL

A. Project Information

Project Name			
Estimated Project Duration	Start	Completion	Number of months
Primary Donor(s) & Amount	Project Total US\$:		
Executing Partner(s)			
Key Delivery Partners			
Location			
Screening Tool completed by	Name, organization and function, and date		
Screening Tool reviewed by	Name, organization and function, and date		
Categorization of Project:	Please tick one after completing Sections B, C and D below. <input type="checkbox"/> Category A <input type="checkbox"/> Category B <input type="checkbox"/> Category C		

B. Screening

Screening Criteria		Risk Description		Risk Level
		Is there a risk? 'Yes' or 'No' Seek technical expert assistance if unsure	If 'Yes' answer: Briefly describe potential risk. If 'No' briefly justify	Low Medium High
1. Assessment and Management of Environmental and Social Risks and Impacts	Is it likely that sufficient management and human and financial resources will not be available to the project on an ongoing basis to achieve effective and continuous environmental and social performance?			
	2. Labour and Working Conditions	Will the project present unsafe, indecent or unhealthy working conditions for stakeholders involved?		
		Is there potential for the project to apply adverse discriminatory practices based on religious, racial, gender, disability or political considerations?		
	Is there a risk of child exploitation or abuse linked to the project?			

3. Climate change	Could the project adversely contribute to climate change by generating greenhouse gas emissions including through deforestation or forest degradation?			
	Could the project negatively affect the resilience to climate change?			
4. Resource Efficiency and Pollution Prevention	Will the project generate hazardous waste? Is the project likely to lead to environmental damages due to an uncontrolled management of waste?			
	Is the project likely to lead to pollutants release? Are chemicals (including pesticides) likely to be used during the project?			
5. Human Rights	Is the project likely to negatively impact on the human rights of the affected populations? (e.g. their rights to water, work, health, to a healthy environment, etc.)?			
	Is the project likely to create less favourable treatment of, or discrimination against, any person or group such as persons with disabilities?			
	Are there any risks to the security of children?			
6. Community Health, Safety and Security	Any risk that populations perceive they did not receive enough opportunities to raise their concerns regarding the project?			
	Is there a risk that the project would create or exacerbate conflicts with or within affected populations?			
	Is the project likely to increase community exposure to disease (water borne, water based, water-related and vector borne diseases as well as communicable diseases)?			

7. Gender	Is there a likelihood that the project would have adverse impacts on gender equality, and/or the situation of women and girls?			
	Have community groups/leaders raised gender equality concerns regarding the project during the stakeholder engagement process?			
	Would the project potentially limit women's ability to access or use natural resources upon which they depend for a livelihood?			
8. Resettlement	Could the project involve the physical relocation of people? (encompassing displacement as well as planned relocation)			
9. Biodiversity and natural resources	Could the project lead to adverse impacts on biodiversity or natural habitat?			
	Is the project likely to negatively impact a protected area?			
	Is the project likely to introduce invasive alien species to the project area?			
	Is the project likely to restrict People's access to natural resources and their means of livelihoods?			
	is the project likely to favor unsustainable exploitation of a renewable resource?			
10. Indigenous Peoples	Is the project likely to affect Indigenous Peoples (e.g. be located on lands traditionally owned by Indigenous Peoples with adverse impacts anticipated, or require relocation of Indigenous Peoples)?			
11. Cultural heritage	Is the project likely to negatively affect cultural heritage?			
	Is the project likely to negatively affect a legally protected cultural heritage area?			

C. GCF Project Risk Categorization

Category A = If there are any “High” risks identified above, then the project is Category A. If the “High” risks involve the ecosystem or community, then consideration of the project should be discontinued.

Category B = If one or more of the risks are “Medium”, then the project is “Medium risk” and further assessment is required to formulate alternatives.

Category C = If the risks are “Low”, then the project is “Low risk.” If at the Concept Note stage, then no further assessment is required. If at the Full Proposal Stage, then an Environmental and Social Action Plan (as per above in Section 3.3) is required.

Please carefully consider the results of the rating above and determine the appropriate risk category of the project by a tick in the below.

GCF Risk Category	Tick the Category	Explanation & Recommended Courses of Action
A		<p>Proposed project activities have potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented likely to cause significant adverse environmental and/or social risks/impacts that are diverse, irreversible or unprecedented.</p> <p>Please Explain:</p>
B		<p>Proposed project activities have potential limited adverse environmental and/or social risks and impacts that individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures.</p> <p>Please Explain (including planned mitigation measures):</p>
C		<p>Project activities have minimal or no adverse environmental and/or social risks and/or impacts.</p> <p>Please Explain:</p>

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