



ADAPTATION FUND

AFB/B.22/5
17 October 2013

Adaptation Fund Board
Twenty-second meeting
Bonn, Germany, 31 October – 1 November 2013

Agenda item 9 b)

PROPOSAL OF ENVIRONMENTAL AND SOCIAL POLICY (REVISED OCTOBER 2013)

Background

1. The Adaptation Fund Board (the Board) at its twenty-first meeting:
 - (a) *Recognized the importance of strengthening and streamlining the application of environmental and social safeguards in the policies and procedures of the Adaptation Fund;*
 - (b) *Welcomed the draft Adaptation Fund environmental and social policy as contained in document AFB/B.21/6;*
 - (c) *Decided to:*
 - (i) *Launch a public call for comments on the aforementioned policy with a deadline of 23 September 2013; and*
 - (ii) *Request the secretariat to present at the twenty-second Board meeting:*
 - (1) *A revised proposal for an Adaptation Fund environmental and social policy incorporating inputs from Board members and interested stakeholders received through the public call for comments;*
 - (2) *A proposal on how to operationalize the environmental and social policy, including any necessary changes to the relevant Adaptation Fund policies and procedures. In developing this proposal the secretariat will also present options on how the accreditation process could be modified to ensure that implementing entities have the ability to implement the policy;*
 - (3) *A compilation of comments received through the public call for comments; and*
 - (4) *An estimate of the costs related to operationalizing the policy.*
- (Decision B.21/23)*
2. Following the mandate above the secretariat prepared the following documents:
 - Document AFB/B.22/5 contains the revised environmental and social policy (Annex I), the compilation of comments received as a result of the public call launched following the above mentioned decision (Annex II), and an estimate of the costs related to operationalizing the policy (Annex III). The revised policy incorporates comments made at the twenty-first Board meeting and those received through the public call.
 - Document AFB/B.22/5/Add.1 contains the proposed amendments to the operational policies and guidelines for Parties to access resources from the Adaptation Fund (OPG), its related templates, and instructions. The standard legal agreement has not been revised because the most recently approved version of the OPG is referenced in the agreement (please see paragraph 3.02). Thus, any changes made to the OPG are automatically binding as per the reference in the agreement.
 - Document AFB/B.22/5/Add.2 presents options on how the accreditation process could be

modified to ensure that implementing entities have the ability to implement the policy. This document also includes a staged approach suggested by the secretariat for aligning already accredited implementing entities and applicants currently under review with the proposed policy.

Recommendation

3. The Board may want to consider to:

(a) Approve:

- i. The revised environmental and social policy contained in document AFB/B.22/5;
- ii. The amendments to the operational policies and guidelines for Parties to access resources from the Adaptation Fund, its related templates, and instructions as contained in document AFB/B.22/5/Add.1;
- iii. The approach to deal with already accredited implementing entities contained in document AFB/B.22/5/Add.2; and
- iv. The amendments to the accreditation application contained in the annex to document AFB/B.22/5/Add.2.

(b) Request the secretariat to communicate the approval of this decision to the accredited implementing entities.

ANNEX I: Proposed Adaptation Fund Environmental and Social Policy

I. Background and Introduction

This document proposes an environmental and social policy for the Adaptation Fund (the Fund). The proposed policy is intended to ensure that in furthering the Fund's mission of addressing the adverse impacts of and risks posed by climate change, projects and programmes supported by the Fund do not result in unnecessary environmental and social harms. The proposed policy is intended to build on the Fund's existing policies, operating procedures, and project cycle.

The proposed environmental and social policy will bring the Fund's practices generally into line with the practice of other leading financing institutions active in environment and development financing. Over the last twenty years, international financial and development institutions have increasingly adopted environmental and social safeguard policies to enhance sustainable development benefits and avoid unnecessary harm to the environment and affected communities. These safeguard policies allow the institutions to identify and manage the environmental and social risks of their activities, by assessing potential environmental and social harms and then by identifying and implementing steps to avoid, minimize, or mitigate those harms.

Among the finance and development institutions that have adopted environmental and social policies are the following:

- the World Bank (i.e. the International Bank for Reconstruction and Development and International Development Agency);¹
- regional and subregional development banks, including the European Bank for Reconstruction and Development,² the Inter-American Development Bank,³ the Asian Development Bank,⁴ the African Development Bank,⁵ the Caribbean Development Bank,⁶ and the Black Sea Trade and Development Bank;⁷
- the International Finance Corporation⁸ and Multilateral Investment Guarantee Agency;⁹

¹ World Bank, Safeguard Policies, <http://go.worldbank.org/BA5ILYC6B0> (the World Bank is currently undergoing the first phase of a multi-year process to review and update of its environmental and social safeguard policies).

² European Bank for Reconstruction and Development, Environmental and Social Policy 2008, <http://www.ebrd.com/pages/research/publications/policies/environmental.shtml> (EBRD is currently updating and receiving comments on its Environmental and Social Policy).

³ Inter-American Development Bank, Environment and Safeguards Compliance Policy, <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=665902> (this website links to information about IADB institutional reforms to improve the environmental and social safeguard policies: <http://www.iadb.org/en/insitutional-reforms/better-environmental-and-social-safeguards,1830.html>).

⁴ Asian Development Bank, Safeguard Policy Statement, <http://www.adb.org/site/safeguards/policy-statement>.

⁵ African Development Bank, Environmental and Social Safeguards Policies and Procedures, <http://www.afdb.org/en/documents/project-operations/environmental-and-social-safeguards-policies-and-procedures/> (the African Development Bank has just completed its Consultations on an Integrated Safeguards System, <http://www.afdb.org/en/consultations/closed-consultations/afdb-integrated-safeguards-system/> and is expected to release a new policy soon).

⁶ Caribbean Development Bank Policies and Strategies, <http://www.caribank.org/about-cdb/bankpolicies-strategies> (the CDB has a gender equality and information policy and its environmental policy is forthcoming).

⁷ Black Sea Trade & Development Bank, Environment Policy, http://www.bstdb.org/about-us/key-documents/policy-documents/Environmental_policy.pdf

⁸ International Finance Corporation, Performance Standards on Environmental and Social Sustainability, http://www1.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/publications/publications_handbook_pps.

- the Global Environment Facility;¹⁰
- the United Nations Development Programme;¹¹
- most export credit and insurance agencies;¹²
- some bilateral development agencies;¹³ and
- many leading private commercial banks.¹⁴

The prevalence of environmental and social policies at international finance and development institutions reflects a broad consensus among governments, development economists, civil society, and other stakeholders that such policies are critical to achieving positive sustainable development outcomes and avoiding any unreasonable harm. Many countries, both donor and recipient countries, have also adopted domestic laws that are similar to many of these international environmental and social policies.

The proposed environmental and social policy set forth below is designed to be integrated with the Fund's existing policies, practices, and project cycle, although some issues will have to be addressed further to operationalize the policy. If approved, the draft environmental and social policy could be attached as an annex to and incorporated into the current Operational Policies and Guidelines for Parties to access resources from the Adaptation Fund (OPG).

The proposed policy would not shift the current relative roles and responsibilities between the Adaptation Fund Board (the Board), implementing entities, and executing entities. Implementing entities will continue to be responsible for risk management associated with the projects and programmes, but the risk will now be explicitly understood to include environmental and social risks presented by the proposed projects and programmes. The future accreditation or re-accreditation of implementing entities may need to reflect their capacity and commitment to address environmental and social risks. Many of the multilateral implementing entities already have environmental and social policies and management systems that will meet the standards of the Fund. Some of the national and regional implementing entities may also have this capacity and commitment, but for others there may be a need for capacity building to manage environmental and social risks.

⁹ Multilateral Investment Guarantee Agency, Environmental and Social Safeguards, <http://www.miga.org/projects/index.cfm?stid=1822>

¹⁰ Global Environment Facility, GEF Policies on Environmental and Social Safeguard Standards and Gender Mainstreaming, http://www.thegef.org/gef/sites/thegef.org/files/documents/C.40.10_GEF_Policies_on_Safeguards_and_Gender.April_26_2011.pdf.

¹¹ United Nations Development Programme, Guidance Note: Environmental and Social Screening Procedure for UNDP Projects (March 19, 2012), https://info.undp.org/global/.../ESSP_Guidance_19Mar12_English.docx

¹² OECD, Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (The "Common Approaches"), <http://search.oecd.org/officialdocuments/displaydocumentpdf/?cote=TAD/ECG%282012%295&doclanguage=en>.

¹³ See, e.g., Japan International Cooperation Agency, http://www.jica.go.jp/english/our_work/social_environmental/guideline/pdf/guideline100326.pdf; UK Department for International Development, Guide to Environmental Screening, <http://www.eldis.org/vfile/upload/1/document/0708/DOC12943.pdf>;

¹⁴ Equator Principles, <http://www.equator-principles.com/index.php/members-reporting>. Several of the Equator Principle member banks are located in developing countries, including Absa Bank Limited in South Africa; Access Bank Plc in Nigeria; Arab African International Bank in Egypt; Banco Bradesco S.A., Banco Pine S.A., and Banco do Brasil S.A. in Brazil; Banco de Crédito (BCP) in Peru; Banco de Galicia y Buenos Aires S.A. in Argentina; Banco de la República Oriental del Uruguay in Uruguay; Bancolombia S.A. in Colombia; Ecobank Transnational Incorporated in Togo; IDFC Limited in India; and Industrial Bank Co., Ltd. in China; among others.

The requirements to assess and manage environmental and social risks by the implementing entity will be integrated into existing requirements for risk assessment and management. The initial screening for environmental and social risks can be included in the project/programme proposal document. The requirements for effective consultation are consistent with the Fund's current requirements for consultative processes in the development of projects/programmes with "particular reference to vulnerable groups, including gender considerations."¹⁵

The policy requires that all proposed projects/programmes be screened for their environmental and social impacts, that those impacts be identified, and that the proposed project/programme be categorized according to its potential environmental and social impacts. Projects/programmes likely to have significant adverse environmental or social impacts that are for example diverse, widespread, and irreversible should be categorized as Category A. Projects/programmes with potential adverse impacts that are less adverse than Category A projects/programmes, because for example they are fewer in number, smaller in scale, less widespread, reversible or easily mitigated should be categorized as Category B. Those projects/programmes with no adverse environmental or social impacts should be categorized as Category C. Regardless in which category a specific project/programme is screened, all environmental and social risks shall be adequately identified and assessed by the implementing entity in an open and transparent manner with appropriate consultation. The policy is aimed at allowing for a variety of approaches. Implementing entities that use a different but functionally equivalent system of categorization can continue to use that system and still meet the requirements of the policy.

The scope of the environmental and social assessment shall be commensurate with the scope and severity of potential risks. If an environmental and social assessment is required, the assessment should assess all potential environmental and social risks and include a proposed risk management plan. The plan should typically be included with the project/programme document submitted for approval. In some Category B projects/programmes where the proposed activities requiring such assessment represent a minor part of the project, and when the assessment and/or management plan cannot be completed in time or where mitigation measures extend into project/programme implementation, the Board can approve the project/programme subject to assurances included in the agreement signed between the Board and the implementing entity that any environmental and social risks will be adequately and timely addressed through a management plan or changes in project/programme design. The existing system of annual project/programme performance reports and the mid-term and terminal evaluation reports can be modified to track any required environmental and social risk management plan or changes in project/programme design. Implementing entities shall screen compliance with this policy on a project-by-project basis.

¹⁵ Adaptation Fund, OPG, "Instructions for Project or Programme Funding for Adaptation Fund," part II(H).

II. Environmental and Social Policy Statement

A. General Environmental and Social Commitment

Environmental and social policies are fundamental to ensuring that the Fund does not support projects/programmes that unnecessarily harm the environment, public health or vulnerable communities. As part of the implementing entities' responsibilities for the project/programme, all implementing entities shall (i) have an environmental and social management system that ensures environmental and social risks are identified and assessed at the earliest possible stage of project/programme design, (ii) adopt measures to avoid or where avoidance is impossible to minimize or mitigate those risks during implementation, and (iii) monitor and report on the status of those measures during and at the end of implementation. There shall be adequate opportunities for the informed participation of all stakeholders in the formulation and implementation of projects/programmes supported by the Fund.

B. Environmental and Social Principles

All projects/programmes supported by the Fund shall be designed and implemented to meet the following environmental and social principles, although it is recognized that depending on the nature and scale of a project/programme all of the principles may not be relevant to every project/programme.

1. Compliance with the Law

Projects/programmes supported by the Fund shall be in compliance with all applicable domestic and international law.

2. Access and Equity

Projects/programmes supported by the Fund shall provide fair and equitable access to benefits in a manner that is inclusive and does not impede access to basic health services, clean water and sanitation, energy, education, housing, safe and decent working conditions, and land rights. Projects/programmes should not exacerbate existing inequities, particularly with respect to marginalized or vulnerable groups.

3. Marginalized and Vulnerable Groups

Projects/programmes supported by the Fund shall avoid imposing any disproportionate adverse impacts on marginalized and vulnerable groups including children, women and girls, the elderly, indigenous people, tribal groups, displaced people, refugees, people living with disabilities, and people living with HIV/AIDS. In screening any proposed project/programme, the implementing entities shall assess and consider particular impacts on marginalized and vulnerable groups.

4. Human Rights

Projects/programmes supported by the Fund shall respect and where applicable promote international human rights.

5. Gender Equity and Women's Empowerment

Projects/programmes supported by the Fund shall be designed and implemented in such a way that both women and men (a) are able to participate fully and equitably; (b) receive comparable

social and economic benefits; and (c) do not suffer disproportionate adverse effects during the development process.

6. Core Labour Rights

Projects/programmes supported by the Fund shall meet the core labour standards as identified by the International Labor Organization.

7. Indigenous Peoples

The Fund shall not support projects/programmes that are inconsistent with the rights and responsibilities set forth in the UN Declaration on the Rights of Indigenous Peoples and other applicable international instruments relating to indigenous peoples.

8. Involuntary Resettlement

Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids or minimizes the need for involuntary resettlement. When limited involuntary resettlement is unavoidable, due process should be observed so that displaced persons shall be informed of their rights, consulted on their options, and offered technically, economically, and socially feasible resettlement alternatives or fair and adequate compensation.

9. Protection of Natural Habitats

The Fund shall not support projects/programmes that would involve unjustified conversion or degradation of critical natural habitats, including those that are (a) legally protected; (b) officially proposed for protection; (c) recognized by authoritative sources for their high conservation value, including as critical habitat; or (d) recognized as protected by traditional or indigenous local communities.

10. Conservation of Biological Diversity

Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids any significant or unjustified reduction or loss of biological diversity or the introduction of known invasive species.

11. Climate Change

Projects/programmes supported by the Fund shall not result in any significant or unjustified increase in greenhouse gas emissions or other drivers of climate change.

12. Pollution Prevention and Resource Efficiency

Projects/programmes supported by the Fund shall be designed and implemented in a way that meets applicable international standards for maximizing energy efficiency and minimizing material resource use, the production of wastes, and the release of pollutants.

13. Public Health

Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids potentially significant negative impacts on public health.

14. Physical and Cultural Heritage

Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids the alteration, damage, or removal of any physical cultural resources, cultural sites, and sites with unique natural values recognized as such at the community, national or international level. Projects/programmes should also not permanently interfere with existing access and use of such physical and cultural resources.

15. Lands and Soil Conservation

Projects/programmes supported by the Fund shall be designed and implemented in a way that promotes soil conservation and avoids degradation or conversion of productive lands or land that provides valuable ecosystem services.

C. Environmental and Social Management System

The implementing entities' capacity and commitment to reducing environmental and social risks will be assessed through the accreditation process. The implementing entities' risk management systems shall include the commitment and capacity to assess and respond to the environmental and social risks of projects/programmes supported by the Fund in light of this environmental and social policy. The implementing entities shall be responsible for screening all projects/programmes to determine the extent to which they present environmental or social risks, including all risks associated with the Fund's environmental and social principles identified above. Implementing entities proposing projects/ programmes that present environmental and social risks shall ensure that the environmental and social impacts of such projects/programmes are thoroughly assessed; that measures are identified for avoiding, reducing or mitigating all environmental and social impacts; and that the implementation of such measures is monitored and reported on through the life of the project/programme. The environmental and social risk management system shall be commensurate in scope and ambition to the potential scope and severity of environmental and social risks inherent in the project/programme design.

D. Environmental and Social Policy Delivery Process

1. Screening of Environmental and Social Risks by the Implementing Entity

All proposed projects/programmes shall be screened by the implementing entities to determine their potential to cause environmental or social harm. The screening process shall seek to identify potential environmental and social impacts and risks, taking into consideration the Fund's environmental and social principles outlined above. The screening process shall consider all potential direct, indirect, transboundary, and cumulative impacts in the project's/programme's area of influence that could result from the proposed project/programme. All proposed projects/programmes shall be categorized according to the scale, nature and severity of their potential environmental and social impacts. Projects/programmes likely to have significant adverse environmental or social impacts that are for example diverse, widespread, or irreversible should be categorized as Category A projects/programmes. Projects/programmes with potential adverse impacts that are less adverse than Category A projects/programmes, because for example they are fewer in number, smaller in scale, less widespread, reversible or easily mitigated should be categorized as Category B. Those projects/programmes with no adverse environmental or social impacts should be categorized as Category C.

The screening will determine the extent to which the project/programme requires further environmental and social assessment, mitigation, and management. The results of the

environmental screening shall be included in the project/programme proposal initially submitted by the implementing entity to the Adaptation Fund Board secretariat (the secretariat). If during the project/programme review process the Board or secretariat determines that further information on the environmental and social assessment, mitigation, and management of risks is required, the implementing entities can be asked to provide it. If appropriate, this will be reflected in the agreement between the Board and the implementing entity. Regardless of the outcome of the screening procedure, all proposed projects/programmes shall comply with the Fund's environmental and social principles and applicable national and local laws and regulations.

2. Environmental and Social Assessment

For all projects/programmes that have the potential to cause environmental or social harm (i.e. all Category A and B projects/programmes), the implementing entity shall prepare an environmental and social assessment that identifies any environmental or social risks, including any potential risks associated with the Fund's environmental and social principles set forth above. The assessment shall (i) consider all potential direct, indirect, transboundary, and cumulative impacts and risks that could result from the proposed project/programme; (ii) assess alternatives to the project/programme; and (iii) assess possible measures to avoid, minimize, or mitigate environmental and social risks of the proposed project/programme. As a general rule, the environmental and social assessment shall be completed before the project/programme proposal submission to the Adaptation Fund. In some Category B projects/programmes where the proposed activities requiring such assessment represent a minor part of the project, and when inclusion in the proposal is not feasible, a timeline for completing the environmental and social assessment before construction begins shall be incorporated in the agreement between the Board and the implementing entity following the project/programme approval, and reported through the annual project/programme performance report. A copy of the environmental and social assessment shall be provided to the secretariat as soon as the assessment is completed. Prior to submitting the environmental and social assessment to the Board, the secretariat may require further information from the implementing entity on the environmental and social assessment, mitigation, and management of risks, if deemed necessary.

3. Environmental and Social Management Plan

Where the environmental and social assessment identifies environmental or social risks, the assessment shall be accompanied by an environmental and social management plan that identifies those measures necessary to avoid, minimize, or mitigate the potential environmental and social risks. A commitment by the implementing entity to implement the management plan shall be a condition of the project/programme approval and reflected in the monitoring and reporting plan for that project/programme.

4. Monitoring, Reporting, and Evaluation

Implementing entities' monitoring and evaluation of projects/programmes supported by the Fund shall address all environmental and social risks identified by the implementing entity during project/programme assessment, design, and implementation. The implementing entities' annual project/programme performance reports shall include a section on the status of implementation of any environmental and social management plan, including those measures required to avoid, minimize, or mitigate environmental and social risks. The reports shall also include, if necessary, a description of any corrective actions that are deemed necessary. The mid-term and terminal evaluation reports shall also include an evaluation of the project/programme performance with respect to environmental and social risks.

5. Public Disclosure and Consultation

Implementing entities shall identify stakeholders and involve them as early as possible in planning any project/programme supported by the Fund. The results of the environmental and social screening and a draft environmental and social assessment, including any proposed management plan, shall be made available for public consultations that are timely, effective, inclusive, and held free of coercion and in an appropriate way for communities that are directly affected by the proposed project/programme. The secretariat will publicly disclose the final environmental and social assessment through the Fund's website as soon as it is received. The implementing entity is responsible for disclosing the final environmental and social assessment to project-affected people and other stakeholders. Project/programme performance reports including the status on implementation of environmental and social measures shall be publicly disclosed. Any significant proposed changes in the project/programme during implementation shall be made available for effective and timely public consultation with directly affected communities.

6. Grievance Mechanism

The implementing entities shall identify a grievance mechanism that provides people affected by projects/programmes supported by the Fund with an accessible, transparent, fair and effective process for receiving and addressing their complaints about environmental or social harms caused by any such project/programme. The mechanism can be pre-existing, national, local, or institution- or project-specific. Complaints regarding projects/programmes supported by the Fund can also be filed with the secretariat at the following address:

Adaptation Fund Board secretariat
Mail stop: MSN P-4-400
1818 H Street NW
Washington DC
20433 USA
Tel: 001-202-478-7347
afbsec@adaptation-fund.org

The secretariat will respond promptly to all such complaints. Where appropriate, the secretariat will refer complainants to a grievance mechanism identified by the implementing entity as the primary place for addressing complaints.

Annex II: Compilation of comments received from public call for comments on the proposed Environmental and Social Policy

Following Decision B.21/23, the secretariat launched the following public call for comments on the draft Adaptation Fund environmental and social policy with a deadline of 23 September 2013 and shared it widely through its website, email lists and social media channels.

CALL FOR PUBLIC COMMENTS ON THE PROPOSED ENVIRONMENTAL AND SOCIAL POLICY

The Adaptation Fund Board is welcoming comments from the global public on its proposed Environmental and Social Policy.

Environmental and social safeguards are implicitly addressed in the Adaptation Fund's technical review process for project/programme proposals. This policy aims to formalise the consideration and application of the safeguards in all climate adaptation activities financed by the Adaptation Fund. The policy will further clarify and streamline the safeguards requirements while strengthening the technical review process and the application of the safeguards throughout project/programme implementation.

The proposed Environmental and Social Policy is available [here](#).

Please send any comments **no later than 23 September 2013** via the [contact form](#) or by emailing the Adaptation Fund Board secretariat at afbsec@adaptation-fund.org

A significant level of interest was raised by the public call for comments, and comments were received from a diverse set of entities including individual members of civil society, international think tanks and accredited multilateral and national implementing entities of the Fund.

This annex contains the comments, as received, by the secretariat.

Germanwatch comments on the „Proposed Adaptation Fund Environmental and Social Policy”



The AF NGO Network¹ welcomes the opportunity to provide input into the AF's Call for public comments on the proposed Environmental and Social Policy. It would therefore like to propose following amendment to the Adaptation Fund Environmental and Social Policy.

- **Clarification required on how the policy is applied**

The principles proposed by the policy seem mostly sound, but the process of deciding whether or not a project has to undergo a thorough environmental and social impact assessment against these principles will need to be very clearly laid out in the policy; otherwise it will be at risk of arbitrary decisions and therefore possibly quite easy to circumnavigate. In the proposal there is no clarity on what would be considered an acceptably low level of environmental and social risk (nor what would be considered to 'have potential to cause significant environmental or social harm'). The proposal for the policy should therefore instigate decisions and transparency on how the *level* of risk (and following that the decision to conduct a more thorough assessment) of social/ environmental impact will be established.

- **Policies for implementation and not only planning**

Furthermore, experience from safeguard policies in other MIEs in our view shows that these safeguards are often addressed in the planning, but not necessarily applied in the implementation of the projects. The AF should therefore further help strengthening the engagement of citizens of a country, particularly the participation of the more vulnerable groups at the very early stage of project conceptualization. In those countries, where project are approved and/ or under implementation, the lack of consideration of the safeguard during the conceptualization of the project can be compensated through targeted series of meetings, whereby social and environmental safeguard could be assessed through inputs of both implementers as well as people living in the targeted areas.

Transparency and accountability are two key components of it. These can be improved by properly documenting all decisions, ensuring proper disclosure of information and actively engaging civil society and communities through multi-stakeholder forums and citizen audits. An important, but not sufficient element here is to revise the guidelines for mid-term evaluations and the annual progress reports, if necessary, to insert established minimal safeguards.

- **Building capacity for good application**

The environment and social policy should best be implemented in a way that it helps developing countries to implement the projects for the benefits of the most vulnerable. The AF should consider efforts in helping in particular the NIEs in improving their capacity in applying this policy under consideration of national safeguard policies, if applicable. Even though environmental and social safeguards have been recognized in the recent past in the climate finance field as prerequisite for avoiding mal-adaptation and negative impacts during implementation and in the years later the completion of the projects, their adequate application remains a challenge even for well known multilateral agencies and the NIEs. It is

¹ The AF NGO Network would like to thank the Poverty, Environment and Climate Change Network (PECCN) of CARE International for their contribution.

about for the Implementing Entities to take time for exploring the best ways of ensuring compliance with the environmental and social safeguard. The AF is therefore well advised to explore ways of assisting its accredited implementing entities, particularly the NIEs, to fully understand the significance of those safeguards and why it is crucial to commit to them. In this regard, a hand book by the AF's secretariat on how to apply its environmental and social safeguard would be a strategic starting point.

- **General Environmental and Social Commitment**

Environmental and social safeguards for the Adaptation Fund shall be as detailed as possible based on three general principles:

- *Moving beyond compliance of minimizing impacts to pro-actively enhancing the livelihood sustainability and optimizing benefits for the widest possible cross-section of the local population, adding to the overall capacity of communities to maintain healthy and sustainable livelihoods (“do good”);*
- *The avoidance and minimization of adverse livelihood impacts and equitably compensated disadvantages (“do no harm”);*
- *Transparent, accountable and meaningful processes that involve effectively raised voices of local stakeholders and demonstrate respect for human rights (“good process”).*

Comments related to Section D. **Environmental and Social Policy Delivery Process:**

P5, 2nd para: The AF expects that there be an opportunity for the informed participation of stakeholders in the formulation and implementation of AF-supported projects/ programmes.

- While a certain level of consultative processes is already required according to the project proposal guidelines, the policy should state clearly that informed participation should be mandatory.
- "Stakeholders" ideally need to be defined, and reference should be made to pay particular attention to the most vulnerable communities addressed by the projects, in line with section B of the project proposal template.

P3: “It is expected that many AF-supported projects will entail few, if any, environmental and social risks, and thus no environmental assessment may be required.”

Comment: given some of the activities funded by the AF, such as concrete interventions affecting ecosystems, this assumption seems a bit too simplistic. There is a need of introducing a general minimum assessment with respect to social and environmental safeguard for all projects. The proponent has to justify the reason of the extent of social and environmental assessment that is needed for any given project.

P6: “For projects/programmes that have the potential to cause significant environmental or social harm, the Implementing Entity shall prepare an environmental and social assessment

that identifies any significant environmental or social risks, including any potential risks associated with the AF’s environmental and social principles set forth below.”

Comment:

- As already described above the process or criteria for establishing the potential of a project/programme to cause harm are not laid out, so this could leave too much room for interpretation. There is no definition of environmental and social risk, or of the term “significant environmental and social risk”. It is also not clear who decides what is an “acceptably low” or “unacceptably high level of risk”, and when an impact assessments would be mandatory or could be omitted. This makes the policy difficult to implement. Direct criteria for assessment of risk would help to address this shortcoming.
- And generally all projects should undergo checks against the environmental and social principles laid out on pp7f, at least in the sense that they need to confirm that they are not putting risks to these, and not just those considered risky upfront.

B. Environmental and Social Principles

General comment: These criteria should be grouped under “social” and “environmental” principles from page 4 to 7

The numbers -listed here below in this part- refer to the number used in the document by the secretariat on the "proposed Adaptation Fund Environmental and Social Policy" in section II: Environmental and Social Policy Statement, pages 4-7. To the given numbers, we propose following additional inputs:

1. Compliance with the law

Develop the project and its performance in compliance with customary, national and international laws as well as ratified conventions, such as human rights.

2. Access and equity

Projects should maintain or enhance fair, just and non-discriminative inter- and intra-generational access to livelihood resources, services as well as to the share of livelihood benefits deriving from the projects, with special attention to vulnerable and marginalized groups.

3. Vulnerable groups

Projects should take actions to ensure that the rights of vulnerable and marginalized groups are respected and fully taken up in all issues related to the project.

4. Human rights

5. Gender equality

Projects should promote opportunities and compensate adverse impacts for women and men equally.

- Since specific international law is referenced in other parts (e.g. Indigenous Peoples Decl.), similar text could work here. Borrowing from the paragraph on Indigenous

Peoples, this could read: The AF shall not support projects/ programmes that are inconsistent with the rights and responsibilities set forth in the Beijing Platform of Action and UN Declaration on the Elimination of All Forms of Discrimination against Women CEDAW

6. Core labour rights

7. Indigenous peoples

8. Involuntary resettlement

Ensure that rights to lands, territories and resources which local communities have traditionally owned, occupied or otherwise used or acquired are recognized and respected and that involuntary resettlement is avoided.

- “AF-supported projects/programmes shall be designed and implemented in a way that avoids or minimizes the need for involuntary resettlement. When involuntary resettlement is unavoidable, displaced persons shall be informed of their rights, consulted on their options, and offered technically and economically feasible resettlement alternatives or fair and adequate compensation.”
- Comment: This could be strengthened, especially in a context where conservation concerns may be utilised to justify such resettlement as 'unavoidable'. Clear criteria would be helpful here.

9. Protection of natural habitats

10. Conservation of biodiversity

Ensure that no threatened or endangered species, high conservation value habitats or ecosystem services are affected by the project and promote the long-term availability of natural resources.

11. Climate change

12. Pollution prevention and resource efficiency

Reduce, recycle and dispose waste in an environmentally responsible manner.

13. Public health

Ensure that the project does not cause any negative impacts on community health and safety.

- AF-supported programmes/projects shall be designed and implemented in a way that avoids significant negative impacts on public health. It is not clear how significant negative impact on public health is defined. Is a minor negative impact on public health acceptable?

14. Physical and cultural heritage

Projects should maintain, promote or enhance intangible forms of culture (cultural resources) embodied in sites or traditions with unique social value in ways that satisfies asset delivery and the communities for which heritage is significant.

15. Agricultural lands and soil conservation

Additional principles to be added in the proposed Adaptation Fund Environmental and Social Policy:

Additionally, we suggest including the following principles. Partially these are de-facto already addressed through other guidelines (e.g. for project proposal development). Since this policy lays out a more strategic and principle framework, it is however adequate to address these points here.

16. Social cohesion

Protect or strengthen the social cohesion of the affected communities.

17. Participation and social inclusion

Ensure meaningful, effective, culturally appropriate and socially inclusive participation of relevant stakeholders to incorporate their views and promote local decision-making during all project stages, with special attention to vulnerable and marginalized groups.

18. Information

Provide timely, clear, relevant, culturally appropriate and understandable information about all environmental, social and economic aspects of the project to all relevant stakeholders during all project stages.

19. Conflict and accountability

Avoid any sort of conflict and establish resolving grievances mechanisms to provide fair compensation to affected stakeholders.

20. Free, prior and informed consent

Seek free, prior and informed consent of indigenous peoples and other project dependent stakeholders.

21. Anti-corruption

Implement anti-corruption measures.

22. Capacity building and skill development

Increase the project-specific skill, competence and career development in the community to build capacities of a local skill base and increase the local content potential and technical innovations to deliver required goods and services.

23. Learning and awareness raising

Contribute to learning and awareness raising by providing educational activities related to the project's objectives and local sustainability context.

24. Employment

Create highly and less qualified employment opportunities predominately sourced from the affected community and in compliance with ILO principles during all project phases.

25. Local content

Ensure the inclusion and use of available local industries and businesses, skilled labour as well as traditional knowledge to meet the supply needs of the project and deliver required goods and services.

26. Poverty alleviation

Contribute to decreased poverty and increased income generation in the affected community

27. Sustainable development strategies

Ensure the coherence with and support of relevant objectives of broader sustainable development policies, strategies and plans established at national or local levels.

Comments from the World Resources Institute on The Adaptation Fund's Draft Environmental and Social Policy

September 2013

Thank you for this opportunity to comment on the draft Environmental and Social Policy (hereinafter draft Policy) for the Adaptation Fund (the Fund). In general, we commend the Fund Secretariat for drafting a policy that is both comprehensive and flexible. If implemented properly, this policy has the potential to boost the Fund's ability to ensure that the goal of the Fund to help "the most vulnerable countries and communities" increase their resilience to climate change.

Environmental and social policies of financial institutions generally consist of two main elements: i) substantive goals, such as the protection of ecosystem services or the rights of indigenous peoples, and ii) systems to help ensure that these goals are reached. WRI would like to submit the following comments in regards to these two elements.

Substance

Scope of Substance

The number of the substantive goals covered by the environmental and social policies of financial institutions varies by institution. Generally though, key global principles have emerged. These are reflected in international human rights and environmental agreements (e.g. the Convention on Biological Diversity or the U.N. Declaration on Indigenous Peoples), trends in national legislation (e.g. the proliferation of freedom of information acts), and the requirements of public finance institutions (e.g. the safeguard policies of the World Bank and regional development banks).

The draft Policy admirably covers the major substantive areas of concern to the global community. It includes both areas commonly found in the policies of development banks, such as requirements to protect critical natural habitat, marginalized people, and resettled communities, as well as other critical and emerging issues like gender equality and the quality of agricultural land. In terms of breadth of substance we would like to make the following comments:

- Principle 1 states: "Projects/programmes supported by the Fund shall be in compliance with all applicable domestic and international law." There are times, however, where these two sources of law will be contradictory. For example, many poor countries have not yet implemented legislation that protects the rights of vulnerable people in-line with international agreements. One way to help solve such situations is to ask for adherence to the law with the highest standard of environmental or social protection.
- The principles should include a statement on avoiding the reduction in the adaptive capacity of people or communities outside the project intervention. Certain interventions that strengthen the resilience of one group might increase the vulnerability of another. For example, flood protection can increase the resilience of in some areas while increasing risks in others. A statement on the importance of avoiding negative impacts on people's adaptive capacity is therefore necessary. This could be worded as follows: "Projects/programmes supported by the Fund shall not increase the vulnerability of beneficiaries or non-beneficiaries, nor reduce their capacity to adapt to climate change."

Detail of Substance

Environmental and social policies also cover substantive goals with various degrees of depth. The World Bank's current safeguard policies provide relatively detailed guidance on what it means to implement the substantive goals. For example, the policies do not only state that indigenous peoples should be protected, they specify factors for determining who is indigenous and what protection should look like. On the other end of the spectrum, the REDD+ safeguards as agreed to by the Parties to the UNFCCC provide very little detail.¹ They state only that Parties should "promote and support...respect for the knowledge and rights of indigenous peoples" by "taking into account" relevant international agreements.² Too much detail regarding the goals that should be reached can limit the ability of the goals to take into consideration different contexts, while too little can leave too much room for interpretation to make the goals effective and/or difficult to interpret and implement. Finding the proper balance between these two can ease implementation.

The draft Environmental and Social Policy provides relatively little detail as to what it means to adhere to the fifteen principles. This simplicity provides flexibility, which can allow for implementation by a wide range of implementing entities in a variety of contexts. The lack of detail also leaves significant room for interpretation, however, which can lead to conflict, confusion, and frustration amongst those tasked with implementing the policy. The Adaptation Fund will benefit from at least providing thorough guidance documents to interpret and support implementation of the Policy.

Process for Reaching Substantive Goals

The system in place for implementing the social and environmental principles will ultimately determine whether such implementation is successful. One key element of this process will be to ensure that the appropriate parties: i) assess social and environmental risks, focusing on the fifteen principles, ii) plan to avoid or minimize those risks, iii) manage implementation of those plans, iv) monitor implementation, and v) respond to any problems that arise. The draft Policy clearly recognizes the different stages of implementation. Implementing entities are asked to screen for and assess risks, develop management plans, monitor and evaluate implementation of these plans and provide some form of grievance mechanisms. Questions remain though as to how these stages will be implemented.

Roles and Responsibilities

One of the questions relates to the role, responsibilities and authority that will fall on the actors involved, including the Adaptation Fund Board and Secretariat, implementing entity, national governments and affected stakeholders or rights-holders. In terms of effects on the accreditation process for implementation entities, the draft Policy states only that "future accreditation or re-accreditation of implementing entities may need to reflect the capacity and commitment to address environmental and social risks" (pg 3). While the policy states that the Board "shall ensure that the implementing entities' risk management systems include the commitment and capacity to assess and respond to the environmental and social risks" (section B), it is unclear how the Board will determine when systems are adequate and what should be done if they are not. Further clarity on the role of the Board in ensuring adherence to the principles will help ease implementation. As an initial step, for clarity, we recommend that the first sentence of section B (quoted above) read instead: "The Board shall assess the implementing entity's commitment to reducing environmental and social risks, their systems to fulfill that commitment, and their capacity to implement those systems."

¹ World Bank Operational Policy 4.10.

² Report of the Conference of the Parties on its sixteenth session, held in Cancun from 29 November to 10 December 2010, Annex I, para. 2.

The question of responsibilities is also arises in section 6 on grievance mechanisms. The draft Policy asks implementing entities to “identify an available grievance mechanism that provides people affected by projects/programmes supported by the Fund with access to a transparent and effective process that will receive and facilitate resolution of their complaints about environmental or social harms caused by any such project/programme.” The draft Policy also allows for people to contact the AF Secretariat with complaints. No details are provided on the conditions under which such complaints can be submitted and how they will be dealt with by the Secretariat. Given the nature of the countries receiving funding through the Adaptation Fund, it is highly likely that implementing entities will struggle to provide effective grievance mechanisms. There should therefore be a way for people to have their grievances effectively dealt with directly by the Adaptation Fund, by-passing national grievance mechanisms when necessary. This should be made clear in the text.

Public Participation

A second question revolves around the role of the public and, in particular, affected stakeholders in decision-making. The draft environmental and social principles emphasize equitable access to benefits, protections for vulnerable people and respect for human rights. These commitments should permeate all phases of implementation of the draft Policy. Information about the process of assessing and dealing with social and environmental risks and opportunities should be readily available to all stakeholders in a timely and understandable manner. Affected people should also be involved in all stages of the process of implementing the environmental and social principles, from assessing risks, to monitoring and evaluating impacts, to helping to solve implementation problems. Implementing agencies should also be asked to make information about relevant grievance mechanisms publicly available.

Cost of Implementation

A third remaining question involves cost of implementation. Effective implementation of the draft Policy will require additional labor for both the Secretariat and implementing agencies, which in turn will raise costs. As recognized in the introduction to the draft Policy (p. 3), some of the Adaptation Fund’s implementation entities will already have systems in place to meet most of the new requirements. The draft Policy specifies too that the “scope of the environmental and social assessment shall be commensurate with the scope and severity of potential risks,” which will allow cost savings for low-risk projects. Some implementing entities though may require additional investments in order to develop effective processes to implement the new requirements. The capacity of the Adaptation Fund Secretariat should be strengthened too to meet new demands. The Board will need to provision for meeting the additional costs that arise for all actors in order to implement the Policy effectively.



Re: Adaptation Fund Board calls for comments on Environmental and Social Policy
Andrew Raine

to:

afbsec@adaptation-fund.org

09/23/2013 03:55 PM

Cc:

Nancy Bennet

Hide Details

From: Andrew Raine <andrew.raine@undp.org>

To: "afbsec@adaptation-fund.org" <afbsec@adaptation-fund.org>

Cc: Nancy Bennet <nancy.bennet@undp.org>

5 Attachments



image001.png



image002.png



image003.jpg



image004.png



AF_Proposed_Env_Social_Policy_UNDP_GT_Comments.docx

Dear AFB Secretariat,

Thank you for the opportunity to comment on proposed Adaptation Fund Environmental and Social Policy. UNDP welcomes the proposal for an Environmental and Social Policy. We believe that effective social and environmental policies are very important for preventing or mitigating inadvertent harm to people and the environment and they also enhance development outcomes.

It will be important to recognize the reality and need for different approaches to be taken by implementing entities in forming and applying their own environmental and social policies. We note with appreciation that the draft policy is explicitly aimed at allowing for a wide variety of approaches, and is aimed at the principles level with recognition that they may not be applicable to every project/programme.

UNDP has already implemented a project-level environmental and social screening procedure and it is currently

developing a Proposal for Environmental and Social Compliance Review and Dispute Resolution Processes, as well as Environmental and Social Quality Standards.

UNDP does not have any specific comments on the content of the proposed Adaptation Fund Environmental and Social Policy at this time, save for some comments on gender issues which have been prepared by our Gender team. Please find these attached.

Best,

Andy



*Empowered lives.
Resilient nations.*

Andy Raine

Technical Specialist (Environmental Policy and Law)
UNDP-Global Environment Facility, Environment and Energy Group
Bureau for Development Policy
United Nations Development Programme

304 East 45th Street, FF-918
New York, NY, USA 10017

andrew.raine@undp.org

+1 212 906 5178

Skype: andyraine

www.undp.org Follow us:   

Please consider the environment before printing this email.

From: gqca-adaptation@googlegroups.com [<mailto:gqca-adaptation@googlegroups.com>] **On Behalf Of** Rachel Harris

Sent: Thursday, August 15, 2013 9:35 PM

To: gqca-adaptation@googlegroups.com

Subject: [GGCA Adaptation] Adaptation Fund Board calls for comments on Environmental and Social Policy

Call for public comments on the proposed Environmental and Social Policy

The Adaptation Fund Board is welcoming comments from the global public on its proposed Environmental and Social Policy.

Environmental and social safeguards are implicitly addressed in the Adaptation Fund's technical review process for project/programme proposals. This policy aims to formalise the consideration and application of the safeguards in all climate adaptation activities financed by the Adaptation Fund. The policy will further clarify and streamline the safeguards requirements while strengthening the technical review process and the application of the safeguards throughout project/programme implementation.

The proposed Environmental and Social Policy is available [here](#).

Please send any comments ***no later than 23 September 2013*** via the [contact form](#) or by emailing the Adaptation Fund Board secretariat at afbsec@adaptation-fund.org

Inputs to the Adaptation Funds' Proposed Environment and Social Policy

Please find below UNDP Gender Team's input and recommendations on the Adaptation Fund's (AF) Proposed Environment and Social Policy. This feedback is structured by section as presented within the proposed Policy document. At times specific language from the Policy is drawn upon, and when done so, it is noted within quotations and/or a page reference is provided.

I. Background and Introduction

- It is encouraging to see that the proposed environmental and social policy would aim to bring the AF's practices "generally into line with the practice of other leading financing institutions active in environment and development financing" (p.1). In this process, it is recommended that the AF also draw upon the lessons learned and good practices of these institutions when furthering developing and implementing its Environment and Social Policy, in order to emulate those approaches which effectively and meaningfully help identify and mitigate environmental and social risks.
- When advising implementing entities to explicitly include environmental and social risks of proposed projects and programmes into their risk assessment and management processes (p.3), it is recommended that specific gender equality safeguards and screening standards be included in this review. Such steps can ensure that possible gender implications are not lost and merged into other broader social inequality issues, but rather are clearly identified and addressed as necessary. This will help ensure that AF projects and programmes do not unintentionally reinforce existing gender inequalities or deepen them as well as can promote project sustainability.
- As noted by the proposed Policy, for some existing implementing entities, there may be a need for capacity building to manage environmental and social risks (p.3). To help ensure that such capacity building activities are pursued and implemented, it is recommended that an action plan noting how and where support for such capacity building can be obtained and pursued by implementing entities, to ensure they have adequate competencies and know-how to assess, manage and mitigate social and environment risks.
- In terms of categorization, while the proposed policy provides implementing entities flexibility in the system of risk categorization, and notes "that environmental and social risks shall be adequately identified and assessed in an open and transparent manner with appropriate consultation" (p.3), it is recommended that the AF provided further clarification on both these items. Having at least minimum criteria and requirements established for implementing agencies as to what specifically constitutes environmental and social risks, what 'appropriate consultation' involves etc., can help provide initial benchmarks for them on environmental and social risks; establish a basis for monitoring and evaluating at the fund level; as well as ensure more effective environment and social (including gender), standards and safeguards are in place. As noted above, crucial in this process is explicitly identifying and including gender considerations in social risk assessments. This can, in turn, help ensure that projects and programmes 1) do not unintentionally reinforce existing gender inequalities

or deepen them; 2) promote inclusiveness and transparency; and 3) are gender responsive in their design and implementation.

II. Environmental and Social Policy Statement

A. General Environmental and Social Commitment

- The Policy notes it will provide “adequate opportunities for the informed participation of all stakeholders in the formulation and implementation of projects/programmes supported by the Fund” (p.4). Critical in this process is ensuring that this participation is conducted in a gender-sensitive manner, wherein consultations take into account the specific knowledge, distinct needs, opinions and contributions of varying groups, including both women and men. This participation requires both means and opportunity for active engagement which extends beyond attendance/presence at consultations to also include capacity building and knowledge exchange. Having both men and women stakeholders effectively participate in decision-making processes in this manner can help increase the chances of widespread support, ownership and sustainability of project and programme outcomes.

B. Environmental and Social Principles

Access and Equity

- It is very encouraging to see that ‘Access and Equity’ is defined as one of the principles which guide the proposed Environmental and Social Policy (p.4). While it is crucial that “projects/programmes supported by the Fund shall provide fair and equitable access to benefits in a manner that is inclusive...”, it is also important that projects/programmes do not unintentionally reinforce existing inequalities and inequities or deepen them. It is recommended that this clarification also be explicitly added to the text on “Access and Equity”.

Marginalized and Vulnerable Groups & Gender Equality and Women’s Empowerment

- Under both of these principles, reference is made that projects/programmes supported by the Fund will not impose “disproportionate” impacts on marginalized and vulnerable groups (p.4) or cause “disproportionate” adverse effects on women and men (p.5). It is recommended that the AF define what constitutes “disproportionate”, as this terminology could vary across regions and countries. To appropriately define what it is meant by “disproportionate” projects/programmes, various internationally agreed upon instruments can be relied upon and referenced.

C. Environmental and Social Management System

- The proposed Policy also highlights that the AF Board will ensure that the implementing entities’ risk management systems will “include the commitment and capacity to assess and respond to the environmental and social risks of projects/programmes supported by the Fund in light of this environmental and social policy” (p.6). It is recommended that the AF require implementing entities to also have internal competencies on gender and/or consult with gender experts when assessing and responding to the environmental and social risks of projects/programmes.

D. Environmental and Social Policy Delivery Process

Public Disclosure and Consultation

- It is recommended that the AF also explicitly note that its Environmental and Social Policy Delivery Process will be conducted a gender-responsive and inclusive manner. While it is implied, making this explicit can further help ensure that vulnerable and marginalized groups, (e.g. women, indigenous peoples, poor, etc.) will be included in this process. Conducting a situational/stakeholder analysis can help in this effort and identify possible power dynamics and barriers certain groups face within communities, as well as possible capacity constraints which could then limit them in meaningfully participating in and providing feedback and comments on environmental and social assessments during consultation processes.

ACCOUNTABILITY COUNSEL

September 23, 2013

Via Electronic Mail

Adaptation Fund Board Secretariat
c/o Global Environment Facility
Washington DC, 20433 USA
Email: afbsec@adaptation-fund.org

Re: Comments on the Adaptation Fund's proposed Environmental and Social Policy

To Whom It May Concern:

Accountability Counsel is writing in response to the invitation to comment on the Adaptation Fund's (the "Fund") proposed Environmental and Social Policy ("Policy"). We commend the Adaptation Fund for developing the proposed Policy, which includes reference to a Grievance Mechanism, and for providing the opportunity for stakeholder input. By doing so, the Fund is working towards aligning itself with the practices of other leading financial institutions active in environment and development financing.

Accountability Counsel works to support communities around the world using accountability mechanisms to uphold environmental and human rights. We also work at the policy level to ensure that accountability systems are robust, fair and effective. Therefore, we take great interest in the Policy's proposed Grievance Mechanism, on which we focus our comments. We base our comments on our extensive experience regarding the design, implementation and use of accountability mechanisms.

Accountability mechanisms are an important element of the credibility and legitimacy of institutions involved in environment and development financing, particularly where they serve as the primary complaint system for people harmed by the institution's operations. These mechanisms are also valuable tools for institutions' leadership, because they provide a vehicle for bringing instances of policy non-compliance to their attention and can enable problem solving of issues that generate risk for these institutions. The Fund therefore has an opportunity to improve its Policy implementation and project sustainability efforts through strengthened accountability.

We based the following comments on the assumption that the Fund's Grievance Mechanism should follow best practice principles of independence, fairness, transparency, professionalism, accessibility and effectiveness.

I. The Fund Must Develop Clear and Transparent Rules to Govern Its Grievance Mechanism

As a necessary first step towards ensuring that the Fund's Grievance Mechanism adheres to the best practice principles mentioned above, the Fund must adopt procedural rules that govern how the Secretariat will handle complaints regarding environmental and social harms. The proposed Grievance Mechanism language in the Policy offers a non-transparent and complex web of grievance mechanisms, creating barriers for project-affected people to identify and access the appropriate accountability mechanism. Moreover, under the current proposed Policy, potential complainants lack information about what will happen when they file a complaint. Most accountability mechanisms offer both dispute resolution and compliance review functions, and we urge the Fund to consider establishing both functions as well. To prevent one process from restricting access to another, and to honor community self-determination, the procedural rules should allow complainants to choose the process they seek to initiate, and in what order.

II. The Fund Should Be Guided By Best Practice Principles for Accountability Mechanisms in Developing Procedural Rules for its Grievance Mechanism

Independence

To promote legitimacy and build trust in its Grievance Mechanism, the Fund should develop procedural rules designed to avoid undue influence from parties involved in the grievance process, project staff, Board members of the Fund, Implementing or Executing Entities or other outside actors. For example, the procedural rules should establish a specific role for the person in charge of the Fund's Grievance Mechanism, and that person should not participate in the Fund's administration of projects. To ensure an unbiased process, we also strongly recommend that the person filling this role should be prohibited from having recently been employed by one of the Fund's Implementing or Executing Entities, as well as barred from future employment with any of these entities. We also recommend a procedure to address impartiality or conflicts of interest by the person in charge of the Grievance Mechanism.

In addition, we recommend that the procedural rules establish clear lines for reporting to the public, as well as to the Board of the Adaptation Fund, on all complaints received and any decisions made by the Grievance Mechanism.

Fairness

To ensure a fair outcome for users of the Grievance Mechanism, the procedural rules should require that both parties have full and equal access to sources of information, advice and expertise necessary to engage in the process on fair terms. Fairness and equal treatment should also guide the procedure for conducting an independent and impartial review or investigation of the complaint.

Additionally, project-affected people are often disproportionately vulnerable, with limited economic resources or political power. They may therefore choose to work with civil society or

non-governmental organizations to support their access to the Grievance Mechanism. We recommend that the procedural rules ensure that complainants have the right to be represented and/or supported throughout the process by actors of their choosing.

Transparency

Maintaining transparency at every stage of the project and complaint process is key to effective accountability. To enhance transparency, the project information available on the Fund's website should include any reports or impact assessments that have been conducted in accordance with the proposed Policy. The Fund's website should also include information on all complaints received, including non-confidential party submissions, as well as factual finding or reports by the Grievance Mechanism.

We further recommend that the Grievance Mechanism make publicly available its written rules of procedure for the complaint process, including eligibility criteria, timelines and methods of investigation. Moreover, in developing these procedural rules, the Fund should allow an opportunity for stakeholder consultation and comment.

Professionalism

To ensure professionalism, the Grievance Mechanism must take steps to implement and adhere to the procedural rules and timelines it establishes for the complaint process. Additionally, we recommend that the person in charge of the Grievance Mechanism be required to exercise the highest standards of competence, objectivity, ethics and professionalism. In particular, the person(s) involved in the complaint process should be required to have experience and expertise with dispute resolution, as well as environmental and human rights. In addition, we recommend that the Grievance Mechanism be authorized to hire consultants to bring specific expertise as needed.

Accessibility

We strongly suggest that the procedural rules establish clear eligibility criteria that maximize access to the Grievance Mechanism for all project-affected or potentially affected individuals and groups.¹ As mentioned above, the rules should also allow complaints to be filed by authorized representatives of such individuals or groups. Moreover, some project-affected people may fear retaliation or intimidation for filing a complaint. To ensure that such potential complainants can safely access the Grievance Mechanism, the procedures should guarantee confidentiality of complainants' identities and any other sensitive information when requested.

¹ For example, the Compliance Advisor/Ombudsperson ("CAO") has only three eligibility criteria: (1) that the complaint relate to an International Finance Corporation ("IFC") or Multilateral Investment Guarantee Agency ("MIGA") project; (2) that the complaint be about a social and/or environmental issue related to that project; and (3) that the complainants believe they are or may be affected by the issue(s) raised. CAO Operational Guidelines, §2.2.1, CAO (2013), available at: http://www.cao-ombudsman.org/howwework/documents/CAOOperationalGuidelines2013_ENGLISH.pdf.

In addition, we recommend that complaints not have to allege particular violations, state specific desired remedies or write in a designated language in order to be deemed eligible. A complaint should be found eligible where a complainant raises social or environmental concerns related to a Fund project, which may or may not include an articulation of direct harm. The procedural rules should also allow for acceptance of complaints throughout the duration of the Fund's or the Implementing Entity's involvement in a project. Because many projects could lead to long-term, serious, adverse impacts that become apparent only after many years have passed, "involvement" should be interpreted broadly as to not pose a barrier to access. Complainants should have the opportunity to amend complaints, allege new violations and provide additional evidence as necessary. We also recommend that complainants have access to dispute resolution, compliance review or both, and in the order they want.²

Finally, to ensure accessibility, the Fund must conduct outreach to potential users of the Grievance Mechanism. Concrete efforts should include requiring all Implementing and Executing Entities to provide information about the Grievance Mechanism in their project information. In addition, we recommend that the Fund develop simple materials on the Grievance Mechanism to be distributed at project sites. Because certain stakeholder groups may face additional barriers, such as language, literacy and accessibility of locations, assistance should be provided to maximize access for all project affected people.

Effectiveness

Establishing procedural rules for the Fund's Grievance Mechanism will help ensure the quality and consistency of the complaint process, as well as better compliance with the Fund's Policy. In addition, we recommend that the Grievance Mechanism periodically evaluate its process and procedures to measure effectiveness and identify areas for improvement.

The effectiveness of the complaint process is also crucial to building trust and increasing the overall accountability of the Fund. We encourage the Fund to strengthen and clarify the Grievance Mechanism's mandate by clearly defining its role as a forum for providing remedy to those harmed by Fund projects and by guaranteeing that the mechanism has the authority, resources and support necessary to be effective in that role. To that end, we recommend that the Grievance Mechanism establish procedural rules aimed at providing access to effective remedy for project-affected parties. Effective remedy may take many forms and in the context of the Fund's Grievance Mechanism should include at least the following elements: (1) transparency about and public acknowledgment of responsibility for harm done or foreseeable harm; (2) provision of appropriate redress to complainants; (3) implementation of measures to prevent further harm; and (4) meaningful institutional learning and change to prevent repetition of the same problems in the future.

² For example, the Project Compliance Mechanism of the European Bank for Reconstruction and Development and the Complaints Mechanism of the European Investment Bank allow dispute resolution and compliance review to proceed simultaneously.

Additionally, the Grievance Mechanism should be able to recommend that the Fund withhold financial support to a project pending compliance review, or at least where there is potential for irreversible damage to affected people should the project continue.

III. Referrals to Accountability Mechanisms of the Implementing Entities

In addition to the key principles described above, we recommend that the procedural rules establish criteria for when complaints should be handled by the Fund's Grievance Mechanism and when complaints should be forwarded to existing accountability mechanisms at the Fund's Implementing Entities. The Policy proposes using national, local or project-specific mechanisms whenever they exist. However, project-affected people often distrust processes that are operated by project sponsors or governments because of perceived or actual conflicts of interest. Given this situation, the Fund should only refer complaints to strong, independent and well-established accountability mechanisms.

To simplify this referral process and avoid having to assess and monitor all possible accountability mechanisms, we propose that the Fund only forward complaints to the accountability mechanisms of the following accredited Implementing Entities: the Asian Development Bank's Special Project Facilitator and the Compliance Review Panel; the Inter-American Development Bank's Independent Consultation & Investigation Mechanism; the United Nations Development Programme's Social and Environmental Compliance Unit and the Dispute Resolution Process; the World Bank's Inspection Panel; and the African Development Bank's Independent Review Mechanism.

Additionally, if a complaint to the Grievance Mechanism relates to both the Fund's Policy and the safeguard policies of one of the above listed Implementing Entities, the Grievance Mechanism should determine which part of the complaint to retain and which part to refer. In such circumstances, we would also urge that the Grievance Mechanism to work jointly with the accountability mechanism of the Implementing Entity to the extent possible.

We appreciate the opportunity to comment on the Fund's Environmental and Social Policy, and we look forward to continuing to engage with the Adaptation Fund on the important process of developing procedural rules for its Grievance Mechanism. We invite the Adaptation Fund to contact us with any further questions.

Sincerely,



Natalie Bridgeman Fields, Esq.
Executive Director
Accountability Counsel
natalie@accountabilitycounsel.org



SUBMISSION ON PROPOSED ADAPTATION FUND ENVIRONMENTAL AND SOCIAL POLICY

Pursuant to the Adaptation Fund Board's call for submissions on its proposed Environmental and Social Policy, the Center for International Environmental Law respectfully makes the following submission.

Measures that reduce vulnerability and increase adaptive capacity to respond to the impacts of climate change affect the lives, livelihoods and cultures of peoples and communities, and thus have implications for the full and effective enjoyment of human rights.¹ Adaptation measures, such as construction of sea walls, relocation of populations from flood-prone areas, improved water management, and early warning systems, could have both positive and negative effects on the rights to life, health, food, water, and housing, among others.

For this reason, we welcome the Adaptation Fund Board's proposed Environmental and Social Policy, and support the Board's commitment to ensure that all Adaptation Fund projects/programmes respect and protect human rights. The overall policy is consistent with the Cancun Agreements, which provides that "Parties should, in all climate change-related actions, fully respect human rights," including the rights of affected peoples and communities to participate in decision-making processes and to seek recourse when decisions negatively affect them. In recognition of Parties' existing human rights obligations and their decision to avoid or minimize human harm resulting from adaptation measures, the Board explicitly recognizes that human rights considerations must guide the implementation and monitoring of the Adaptation Fund's policies and programmes.

As set forth in its proposed Environmental and Social Policy, the Board aims to establish policies and processes that, if effectively implemented, will help: prevent environmental, social and human harm; promote sustainable development; maximize participation, transparency, and accountability; and ensure consistency across projects. Once finalized, the Environmental and Social Policy should be incorporated into the Adaptation Fund's Operational Policies and Procedures, and thus should apply to all of the Fund's activities irrespective of the entity(ies) involved. CIEL provides the following recommendations for how the proposed policy should be strengthened as well as the means by which it should be operationalized:

Environmental, Social and Human Rights Impact Assessment

With respect to environmental and social assessments, we agree with the Board's proposal that "all environmental and social risks shall be adequately identified and assessed in an open and transparent manner with appropriate consultation[.]" and that the scope of the assessment "shall be commensurate with the scope and severity of potential risks." However, we are concerned by the general presumption that "many projects/programmes supported by the Fund will entail few,

¹ Center for International Environmental Law, *Climate Change & Human Rights: A Primer* (May 2013), available at http://www.ciel.org/Publications/CC_HRE_23May11.pdf.

if any, environmental and social risks, and thus no environmental and social assessment may be required.”

If there are even minimal risks associated with a project/programme, such risks must be assessed using the environmental and social principles set forth in the proposed policy. If there is a determination that there are no impacts, then the Fund and/or its implementing agencies should notify all stakeholders of this finding, and provide an opportunity for stakeholders to comment and raise concerns regarding potential impacts and request reassessment or adjustments to the project/programme plan.

The Board should also specify under what conditions a project/programme would not proceed. For example, the Board should make clear that it will not provide support to a project/programme that does not meet the minimum requirements set forth in its Environmental and Social Policy. Further, if the assessment determines that the project will violate human rights, then it should not proceed as designed. Finally, the Board should develop an exclusion list, which defines the types of activities the Fund will not finance, either directly or indirectly. Projects/programmes that involve activities identified on this exclusion list would not qualify for the Fund’s support.

In addition, and as discussed previously, we welcome the Board’s recognition of its obligations and commitment to include human rights protections in its proposed Environmental and Social Policy. To fully operationalize these obligations, however, we urge the Board to require the Fund and its implementing agencies to undertake systematic human rights due diligence for all projects and programmes.² This approach would assist countries in fulfilling their human rights obligations, while helping to ensure that the Fund does not contribute to or exacerbate human rights violations through its projects and programmes.

Specifically, the Fund should require a human rights impact assessment (HRIA) as part of the integrated environmental and social impact assessment/screening. Standard impact assessments often fail to capture the full range of issues that may exacerbate or trigger human rights violations. The HRIA allows one to identify and assess the full range of human rights impacts of the Fund’s activities, and then to mitigate or avoid adverse impacts and maximize positive impacts.

While a HRIA could be part of the environmental and social assessment, its added value stems from the fact that it is a distinct assessment.³ Unlike other impact assessments, it is explicitly

² The Board should take into account current best practice for human rights due diligence, as reflected in the UN Framework and Guiding Principles on Business and Human rights, a widely-accepted framework to help elaborate the responsibilities of businesses and the duties of states with regard to corporate impacts on human rights. In particular, the Framework provides that robust human rights due diligence includes: (1) a human rights policy; (2) a human rights impact assessment; (3) tracking and reporting on implementation; and (4) access to effective remedies.

³ In its February 2013 study, the World Bank’s Nordic Trust Fund of the World Bank delineated the ways in which a HRIA provides added value to development. See, *Human Rights Impact Assessments: A Review of Literature, Differences with other forms of Assessments and Relevance for Development* (Feb. 2013), available at <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/0,,contentMDK:22312165~pagePK:41367~piPK:51533~theSitePK:40941,00.html>.

anchored in a universally recognized legal framework, both for the process of conducting the impact assessment (i.e., the proposed project/programme is assessed against objective human rights standards) and understanding the substance of rights in question. Since the HRIA framework is based on the principles of equality, participation, and accountability, a HRIA should assess whether and to what extent there are: effective participatory mechanisms in place during the full project cycle; existing barriers to equality and forms of discrimination; and access to information. Perhaps most critically, because a HRIA is predicated on the understanding that all fundamental freedoms – whether economic, social, cultural, political or civil in nature – are indivisible, interdependent, and interrelated,⁴ it offers a more comprehensive appraisal of how projects and programmes could impact the full range of human rights.

Monitoring, Reporting, and Evaluation

We support monitoring, reporting and evaluation to ensure that the Adaptation Fund’s proposed Environmental and Social Policy are being respected, and thus provide positive outcomes for all relevant stakeholders. However, we urge the Board to ensure that implementing agencies are also subject to monitoring and oversight. While the proposal calls for implementing entities to report annually on the status of implementation of any environmental and social management plan and any actions taken, it does not indicate that such entities are also subject to the monitoring policies that apply to the Fund itself. This issue needs to be addressed in further detail in the final policy, including how an implementing entity’s failure to comply with the proposed policy would affect the project cycle and/or its accreditation.

Grievance Mechanism

We agree that a grievance mechanism is necessary to allow project-affected people to raise concerns regarding environmental or social harms associated with any Adaptation Fund project/programme. Grievance mechanisms can be vital tools that assist institutions in providing remedies for harm to communities and ecosystems, and protecting existing rights, obligations and standards.⁵ Such mechanisms also help ensure that policies and projects are legitimate and effective, and promote sustainable development.

The proposed policy states that “implementing entities shall identify an available grievance mechanism” and that “[t]he mechanism can be pre-existing, national, local, or project-specific.” We urge the Board to ensure that the policy provides minimum standards as to what constitutes an acceptable grievance mechanism for use by implementing entities, regardless of the entity employed. At a minimum, any grievance mechanism should meet the goals of effectiveness, legitimacy, accessibility, predictability, equitability, transparency, rights compatibility, and

⁴ The Declaration on the Right to Development, adopted by the United Nations General Assembly in 1986, provides in part that: “all human rights and fundamental freedoms are indivisible and interdependent, and that, in order to promote development, equal attention and urgent consideration should be given to the implementation, promotion and protection of civil, political, economic, social and cultural rights. . .”

⁵ A HRIA, discussed above, can provide critical guidance to inform the design of grievance mechanism because it would analyze the potential for, and barriers to entry against, access to remedy should rights be violated.

participation.⁶ Any mechanism should be understandable, gender responsive, culturally appropriate, and accessible to all segments of affected populations, particularly those who are most marginalized or vulnerable. In addition, those submitting complaints should be able to do so at no cost and without risk of retribution.

However, conflicts may arise that can't be resolved by grievance mechanisms used by the implementing entities. For this reason, we urge the Fund to create an independent and robust grievance mechanism that has the authority to assist with dispute resolution, monitor and assess compliance, and award remedies. In its final policy, the Board should provide further detail regarding the procedures for the Fund's grievance mechanism. If further consideration is needed, then the policy should specify which body/institution has the mandate to so.

Implementation

For the proposed policy to be effective, the Environmental and Social Policy must apply to all implementing entities, and it must provide means by which to hold such entities accountable. With respect to the accreditation of implementing entities, the proposed policy states that such agencies "may" need to show the capacity and commitment to address environmental and social risks during the accreditation or re-accreditation process. However, similar to the way in which the Fund's Operational Policies and Guidelines are applied,⁷ each implementing entity must be subject to the most recent Environmental and Social Policy during any accreditation or re-accreditation process. Existing implementing entities must demonstrate how they will comply with the proposed policy and what gap-filling measures they will use if their existing policies are insufficient.

As mentioned previously, the proposed policy does not adequately address accountability processes (monitoring, reporting and evaluation) as applied to implementing entities. In addition, the policy does not specify what review or evaluation process will take place if the Environmental and Social Policy is not properly applied by an implementing entity. For this reason, the policy should explicitly address what process/actions may be taken (e.g. suspension or cancellation of project, loss of accreditation) if an implementing entity does not comply with the policy.

⁶ We have adapted and expanded on the principles for non-judicial grievance mechanisms set forth by the UN Special Representative on Business and Human Rights, John Ruggie. For further discussion, please refer to Center for International Environmental Law et al, *Grievance Mechanisms in the UNFCCC: An Essential Component of an International Safeguard System* (Dec. 2011), available at <http://www.scribd.com/doc/142917527/Grievance-Mechanisms-in-the-UNFCCC-2-Dec-2011>.

⁷ See Adaptation Fund Board, Operational Policies and Guidelines for Parties to Access Resources from the Adaptation Fund (amended July 2013), para. 41.

Comments on Proposed Adaptation Fund Environmental and Social Policy

K. Vishnu Mohan Rao,
Coordinator, Citizen consumer and civic Action Group (CAG), Email: vishnu@cag.org.in

The views expressed in the document are personal and does not reflect the views of the organization

Overall Comments:

The draft Policy adequately reflects and addresses the socio-economic concerns of the local community and environment where the potential project is to be situated. The Policy seeks to follow the Environmental Impact Assessment process guidelines, which is presently followed by all international/national agencies.

Specific comments

The specific comments relate to ex-ante and ex-post compliance mechanisms that need to be in place while addressing the socio-economic and environmental concerns.

First, the level of compliance required in the document is to be too broad and can easily let project proponents and its sub-contractual entities to 'sweep it under the carpet'.

Second, the Policy does not address and link it with the ex-ante and ex-post monitoring standards and guidelines as part of the compliance mechanisms. These standards should make a comparison between national and international standards to force higher level of compliance. This gives a comprehensive and cohesive feel to the document as policy is effectively linked to a standard setting mechanism and cannot be viewed in isolation.

Third, Public disclosure and consultation should be carefully monitored by the Adaptation Fund to ensure that it is not stage managed by the project proponent to ensure roll out of the fund. For example, public participation may not be adequate and well represented in the selected project areas or resettlement promises may not have taken place nor materialized ex-post.

Fourth, the Adaptation Fund should think about the Policy in wider and more strategic terms, i.e. in shaping environmental regimes of the target country. As funds are being transferred, this Policy forms a bundle of conditionalities that the country/project proponent is expected to adhere to in order to access the fund. As a result, in a country of lax environmental regime, the Policy's conditionalities will essentially be a mismatch, thereby leading to non-accessibility of funds. The Adaptation Fund's Policy can act as a pressure point to enable countries with lax environmental and social compliance regimes to suitably strengthen their environmental regimes. This will make policy makers of the recipient country to reshape and strengthen their socio-environmental policies. This effectively removes the project oriented approach of the Fund and proposed Policy and can be effectively used for shaping, for example, environmental impact assessment procedures.

Additional overall comment

The projects seen in the website of the Adaptation Fund addresses adaptation and resilience to climate change only to perceived level of social and economic changes in the target countries. Adaptation fund project should also consider adaptation and resilience issues reflected in local situations but having national and international implications related to climate change e.g. improving adaptation/resilience of farmers or fishermen situated near coastal power plants. This will give greater impact to the Fund's objectives and also shape private sector interests in environmental and social impact schemes. The Fund should shape future priorities in this direction.



Fw: [General] Comments to the Proposed Adaptation Fund Environmental and Social Policy

Adaptation Fund Board Secretariat
202-458-7347

09/06/2013 05:25 PM

To: AFList
Sent by: **Daouda Ndiaye**

----- Forwarded by Daouda Ndiaye/Person/World Bank on 09/06/2013 05:24 PM -----

From: docampo@pucp.pe
To: secretariat@adaptation-fund.org
Date: 09/06/2013 12:00 AM
Subject: [General] Comments to the Proposed Adaptation Fund Environmental and Social Policy
Sent by: secretariat@adaptation-fund.org

Diego Ocampo sent a message using the contact form at <https://www.adaptation-fund.org/contact>.

I recommend to change some words of principle 3.

* Change "Disabled people" for "people living with disabilities". This is the normative category definition recognized by international human rights law.

* Revise the wording of "People at risk of, or affected by, HIV/AIDS" for "people living with AIDS". People living with HIV/AIDS is more neutral. The risk of HIV is derived from socioeconomic factors.

* Consider include other vulnerable groups, such us "people living in poverty", "displaced people" and "refugees", "people in rural areas".

* Refer in principle 7 "the right to free, prior and informed consultation".

* Include principle 16, which refers to accessibility in the case of people with disabilities:

"Article 9 Accessibility 1. To enable persons with disabilities to live independently and participate fully in all aspects of life, States Parties shall take appropriate measures to ensure to persons with disabilities access, on an equal basis with others, to the physical environment, to transportation, to information and communications, including information and communications technologies and systems, and to other facilities and services open or provided to the public, both in urban and in rural areas".

To: Aflist



Comments on Environmental and Social Policy
Déthié Soumaré Ndiaye

to:
afbsec
09/26/2013 05:20 PM
Cc:
"Assize TOURE"
Hide Details
From: Déthié Soumaré Ndiaye <dethiesoumare@gmail.com>

To: <afbsec@adaptation-fund.org>

Cc: "Assize TOURE" <assize@cse.sn>

1 Attachment



Proposed AF Environmental and Social Policy.pdf

ON BEHALF OF Dr ASSIZE TOURE

Please find attached the document with some comments highlighted in yellow :

- The principles n° 3 ("Marginalized and Vulnerable Groups ») and 5 (« Gender Equality and Women's Empowerment ») : how to appreciate « disproportionate adverse effects “ ? This can be variable from one country to the other, from one region to the other. It could be wise to clarify the criteria against which this will be assessed.
- Principle n°5 (« Gender Equality and Women's Empowerment »): is it matter of equality or equity? It is much easier to ensure equity than to ensure equality. Due to their specific nature, some activities involve more a specific gender who then, will benefit more than another. The point is maybe to ensure equity.
- Principle 15 (« Agricultural Lands and Soil Conservation ») : why should one try to avoid degradation only for agricultural lands ? Unless this include pasture and forest land as well.

One general comment:

Where it is said «Implementing entities will continue to be responsible for risk management associated

with the projects and programmes, but the risk will be explicitly understood to include environmental and social risks presented by the proposed projects and programmes. The future accreditation or reaccreditation of implementing entities may need to reflect the capacity and commitment to address environmental and social risks. »

- When EIS are mandatory in a country and when the IE is approved for conducting EIS, can this approval demonstrate its capability to manage environmental risk?

Regards

Dethie S. NDIAYE



ADAPTATION FUND

Proposed Adaptation Fund Environmental and Social Policy

I. Background and Introduction

This document proposes an environmental and social policy for the Adaptation Fund (the Fund). The proposed policy is intended to ensure that in furthering the Fund's mission of addressing the adverse impacts of and risks posed by climate change, projects and programmes supported by the Fund do not result in unreasonable environmental and social harms. The proposed policy is intended to build on the Fund's existing policies, operating procedures, and project cycle.

The proposed environmental and social policy will bring the Fund's practices generally into line with the practice of other leading financing institutions active in environment and development financing. Over the last twenty years, international financial and development institutions have increasingly adopted environmental and social safeguard policies to enhance sustainable development benefits and avoid unnecessary harm to the environment and affected communities. These safeguard policies allow the institutions to identify and manage the environmental and social risks of their activities, by assessing potential environmental and social harms and then by identifying and implementing steps to avoid, minimize, or mitigate those harms.

Among the finance and development institutions that have adopted environmental and social policies are the following:

- the World Bank (i.e. the International Bank for Reconstruction and Development and International Development Agency);¹
- regional and subregional development banks, including the European Bank for Reconstruction and Development,² the Inter-American Development Bank,³ the Asian

¹ World Bank, Safeguard Policies, <http://go.worldbank.org/BA51LYC6B0> (the World Bank is currently undergoing the first phase of a multi-year process to review and update of its environmental and social safeguard policies).

² European Bank for Reconstruction and Development, Environmental and Social Policy 2008, <http://www.ebrd.com/pages/research/publications/policies/environmental.shtml> (EBRD is currently updating and receiving comments on its Environmental and Social Policy).

³ Inter-American Development Bank, Environment and Safeguards Compliance Policy, <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=665902> (this website links to information about IADB institutional reforms to improve the environmental and social safeguard policies: <http://www.iadb.org/en/insitutional-reforms/better-environmental-and-social-safeguards.1830.html>).

Development Bank,⁴ the African Development Bank,⁵ the Caribbean Development Bank,⁶ and the Black Sea Trade and Development Bank.⁷

- the International Finance Corporation⁸ and Multilateral Investment Guarantee Agency;⁹
- the Global Environment Facility;¹⁰
- the United Nations Development Programme;¹¹
- most export credit and insurance agencies;¹²
- some bilateral development agencies;¹³ and
- many leading private commercial banks.¹⁴

The prevalence of environmental and social policies at international finance and development institutions reflects a broad consensus among governments, development economists, civil society, and other stakeholders that such policies are critical to achieving positive sustainable development outcomes and avoiding any unreasonable harm. Many countries, both donor and recipient countries, have also adopted domestic laws that are similar to many of these international environmental and social policies.

⁴ Asian Development Bank, Safeguard Policy Statement, <http://www.adb.org/site/safeguards/policy-statement>.

⁵ African Development Bank, Environmental and Social Safeguards Policies and Procedures, <http://www.afdb.org/en/documents/project-operations/environmental-and-social-safeguards-policies-and-procedures/> (the African Development Bank has just completed its Consultations on an Integrated Safeguards System, <http://www.afdb.org/en/consultations/closed-consultations/afdb-integrated-safeguards-system/> and is expected to release a new policy soon).

⁶ Caribbean Development Bank Policies and Strategies, <http://www.caribank.org/about-cdb/bankpolicies-strategies> (the CDB has a gender equality and information policy and its environmental policy is forthcoming).

⁷ Black Sea Trade & Development Bank, Environment Policy, http://www.bstdb.org/about-us/key-documents/policy-documents/Environmental_policy.pdf

⁸ International Finance Corporation, Performance Standards on Environmental and Social Sustainability, http://www1.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/publications/publications_handbook_pps.

⁹ Multilateral Investment Guarantee Agency, Environmental and Social Safeguards, <http://www.miga.org/projects/index.cfm?stid=1822>

¹⁰ Global Environment Facility, GEF Policies on Environmental and Social Safeguard Standards and Gender Mainstreaming, http://www.thegef.org/gef/sites/thegef.org/files/documents/C.40.10_GEF_Policies_on_Safeguards_and_Gender.April_26_2011.pdf.

¹¹ United Nations Development Programme, Guidance Note: Environmental and Social Screening Procedure for UNDP Projects (March 19, 2012), https://info.undp.org/global/.../ESSP_Guidance_19Mar12_English.docx

¹² OECD, Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (The "Common Approaches"), <http://search.oecd.org/officialdocuments/displaydocumentpdf/?cote=TAD/ECG%282012%295&doclanguage=en>.

¹³ See, e.g., Japan International Cooperation Agency, http://www.jica.go.jp/english/our_work/social_environmental/guideline/pdf/guideline100326.pdf; UK Department for International Development, Guide to Environmental Screening, <http://www.eldis.org/vfile/upload/1/document/0708/DOC12943.pdf>; Nordic Investment Agency, http://www.nib.int/about_nib/environment/environmental_analysis;

¹⁴ Equator Principles, <http://www.equator-principles.com/index.php/members-reporting>. Several of the Equator Principle member banks are located in developing countries, including Absa Bank Limited in South Africa; Access Bank Plc in Nigeria; Arab African International Bank in Egypt; Banco Bradesco S.A., Banco Pine S.A., and Banco do Brasil S.A. in Brazil; Banco de Crédito (BCP) in Peru; Banco de Galicia y Buenos Aires S.A. in Argentina; Banco de la República Oriental del Uruguay in Uruguay; Bancolombia S.A. in Colombia; Ecobank Transnational Incorporated in Togo; IDFC Limited in India; and Industrial Bank Co., Ltd. in China; among others.

The proposed environmental and social policy set forth below is designed to be integrated with the Fund's existing policies, practices, and project cycle, although some issues will have to be addressed further to operationalize the policy. If approved, the draft environmental and social policy could be attached as an annex to and incorporated into the current Operational Policies and Guidelines for Parties to access resources from the Adaptation Fund (OPG).

The proposed policy would not shift the current relative roles and responsibilities between the Adaptation Fund Board (the Board), implementing entities, and executing entities. Implementing entities will continue to be responsible for risk management associated with the projects and programmes, but the risk will be explicitly understood to include environmental and social risks presented by the proposed projects and programmes. The future accreditation or re-accreditation of implementing entities may need to reflect the capacity and commitment to address environmental and social risks. Many of the multilateral implementing entities already have environmental and social policies and management systems that will meet the standards of the Fund. Some of the national and regional implementing entities may also have this capacity and commitment, but for others there may be a need for capacity building to manage environmental and social risks.

The requirements to assess and manage environmental and social risks will be integrated into existing requirements for risk assessment and management. The initial screening for environmental and social risks can be included in the project/programme proposal document. The requirements for effective consultation are consistent with the Fund's current requirements for consultative processes in the development of projects/programmes with "particular reference to vulnerable groups, including gender considerations."¹⁵

The policy does not include an explicit requirement that proposed projects/programmes be screened into formal categories according to the significance of their environmental and social impacts. Because of the current nature and scale of projects/programmes supported by the Fund, it is not anticipated that many projects that would warrant the highest level of categorization (Category A, for example, in the system of categorization followed by the World Bank and other multilateral development banks). The policy is aimed at allowing for a wide variety of approaches. Implementing entities that use a system of categorization can continue to use that system and still meet the requirements of the policy. Implementing entities that do not follow a formal system of categorization can also meet the policy requirements. Regardless of whether a project/programme is screened into a specific category, all environmental and social risks shall be adequately identified and assessed in an open and transparent manner with appropriate consultation. If the scale or nature of projects and programmes supported by the Fund warrants a change over time, the need for a system of categorization can be revisited.

The scope of the environmental and social assessment shall be commensurate with the scope and severity of potential risks. It is expected that many projects/programmes supported by the Fund will entail few, if any, environmental and social risks, and thus no environmental and social assessment may be required. If an environmental and social assessment is required, the assessment should assess all potential environmental and social risks and include a proposed risk management plan. The plan could be included with the project/programme document submitted for project/programme approval. In those instances where the assessment and/or management plan cannot be completed in time or where mitigation measures extend into project/programme implementation, the Board can approve the project/programme subject to assurances included in the agreement signed between the Board and the implementing entity

¹⁵ Adaptation Fund, OPG, "Instructions for Project or Programme Funding for Adaptation Fund," part II(H).

that any environmental and social risks will be adequately and timely addressed through a management plan or changes in project/programme design. The existing system of annual project/programme performance reports and the mid-term and terminal evaluation reports can be modified to track any required environmental and social risk management plan or changes in project/programme design.

II. Environmental and Social Policy Statement

A. General Environmental and Social Commitment

Environmental and social policies are fundamental to ensuring that the Fund does not support projects/programmes that unnecessarily harm the environment, public health or vulnerable communities. As part of the implementing entities' responsibilities for the project/programme, all implementing entities shall (i) have an environmental and social management system that ensures environmental and social risks are identified and assessed at the earliest possible stage of project/programme design, (ii) adopt measures to avoid or where avoidance is impossible to minimize or mitigate those risks during implementation, and (iii) monitor and report on the status of those measures during and at the end of implementation. There shall be adequate opportunities for the informed participation of all stakeholders in the formulation and implementation of projects/programmes supported by the Fund.

B. Environmental and Social Principles

Projects/programmes supported by the Fund shall be designed and implemented to meet the following environmental and social principles, although it is recognized that given the current nature and scale of approved projects/programmes some of these principles may not be applicable to every project/programme.

1. Compliance with the Law

Projects/programmes supported by the Fund shall be in compliance with all applicable domestic and international law.

2. Access and Equity

Projects/programmes supported by the Fund shall provide fair and equitable access to benefits in a manner that is inclusive and does not impede access to basic health services, clean water and sanitation, energy, education, housing, safe and decent working conditions, and land rights.

3. Marginalized and Vulnerable Groups

AF Projects/programmes supported by the Fund shall avoid imposing any disproportionate impact on marginalized and vulnerable groups including children; women and girls; the elderly; indigenous people; tribal groups; disabled people; and people at risk of, or affected by, HIV/AIDS.

4. Human Rights

Projects/programmes supported by the Fund shall respect and where applicable promote international human rights.

5. Gender Equality and Women's Empowerment

Projects/programmes supported by the Fund shall be designed and implemented in such a way that both women and men (a) are able to participate fully and equally; (b) receive comparable social and economic benefits; and (c) do not suffer disproportionate adverse effects during the development process.

6. Core Labour Rights

Projects/programmes supported by the Fund shall meet the core labour standards as identified by the International Labor Organization.

7. Indigenous Peoples

The Fund shall not support projects/programmes that are inconsistent with the rights and responsibilities set forth in the UN Declaration on the Rights of Indigenous Peoples and other applicable international instruments relating to indigenous peoples.

8. Involuntary Resettlement

Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids or minimizes the need for involuntary resettlement. When involuntary resettlement is unavoidable, displaced persons shall be informed of their rights, consulted on their options, and offered technically and economically feasible resettlement alternatives or fair and adequate compensation.

9. Protection of Natural Habitats

The Fund shall not support projects/programmes that would involve significant conversion or degradation of critical natural habitats, including those that are (a) legally protected, (b) officially proposed for protection, (c) identified by authoritative sources for their high conservation value, or (d) recognized as protected by traditional local communities.

10. Conservation of Biological Diversity

Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids any significant reduction or loss of biological diversity or the introduction of known invasive species.

11. Climate Change

Projects/programmes supported by the Fund shall not result in any significant increase in greenhouse gas emissions or other drivers of climate change.

12. Pollution Prevention and Resource Efficiency

Projects/programmes supported by the Fund shall be designed and implemented in a way that meets applicable international standards for maximizing energy efficiency and minimizing material resource use, the production of wastes, and the release of pollutants.

13. Public Health

Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids significant negative impacts on public health.

14. Physical and Cultural Heritage

Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids the alteration, damage, or removal of any physical cultural resources, cultural sites, and sites with unique natural values recognized as such at the community, national or international level.

15. Agricultural Lands and Soil Conservation

Projects/programmes supported by the Fund shall be designed and implemented in a way that promotes soil conservation and avoids degradation or conversion of **productive agricultural lands**.

C. Environmental and Social Management System

The Board shall ensure that the implementing entities' risk management systems include the commitment and capacity to assess and respond to the environmental and social risks of projects/programmes supported by the Fund in light of this environmental and social policy. The implementing entities shall be responsible for screening all projects/programmes to determine the extent to which they present environmental or social risks, taking into account the Fund's environmental and social principles identified above. Implementing entities proposing projects or programmes presenting environmental and social risks shall ensure that the environmental and social impacts of such programmes and projects are thoroughly assessed; that measures are identified for avoiding or reducing environmental and social risks, and that the implementation of such measures is monitored and reported on through the life of the project/programme. The environmental and social risk management system shall be commensurate in scope and ambition to the potential scope and severity of environmental and social risks inherent in the project/programme design. Projects and programmes with low environmental or social risk will require a more limited environmental and social risk management system.

D. Environmental and Social Policy Delivery Process

1. Screening of Environmental and Social Risks by the Implementing Entity

All proposed projects/programmes shall be screened by the implementing entities to determine their potential to cause environmental or social harm. The screening process shall seek to identify potential environmental and social impacts and risks, taking into consideration the Fund's environmental and social principles outlined above. The screening process shall consider all potential direct, indirect, transboundary, and cumulative impacts and risks that could result from the proposed project/programme. The screening will determine whether or not the project/programme requires further environmental and social assessment, mitigation, and management. The results of the environmental screening shall be included in the project/programme proposal initially submitted to the Adaptation Fund Board secretariat (the secretariat). If during the review process the Board or secretariat determines that further information on the environmental and social assessment, mitigation, and management of risks is required, the implementing entities can be asked to provide it. If appropriate, this will be reflected in the agreement between the Board and the implementing entity. Regardless of the

outcome of the screening procedure, all proposed projects/programmes shall comply with the Fund's environmental and social principles and applicable national and local laws and regulations.

2. Environmental and Social Assessment

For projects/programmes that have the potential to cause environmental or social harm, the implementing entity shall prepare an environmental and social assessment that identifies any environmental or social risks, including any potential risks associated with the Fund's environmental and social principles set forth above. The assessment shall (i) consider all potential direct, indirect, transboundary, and cumulative impacts and risks that could result from the proposed project/programme; (ii) assess alternatives to the project/programme; and (iii) assess possible measures to avoid, minimize, or mitigate environmental and social risks of the proposed project/programme. If feasible, the environmental and social assessment shall be included in the project/programme proposal submitted to the secretariat. Where this is not feasible, a timeline for completing the environmental and social assessment before substantial construction begins shall be incorporated in the agreement between the Board and the implementing entity following the project/programme approval. A copy of the environmental and social assessment shall be provided to the secretariat as soon as the assessment is completed. Prior to submitting the environmental and social assessment to the Board, the secretariat may require further information from the implementing entity on the environmental and social assessment, mitigation, and management of risks, if deemed necessary.

3. Environmental and Social Management Plan

Where the environmental and social assessment identifies environmental or social risks, the assessment shall be accompanied by an environmental and social management plan that identifies those measures necessary to avoid, minimize, or mitigate the potential environmental and social risks. A commitment to implement the management plan shall be a condition of the project/programme approval and reflected in the monitoring and reporting plan for that project/programme.

4. Monitoring, Reporting, and Evaluation

Monitoring and evaluation of projects/programmes supported by the Fund shall address all environmental and social risks identified during project/programme assessment, design, and implementation. The implementing entities' annual project/programme performance reports shall include a section on the status of implementation of any environmental and social management plan, including those measures required to avoid, minimize, or mitigate environmental and social risks. The reports shall also include, if necessary, a description of any corrective actions that are deemed necessary. The mid-term and terminal evaluation reports shall also include an evaluation of the project/programme performance with respect to environmental and social risks.

5. Public Disclosure and Consultation

Stakeholders shall be identified and involved as early as possible in planning any project/programme supported by the Fund. The results of the environmental and social screening and a draft environmental and social assessment, including any proposed management plan, shall be made available for public consultations that are timely, effective, inclusive, and held free of coercion and in an appropriate way for communities that are directly affected by the proposed project/programme. Project/programme performance reports including

the status on implementation of environmental and social measures shall be publicly disclosed. Any significant proposed changes in the project/programme during implementation shall be made available for effective and timely public consultation with directly affected communities.

6. Grievance Mechanism

The implementing entities shall identify an available grievance mechanism that provides people affected by projects/programmes supported by the Fund with access to a transparent and effective process that will receive and facilitate resolution of their complaints about environmental or social harms caused by any such project/programme. The mechanism can be pre-existing, national, local, or project-specific. Complaints regarding compliance with the Fund's environmental and social policy can be filed with the secretariat at the following address:

Adaptation Fund Board secretariat
Mail stop: MSN P-4-400
1818 H Street NW
Washington DC
20433 USA

afbsec@adaptation-fund.org



FW: Adaptation Fund Board launches call for comments on proposed Environmental and Social Policy
Leisa Perch

to:
afbsec@adaptation-fund.org
09/23/2013 07:42 PM
Cc:
"dgallagher@adaptation-fund.org", "Layla Saad"
Hide Details
From: Leisa Perch <leisa.perch@undp.org>

To: "afbsec@adaptation-fund.org" <afbsec@adaptation-fund.org>

Cc: "dgallagher@adaptation-fund.org" <dgallagher@adaptation-fund.org>, "Layla Saad" <layla.saad@undp.org>

History: This message has been replied to.

2 Attachments



image001.jpg IPCWorkingPaper79.pdf

Dear Sir/Madam,

Further to the open call for comments on the Adaption Fund Board's proposed Environment and Social Policy, I am pleased to share the following comments below.

The Adaptation Fund Board is to be congratulated for the effort and commitment to a broader transformative agenda that recognizes the equal value of social sustainability as a principle of sustainable development. The specific attention to issues of Access and Equity, Marginalized Groups in some specificity including HIV/AIDS as well as Human Rights is very welcome. So too, is the clear and stated recognition of the need to avoid involuntary settlement as a result of adaptation and the identification of a grievance mechanism. The guidelines are generally in keeping with the approach used by other financial entities and in so doing, it also still falls short

in some respects. My further comments are both general and specific:

1. General

- a. The proposed policy reads more as guiding principles rather than a policy and is not every explicit in providing guidance on how the principles should be guided, how tradeoffs and synergies are to be managed and more importantly how compliance is to be effected.
- b. While mention is made of several institutions who have safeguard policies including the World Bank, less mention is made of the challenges and failures experienced under such policies or even more general efforts to, for example, integrate gender into the GEF operational mechanism. Critiques of the former and the latter point to a number of structural challenges:
 - a. The limited conceptual framework of social policy and the lack of treatment of the intersections between environmental and social policy which is critical for avoiding a greater burden on the poor and vulnerable through equity-blind policies and initiatives.
 - b. The inconsistent application of such frameworks in reality and the limited ability to move from business as usual. Liane Schatalek from the HeinrichBoll Stiftung has written on the latter issue quite extensively (for example: <http://www.stakeholderforum.org/sf/outreach/index.php/cop17/68-cop17day8home/514-cop17day8item5>). Other commentaries reflect similar concerns (<http://insights.wri.org/news/2013/04/5-steps-improve-world-banks-social-and-environmental-safeguards>).
 - c. Limited compliance capacity embedded to ensure that certain minimum requirements are met in the design, implementation and evaluation of all projects. A review of some of these issues is reflected in the paper attached. This includes the empowerment of local people themselves to have their voices heard re what is deemed acceptable or reasonable.
- c. Moreover, the guidance framework on adaptation which seeks to bridge the gap between development and climate change and environment and social policy has itself been inconsistently applied as findings show from analysis of NAPAs up to 2010 (also reflected in the attached).

2. Specific Comments:

- d. While the recognition of the links between environmental and social policy is critically important at this level and in the context of such a pivotal funding mechanism, it is also important to see this go much further. To move towards a recognition, supported by significant research in the last 5-10 years of the nexus between poverty and the environment, that proposed adaptation should not create social maladaptation.
- e. I find it the following statement "it is expected that many projects/programmes supported by the Fund will entail few, if any, environmental and social risks" overly optimistic. The broad social literature on adaptation and mitigation, so far, would not support such a conclusion. Still, I welcome some further documentation to support this assessment.
- e. The principles of compliance with the law, access and equity, marginalized and vulnerable groups and human rights are potentially highly conflictive given that some national laws do not specify rights for some specific groups, extend beyond international law and themselves embody a number of inherent conflicts between various public and individual rights. A review undertaken on the empowerment of the poor in the context of climate change highlights a number of these including the failure to design economic rights along with social and political rights and the ineffectiveness of current mechanisms to protect the marginalized and vulnerable against more powerful economic and political interests. In additional, the needs of the various marginalized groups identified can also conflict with each other depending on context, location and resources being considered.
- f. There is a need for more specificity on Section II, Subsection B, Principle 11 (page 5) relating to climate change – particularly re "other drivers of climate change". What could these potentially entail?

- g. I query the underlying assumption that the NIE has the inherent capacity to carry out social risk assessment given that NIEs, have for example, been Ministries of Environment who would not be very strong in this area. Even social Ministries would be out of their depth without specific expertise on socio-environmental nexus issues. Is the policy accompanied by a capacity building support mechanism in this context or linked perhaps to such mechanisms?

I do appreciate that some of these issues may be addressed in the Instructions for Project and Programme Funding Part II and would perhaps suggest that where some of the above are addressed already, the specific guidance is repeated and referred to in the context of this proposed policy.

I look forward to seeing the synthesis of comments and to the finalized document and its roll-out. There is significant scope for this proposed Policy to contribute to win-wins not just for climate change but also for development and social equity. I look towards to seeing the Fund fulfil its potential in this regard.

Best regards
Leisa Perch



Leisa Perch

Policy Specialist / Especialista de Políticas
leisa.perch@undp.org

Prédio CEGN . Parque Tecnológico
Rua Paulo Emídio Barbosa 485 . 1º Andar
Quadra 1A . Ilha do Fundão
21941-907 Rio de Janeiro RJ . Brasil
+55 (21) 3733 4124

From: bounce-1318754-374898@lists.iisd.ca [<mailto:bounce-1318754-374898@lists.iisd.ca>] **On Behalf Of**
dgallagher@adaptation-fund.org

Sent: quinta-feira, 5 de setembro de 2013 10:43

To: Climate Change Info Mailing List

Subject: Adaptation Fund Board launches call for comments on proposed Environmental and Social Policy

Dear Climate-L colleagues,

The Adaptation Fund Board has launched a public call for comments on its proposed Environmental and Social Policy for the Adaptation Fund. The policy aims to formalise the consideration and application of the safeguards in all climate adaptation activities financed by the Adaptation Fund.

The call for comments can be accessed here: <https://www.adaptation-fund.org/page/call-public-comments-proposed-environmental-and-social-policy>

All comments are most welcome and can be received at afbsec@adaptation-fund.org until **23 September 2013**.

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ADAPTATION FUND

Proposed Adaptation Fund Environmental and Social Policy

I. Background and Introduction

This document proposes an environmental and social policy for the Adaptation Fund (the Fund). The proposed policy is intended to ensure that in furthering the Fund's mission of addressing the adverse impacts of and risks posed by climate change, projects and programmes supported by the Fund do not result in unreasonable environmental and social harms. The proposed policy is intended to build on the Fund's existing policies, operating procedures, and project cycle.

The proposed environmental and social policy will bring the Fund's practices generally into line with the practice of other leading financing institutions active in environment and development financing. Over the last twenty years, international financial and development institutions have increasingly adopted environmental and social safeguard policies to enhance sustainable development benefits and avoid unnecessary harm to the environment and affected communities. These safeguard policies allow the institutions to identify and manage the environmental and social risks of their activities, by assessing potential environmental and social harms and then by identifying and implementing steps to avoid, minimize, or mitigate those harms.

Among the finance and development institutions that have adopted environmental and social policies are the following:

- the World Bank (i.e. the International Bank for Reconstruction and Development and International Development Agency);¹
- regional and subregional development banks, including the European Bank for Reconstruction and Development,² the Inter-American Development Bank,³ the Asian

¹ World Bank, Safeguard Policies, <http://go.worldbank.org/BA51LYC6B0> (the World Bank is currently undergoing the first phase of a multi-year process to review and update of its environmental and social safeguard policies).

² European Bank for Reconstruction and Development, Environmental and Social Policy 2008, <http://www.ebrd.com/pages/research/publications/policies/environmental.shtml> (EBRD is currently updating and receiving comments on its Environmental and Social Policy).

³ Inter-American Development Bank, Environment and Safeguards Compliance Policy, <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=665902> (this website links to information about IADB institutional reforms to improve the environmental and social safeguard policies: <http://www.iadb.org/en/insitutional-reforms/better-environmental-and-social-safeguards.1830.html>).

Development Bank,⁴ the African Development Bank,⁵ the Caribbean Development Bank,⁶ and the Black Sea Trade and Development Bank.⁷

- the International Finance Corporation⁸ and Multilateral Investment Guarantee Agency;⁹
- the Global Environment Facility;¹⁰
- the United Nations Development Programme;¹¹
- most export credit and insurance agencies;¹²
- some bilateral development agencies;¹³ and
- many leading private commercial banks.¹⁴

The prevalence of environmental and social policies at international finance and development institutions reflects a broad consensus among governments, development economists, civil society, and other stakeholders that such policies are critical to achieving positive sustainable development outcomes and avoiding any unreasonable harm. Many countries, both donor and recipient countries, have also adopted domestic laws that are similar to many of these international environmental and social policies.

⁴ Asian Development Bank, Safeguard Policy Statement, <http://www.adb.org/site/safeguards/policy-statement>.

⁵ African Development Bank, Environmental and Social Safeguards Policies and Procedures, <http://www.afdb.org/en/documents/project-operations/environmental-and-social-safeguards-policies-and-procedures/> (the African Development Bank has just completed its Consultations on an Integrated Safeguards System, <http://www.afdb.org/en/consultations/closed-consultations/afdb-integrated-safeguards-system/> and is expected to release a new policy soon).

⁶ Caribbean Development Bank Policies and Strategies, <http://www.caribank.org/about-cdb/bankpolicies-strategies> (the CDB has a gender equality and information policy and its environmental policy is forthcoming).

⁷ Black Sea Trade & Development Bank, Environment Policy, http://www.bstdb.org/about-us/key-documents/policy-documents/Environmental_policy.pdf

⁸ International Finance Corporation, Performance Standards on Environmental and Social Sustainability, http://www1.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/publications/publications_handbook_pps.

⁹ Multilateral Investment Guarantee Agency, Environmental and Social Safeguards, <http://www.miga.org/projects/index.cfm?stid=1822>

¹⁰ Global Environment Facility, GEF Policies on Environmental and Social Safeguard Standards and Gender Mainstreaming, http://www.thegef.org/gef/sites/thegef.org/files/documents/C.40.10_GEF_Policies_on_Safeguards_and_Gender.April_26_2011.pdf.

¹¹ United Nations Development Programme, Guidance Note: Environmental and Social Screening Procedure for UNDP Projects (March 19, 2012), https://info.undp.org/global/.../ESSP_Guidance_19Mar12_English.docx

¹² OECD, Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (The "Common Approaches"), <http://search.oecd.org/officialdocuments/displaydocumentpdf/?cote=TAD/ECG%282012%295&doclanguage=en>.

¹³ See, e.g., Japan International Cooperation Agency, http://www.jica.go.jp/english/our_work/social_environmental/guideline/pdf/guideline100326.pdf; UK Department for International Development, Guide to Environmental Screening, <http://www.eldis.org/vfile/upload/1/document/0708/DOC12943.pdf>; Nordic Investment Agency, http://www.nib.int/about_nib/environment/environmental_analysis;

¹⁴ Equator Principles, <http://www.equator-principles.com/index.php/members-reporting>. Several of the Equator Principle member banks are located in developing countries, including Absa Bank Limited in South Africa; Access Bank Plc in Nigeria; Arab African International Bank in Egypt; Banco Bradesco S.A., Banco Pine S.A., and Banco do Brasil S.A. in Brazil; Banco de Crédito (BCP) in Peru; Banco de Galicia y Buenos Aires S.A. in Argentina; Banco de la República Oriental del Uruguay in Uruguay; Bancolombia S.A. in Colombia; Ecobank Transnational Incorporated in Togo; IDFC Limited in India; and Industrial Bank Co., Ltd. in China; among others.

The proposed environmental and social policy set forth below is designed to be integrated with the Fund's existing policies, practices, and project cycle, although some issues will have to be addressed further to operationalize the policy. If approved, the draft environmental and social policy could be attached as an annex to and incorporated into the current Operational Policies and Guidelines for Parties to access resources from the Adaptation Fund (OPG).

The proposed policy would not shift the current relative roles and responsibilities between the Adaptation Fund Board (the Board), implementing entities, and executing entities. Implementing entities will continue to be responsible for risk management associated with the projects and programmes, but the risk will be explicitly understood to include environmental and social risks presented by the proposed projects and programmes. The future accreditation or re-accreditation of implementing entities may need to reflect the capacity and commitment to address environmental and social risks. Many of the multilateral implementing entities already have environmental and social policies and management systems that will meet the standards of the Fund. Some of the national and regional implementing entities may also have this capacity and commitment, but for others there may be a need for capacity building to manage environmental and social risks.

The requirements to assess and manage environmental and social risks will be integrated into existing requirements for risk assessment and management. The initial screening for environmental and social risks can be included in the project/programme proposal document. The requirements for effective consultation are consistent with the Fund's current requirements for consultative processes in the development of projects/programmes with "particular reference to vulnerable groups, including gender considerations."¹⁵

The policy does not include an explicit requirement that proposed projects/programmes be screened into formal categories according to the significance of their environmental and social impacts. Because of the current nature and scale of projects/programmes supported by the Fund, it is not anticipated that many projects that would warrant the highest level of categorization (Category A, for example, in the system of categorization followed by the World Bank and other multilateral development banks). The policy is aimed at allowing for a wide variety of approaches. Implementing entities that use a system of categorization can continue to use that system and still meet the requirements of the policy. Implementing entities that do not follow a formal system of categorization can also meet the policy requirements. Regardless of whether a project/programme is screened into a specific category, all environmental and social risks shall be adequately identified and assessed in an open and transparent manner with appropriate consultation. If the scale or nature of projects and programmes supported by the Fund warrants a change over time, the need for a system of categorization can be revisited.

The scope of the environmental and social assessment shall be commensurate with the scope and severity of potential risks. It is expected that many projects/programmes supported by the Fund will entail few, if any, environmental and social risks, and thus no environmental and social assessment may be required. If an environmental and social assessment is required, the assessment should assess all potential environmental and social risks and include a proposed risk management plan. The plan could be included with the project/programme document submitted for project/programme approval. In those instances where the assessment and/or management plan cannot be completed in time or where mitigation measures extend into project/programme implementation, the Board can approve the project/programme subject to assurances included in the agreement signed between the Board and the implementing entity

¹⁵ Adaptation Fund, OPG, "Instructions for Project or Programme Funding for Adaptation Fund," part II(H).

that any environmental and social risks will be adequately and timely addressed through a management plan or changes in project/programme design. The existing system of annual project/programme performance reports and the mid-term and terminal evaluation reports can be modified to track any required environmental and social risk management plan or changes in project/programme design.

II. Environmental and Social Policy Statement

A. General Environmental and Social Commitment

Environmental and social policies are fundamental to ensuring that the Fund does not support projects/programmes that unnecessarily harm the environment, public health or vulnerable communities. As part of the implementing entities' responsibilities for the project/programme, all implementing entities shall (i) have an environmental and social management system that ensures environmental and social risks are identified and assessed at the earliest possible stage of project/programme design, (ii) adopt measures to avoid or where avoidance is impossible to minimize or mitigate those risks during implementation, and (iii) monitor and report on the status of those measures during and at the end of implementation. There shall be adequate opportunities for the informed participation of all stakeholders in the formulation and implementation of projects/programmes supported by the Fund.

B. Environmental and Social Principles

Projects/programmes supported by the Fund shall be designed and implemented to meet the following environmental and social principles, although it is recognized that given the current nature and scale of approved projects/programmes some of these principles may not be applicable to every project/programme.

1. Compliance with the Law

Projects/programmes supported by the Fund shall be in compliance with all applicable domestic and international law.

2. Access and Equity

Projects/programmes supported by the Fund shall provide fair and equitable access to benefits in a manner that is inclusive and does not impede access to basic health services, clean water and sanitation, energy, education, housing, safe and decent working conditions, and land rights.

3. Marginalized and Vulnerable Groups

AF Projects/programmes supported by the Fund shall avoid imposing any disproportionate impact on marginalized and vulnerable groups including children; women and girls; the elderly; indigenous people; tribal groups; disabled people; and people at risk of, or affected by, HIV/AIDS.

4. Human Rights

Projects/programmes supported by the Fund shall respect and where applicable promote international human rights.

5. Gender Equality and Women's Empowerment

Projects/programmes supported by the Fund shall be designed and implemented in such a way that both women and men (a) are able to participate fully and equally; (b) receive comparable social and economic benefits; and (c) do not suffer disproportionate adverse effects during the development process.

6. Core Labour Rights

Projects/programmes supported by the Fund shall meet the core labour standards as identified by the International Labor Organization.

7. Indigenous Peoples

The Fund shall not support projects/programmes that are inconsistent with the rights and responsibilities set forth in the UN Declaration on the Rights of Indigenous Peoples and other applicable international instruments relating to indigenous peoples.

8. Involuntary Resettlement

Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids or minimizes the need for involuntary resettlement. When involuntary resettlement is unavoidable, displaced persons shall be informed of their rights, consulted on their options, and offered technically and economically feasible resettlement alternatives or fair and adequate compensation.

9. Protection of Natural Habitats

The Fund shall not support projects/programmes that would involve significant conversion or degradation of critical natural habitats, including those that are (a) legally protected, (b) officially proposed for protection, (c) identified by authoritative sources for their high conservation value, or (d) recognized as protected by traditional local communities.

10. Conservation of Biological Diversity

Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids any significant reduction or loss of biological diversity or the introduction of known invasive species.

11. Climate Change

Projects/programmes supported by the Fund shall not result in any significant increase in greenhouse gas emissions or other drivers of climate change.

12. Pollution Prevention and Resource Efficiency

Projects/programmes supported by the Fund shall be designed and implemented in a way that meets applicable international standards for maximizing energy efficiency and minimizing material resource use, the production of wastes, and the release of pollutants.

13. Public Health

Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids significant negative impacts on public health.

14. Physical and Cultural Heritage

Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids the alteration, damage, or removal of any physical cultural resources, cultural sites, and sites with unique natural values recognized as such at the community, national or international level.

15. Agricultural Lands and Soil Conservation

Projects/programmes supported by the Fund shall be designed and implemented in a way that promotes soil conservation and avoids degradation or conversion of productive agricultural lands.

C. Environmental and Social Management System

The Board shall ensure that the implementing entities' risk management systems include the commitment and capacity to assess and respond to the environmental and social risks of projects/programmes supported by the Fund in light of this environmental and social policy. The implementing entities shall be responsible for screening all projects/programmes to determine the extent to which they present environmental or social risks, taking into account the Fund's environmental and social principles identified above. Implementing entities proposing projects or programmes presenting environmental and social risks shall ensure that the environmental and social impacts of such programmes and projects are thoroughly assessed; that measures are identified for avoiding or reducing environmental and social risks, and that the implementation of such measures is monitored and reported on through the life of the project/programme. The environmental and social risk management system shall be commensurate in scope and ambition to the potential scope and severity of environmental and social risks inherent in the project/programme design. Projects and programmes with low environmental or social risk will require a more limited environmental and social risk management system.

D. Environmental and Social Policy Delivery Process

1. Screening of Environmental and Social Risks by the Implementing Entity

All proposed projects/programmes shall be screened by the implementing entities to determine their potential to cause environmental or social harm. The screening process shall seek to identify potential environmental and social impacts and risks, taking into consideration the Fund's environmental and social principles outlined above. The screening process shall consider all potential direct, indirect, transboundary, and cumulative impacts and risks that could result from the proposed project/programme. The screening will determine whether or not the project/programme requires further environmental and social assessment, mitigation, and management. The results of the environmental screening shall be included in the project/programme proposal initially submitted to the Adaptation Fund Board secretariat (the secretariat). If during the review process the Board or secretariat determines that further information on the environmental and social assessment, mitigation, and management of risks is required, the implementing entities can be asked to provide it. If appropriate, this will be reflected in the agreement between the Board and the implementing entity. Regardless of the

outcome of the screening procedure, all proposed projects/programmes shall comply with the Fund's environmental and social principles and applicable national and local laws and regulations.

2. Environmental and Social Assessment

For projects/programmes that have the potential to cause environmental or social harm, the implementing entity shall prepare an environmental and social assessment that identifies any environmental or social risks, including any potential risks associated with the Fund's environmental and social principles set forth above. The assessment shall (i) consider all potential direct, indirect, transboundary, and cumulative impacts and risks that could result from the proposed project/programme; (ii) assess alternatives to the project/programme; and (iii) assess possible measures to avoid, minimize, or mitigate environmental and social risks of the proposed project/programme. If feasible, the environmental and social assessment shall be included in the project/programme proposal submitted to the secretariat. Where this is not feasible, a timeline for completing the environmental and social assessment before substantial construction begins shall be incorporated in the agreement between the Board and the implementing entity following the project/programme approval. A copy of the environmental and social assessment shall be provided to the secretariat as soon as the assessment is completed. Prior to submitting the environmental and social assessment to the Board, the secretariat may require further information from the implementing entity on the environmental and social assessment, mitigation, and management of risks, if deemed necessary.

3. Environmental and Social Management Plan

Where the environmental and social assessment identifies environmental or social risks, the assessment shall be accompanied by an environmental and social management plan that identifies those measures necessary to avoid, minimize, or mitigate the potential environmental and social risks. A commitment to implement the management plan shall be a condition of the project/programme approval and reflected in the monitoring and reporting plan for that project/programme.

4. Monitoring, Reporting, and Evaluation

Monitoring and evaluation of projects/programmes supported by the Fund shall address all environmental and social risks identified during project/programme assessment, design, and implementation. The implementing entities' annual project/programme performance reports shall include a section on the status of implementation of any environmental and social management plan, including those measures required to avoid, minimize, or mitigate environmental and social risks. The reports shall also include, if necessary, a description of any corrective actions that are deemed necessary. The mid-term and terminal evaluation reports shall also include an evaluation of the project/programme performance with respect to environmental and social risks.

5. Public Disclosure and Consultation

Stakeholders shall be identified and involved as early as possible in planning any project/programme supported by the Fund. The results of the environmental and social screening and a draft environmental and social assessment, including any proposed management plan, shall be made available for public consultations that are timely, effective, inclusive, and held free of coercion and in an appropriate way for communities that are directly affected by the proposed project/programme. Project/programme performance reports including

the status on implementation of environmental and social measures shall be publicly disclosed. Any significant proposed changes in the project/programme during implementation shall be made available for effective and timely public consultation with directly affected communities.

6. Grievance Mechanism

The implementing entities shall identify an available grievance mechanism that provides people affected by projects/programmes supported by the Fund with access to a transparent and effective process that will receive and facilitate resolution of their complaints about environmental or social harms caused by any such project/programme. The mechanism can be pre-existing, national, local, or project-specific. Complaints regarding compliance with the Fund's environmental and social policy can be filed with the secretariat at the following address:

Adaptation Fund Board secretariat
Mail stop: MSN P-4-400
1818 H Street NW
Washington DC
20433 USA

afbsec@adaptation-fund.org



ADAPTATION FUND

Proposed Adaptation Fund Environmental and Social Policy

I. Background and Introduction

This document proposes an environmental and social policy for the Adaptation Fund (the Fund). The proposed policy is intended to ensure that in furthering the Fund's mission of addressing the adverse impacts of and risks posed by climate change, projects and programmes supported by the Fund do not result in unreasonable environmental and social harms. The proposed policy is intended to build on the Fund's existing policies, operating procedures, and project cycle.

The proposed environmental and social policy will bring the Fund's practices generally into line with the practice of other leading financing institutions active in environment and development financing. Over the last twenty years, international financial and development institutions have increasingly adopted environmental and social safeguard policies to enhance sustainable development benefits and avoid unnecessary harm to the environment and affected communities. These safeguard policies allow the institutions to identify and manage the environmental and social risks of their activities, by assessing potential environmental and social harms and then by identifying and implementing steps to avoid, minimize, or mitigate those harms.

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¹ World Bank, Safeguard Policies, <http://go.worldbank.org/BA51LYC6B0> (the World Bank is currently undergoing the first phase of a multi-year process to review and update of its environmental and social safeguard policies).

² European Bank for Reconstruction and Development, Environmental and Social Policy 2008, <http://www.ebrd.com/pages/research/publications/policies/environmental.shtml> (EBRD is currently updating and receiving comments on its Environmental and Social Policy).

³ Inter-American Development Bank, Environment and Safeguards Compliance Policy, <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=665902> (this website links to information about IADB institutional reforms to improve the environmental and social safeguard policies: <http://www.iadb.org/en/institutional-reforms/better-environmental-and-social-safeguards.1830.html>).

Development Bank,⁴ the African Development Bank,⁵ the Caribbean Development Bank,⁶ and the Black Sea Trade and Development Bank.⁷

- the International Finance Corporation⁸ and Multilateral Investment Guarantee Agency;⁹
- the Global Environment Facility;¹⁰
- the United Nations Development Programme;¹¹
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⁴ Asian Development Bank, Safeguard Policy Statement, <http://www.adb.org/site/safeguards/policy-statement>.

⁵ African Development Bank, Environmental and Social Safeguards Policies and Procedures, <http://www.afdb.org/en/documents/project-operations/environmental-and-social-safeguards-policies-and-procedures/> (the African Development Bank has just completed its Consultations on an Integrated Safeguards System, <http://www.afdb.org/en/consultations/closed-consultations/afdb-integrated-safeguards-system/> and is expected to release a new policy soon).

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⁷ Black Sea Trade & Development Bank, Environment Policy, http://www.bstdb.org/about-us/key-documents/policy-documents/Environmental_policy.pdf

⁸ International Finance Corporation, Performance Standards on Environmental and Social Sustainability, http://www1.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/publications/publications_handbook_pps.

⁹ Multilateral Investment Guarantee Agency, Environmental and Social Safeguards, <http://www.miga.org/projects/index.cfm?stid=1822>

¹⁰ Global Environment Facility, GEF Policies on Environmental and Social Safeguard Standards and Gender Mainstreaming, http://www.thegef.org/gef/sites/thegef.org/files/documents/C.40.10_GEF_Policies_on_Safeguards_and_Gender.April_26_2011.pdf.

¹¹ United Nations Development Programme, Guidance Note: Environmental and Social Screening Procedure for UNDP Projects (March 19, 2012), https://info.undp.org/global/.../ESSP_Guidance_19Mar12_English.docx

¹² OECD, Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (The "Common Approaches"), <http://search.oecd.org/officialdocuments/displaydocumentpdf/?cote=TAD/ECG%282012%295&doclanguage=en>.

¹³ See, e.g., Japan International Cooperation Agency, http://www.jica.go.jp/english/our_work/social_environmental/guideline/pdf/guideline100326.pdf; UK Department for International Development, Guide to Environmental Screening, <http://www.eldis.org/vfile/upload/1/document/0708/DOC12943.pdf>; Nordic Investment Agency, http://www.nib.int/about_nib/environment/environmental_analysis;

¹⁴ Equator Principles, <http://www.equator-principles.com/index.php/members-reporting>. Several of the Equator Principle member banks are located in developing countries, including Absa Bank Limited in South Africa; Access Bank Plc in Nigeria; Arab African International Bank in Egypt; Banco Bradesco S.A., Banco Pine S.A., and Banco do Brasil S.A. in Brazil; Banco de Crédito (BCP) in Peru; Banco de Galicia y Buenos Aires S.A. in Argentina; Banco de la República Oriental del Uruguay in Uruguay; Bancolombia S.A. in Colombia; Ecobank Transnational Incorporated in Togo; IDFC Limited in India; and Industrial Bank Co., Ltd. in China; among others.

The proposed environmental and social policy set forth below is designed to be integrated with the Fund's existing policies, practices, and project cycle, although some issues will have to be addressed further to operationalize the policy. If approved, the draft environmental and social policy could be attached as an annex to and incorporated into the current Operational Policies and Guidelines for Parties to access resources from the Adaptation Fund (OPG).

The proposed policy would not shift the current relative roles and responsibilities between the Adaptation Fund Board (the Board), implementing entities, and executing entities. Implementing entities will continue to be responsible for risk management associated with the projects and programmes, but the risk will be explicitly understood to include environmental and social risks presented by the proposed projects and programmes. The future accreditation or re-accreditation of implementing entities may need to reflect the capacity and commitment to address environmental and social risks. Many of the multilateral implementing entities already have environmental and social policies and management systems that will meet the standards of the Fund. Some of the national and regional implementing entities may also have this capacity and commitment, but for others there may be a need for capacity building to manage environmental and social risks.

The requirements to assess and manage environmental and social risks will be integrated into existing requirements for risk assessment and management. The initial screening for environmental and social risks can be included in the project/programme proposal document. The requirements for effective consultation are consistent with the Fund's current requirements for consultative processes in the development of projects/programmes with "particular reference to vulnerable groups, including gender considerations."¹⁵

The policy does not include an explicit requirement that proposed projects/programmes be screened into formal categories according to the significance of their environmental and social impacts. Because of the current nature and scale of projects/programmes supported by the Fund, it is not anticipated that many projects that would warrant the highest level of categorization (Category A, for example, in the system of categorization followed by the World Bank and other multilateral development banks). The policy is aimed at allowing for a wide variety of approaches. Implementing entities that use a system of categorization can continue to use that system and still meet the requirements of the policy. Implementing entities that do not follow a formal system of categorization can also meet the policy requirements. Regardless of whether a project/programme is screened into a specific category, all environmental and social risks shall be adequately identified and assessed in an open and transparent manner with appropriate consultation. If the scale or nature of projects and programmes supported by the Fund warrants a change over time, the need for a system of categorization can be revisited.

The scope of the environmental and social assessment shall be commensurate with the scope and severity of potential risks. It is expected that many projects/programmes supported by the Fund will entail few, if any, environmental and social risks, and thus no environmental and social assessment may be required. If an environmental and social assessment is required, the assessment should assess all potential environmental and social risks and include a proposed risk management plan. The plan could be included with the project/programme document submitted for project/programme approval. In those instances where the assessment and/or management plan cannot be completed in time or where mitigation measures extend into project/programme implementation, the Board can approve the project/programme subject to assurances included in the agreement signed between the Board and the implementing entity

¹⁵ Adaptation Fund, OPG, "Instructions for Project or Programme Funding for Adaptation Fund," part II(H).

that any environmental and social risks will be adequately and timely addressed through a management plan or changes in project/programme design. The existing system of annual project/programme performance reports and the mid-term and terminal evaluation reports can be modified to track any required environmental and social risk management plan or changes in project/programme design.

II. Environmental and Social Policy Statement

A. General Environmental and Social Commitment

Environmental and social policies are fundamental to ensuring that the Fund does not support projects/programmes that unnecessarily harm the environment, public health or vulnerable communities. As part of the implementing entities' responsibilities for the project/programme, all implementing entities shall (i) have an environmental and social management system that ensures environmental and social risks are identified and assessed at the earliest possible stage of project/programme design, (ii) adopt measures to avoid or where avoidance is impossible to minimize or mitigate those risks during implementation, and (iii) monitor and report on the status of those measures during and at the end of implementation. There shall be adequate opportunities for the informed participation of all stakeholders in the formulation and implementation of projects/programmes supported by the Fund.

B. Environmental and Social Principles

Projects/programmes supported by the Fund shall be designed and implemented to meet the following environmental and social principles, although it is recognized that given the current nature and scale of approved projects/programmes some of these principles may not be applicable to every project/programme.

1. Compliance with the Law

Projects/programmes supported by the Fund shall be in compliance with all applicable domestic and international law.

2. Access and Equity

Projects/programmes supported by the Fund shall provide fair and equitable access to benefits in a manner that is inclusive and does not impede access to basic health services, clean water and sanitation, energy, education, housing, safe and decent working conditions, and land rights.

3. Marginalized and Vulnerable Groups

AF Projects/programmes supported by the Fund shall avoid imposing any disproportionate impact on marginalized and vulnerable groups including children; women and girls; the elderly; indigenous people; tribal groups; disabled people; and people at risk of, or affected by, HIV/AIDS.

4. Human Rights

Projects/programmes supported by the Fund shall respect and where applicable promote international human rights.

5. Gender Equality and Women's Empowerment

Projects/programmes supported by the Fund shall be designed and implemented in such a way that both women and men (a) are able to participate fully and equitably (b) receive comparable social and economic benefits; and (c) do not suffer disproportionate adverse effects during the development process.

6. Core Labour Rights

Projects/programmes supported by the Fund shall meet the core labour standards as identified by the International Labor Organization.

7. Indigenous Peoples

The Fund shall not support projects/programmes that are inconsistent with the rights and responsibilities set forth in the UN Declaration on the Rights of Indigenous Peoples and other applicable international instruments relating to indigenous peoples.

8. Involuntary Resettlement

Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids or minimizes the need for involuntary resettlement. When involuntary resettlement is unavoidable, displaced persons shall be informed of their rights, consulted on their options, and offered technically and economically feasible resettlement alternatives or fair and adequate compensation.

9. Protection of Natural Habitats

The Fund shall not support projects/programmes that would involve significant conversion or degradation of critical natural habitats, including those that are (a) legally protected, (b) officially proposed for protection, (c) identified by authoritative sources for their high conservation value, or (d) recognized as protected by traditional local communities.

10. Conservation of Biological Diversity

Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids any significant reduction or loss of biological diversity or the introduction of known invasive species.

11. Climate Change

Projects/programmes supported by the Fund shall not result in any significant increase in greenhouse gas emissions or other drivers of climate change.

12. Pollution Prevention and Resource Efficiency

Projects/programmes supported by the Fund shall be designed and implemented in a way that meets applicable international standards for maximizing energy efficiency and minimizing material resource use, the production of wastes, and the release of pollutants.

13. Public Health

Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids significant negative impacts on public health.

14. Physical and Cultural Heritage

Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids the alteration, damage, or removal of any physical cultural resources, cultural sites, and sites with unique natural values recognized as such at the community, national or international level.

15. Agricultural Lands and Soil Conservation

Projects/programmes supported by the Fund shall be designed and implemented in a way that promotes soil conservation and avoids degradation or conversion of productive agricultural lands.

C. Environmental and Social Management System

The Board shall ensure that the implementing entities' risk management systems include the commitment and capacity to assess and respond to the environmental and social risks of projects/programmes supported by the Fund in light of this environmental and social policy. The implementing entities shall be responsible for screening all projects/programmes to determine the extent to which they present environmental or social risks, taking into account the Fund's environmental and social principles identified above. Implementing entities proposing projects or programmes presenting environmental and social risks shall ensure that the environmental and social impacts of such programmes and projects are thoroughly assessed; that measures are identified for avoiding or reducing environmental and social risks, and that the implementation of such measures is monitored and reported on through the life of the project/programme. The environmental and social risk management system shall be commensurate in scope and ambition to the potential scope and severity of environmental and social risks inherent in the project/programme design. Projects and programmes with low environmental or social risk will require a more limited environmental and social risk management system.

D. Environmental and Social Policy Delivery Process

1. Screening of Environmental and Social Risks by the Implementing Entity

All proposed projects/programmes shall be screened by the implementing entities to determine their potential to cause environmental or social harm. The screening process shall seek to identify potential environmental and social impacts and risks, taking into consideration the Fund's environmental and social principles outlined above. The screening process shall consider all potential direct, indirect, transboundary, and cumulative impacts and risks that could result from the proposed project/programme. The screening will determine whether or not the project/programme requires further environmental and social assessment, mitigation, and management. The results of the environmental screening shall be included in the project/programme proposal initially submitted to the Adaptation Fund Board secretariat (the secretariat). If during the review process the Board or secretariat determines that further information on the environmental and social assessment, mitigation, and management of risks is required, the implementing entities can be asked to provide it. If appropriate, this will be reflected in the agreement between the Board and the implementing entity. Regardless of the

outcome of the screening procedure, all proposed projects/programmes shall comply with the Fund's environmental and social principles and applicable national and local laws and regulations.

2. Environmental and Social Assessment

For projects/programmes that have the potential to cause environmental or social harm, the implementing entity shall prepare an environmental and social assessment that identifies any environmental or social risks, including any potential risks associated with the Fund's environmental and social principles set forth above. The assessment shall (i) consider all potential direct, indirect, transboundary, and cumulative impacts and risks that could result from the proposed project/programme; (ii) assess alternatives to the project/programme; and (iii) assess possible measures to avoid, minimize, or mitigate environmental and social risks of the proposed project/programme. If feasible, the environmental and social assessment shall be included in the project/programme proposal submitted to the secretariat. Where this is not feasible, a timeline for completing the environmental and social assessment before substantial construction begins shall be incorporated in the agreement between the Board and the implementing entity following the project/programme approval. A copy of the environmental and social assessment shall be provided to the secretariat as soon as the assessment is completed. Prior to submitting the environmental and social assessment to the Board, the secretariat may require further information from the implementing entity on the environmental and social assessment, mitigation, and management of risks, if deemed necessary.

3. Environmental and Social Management Plan

Where the environmental and social assessment identifies environmental or social risks, the assessment shall be accompanied by an environmental and social management plan that identifies those measures necessary to avoid, minimize, or mitigate the potential environmental and social risks. A commitment to implement the management plan shall be a condition of the project/programme approval and reflected in the monitoring and reporting plan for that project/programme.

4. Monitoring, Reporting, and Evaluation

Monitoring and evaluation of projects/programmes supported by the Fund shall address all environmental and social risks identified during project/programme assessment, design, and implementation. The implementing entities' annual project/programme performance reports shall include a section on the status of implementation of any environmental and social management plan, including those measures required to avoid, minimize, or mitigate environmental and social risks. The reports shall also include, if necessary, a description of any corrective actions that are deemed necessary. The mid-term and terminal evaluation reports shall also include an evaluation of the project/programme performance with respect to environmental and social risks.

5. Public Disclosure and Consultation

Stakeholders shall be identified and involved as early as possible in planning any project/programme supported by the Fund. The results of the environmental and social screening and a draft environmental and social assessment, including any proposed management plan, shall be made available for public consultations that are timely, effective, inclusive, and held free of coercion and in an appropriate way for communities that are directly affected by the proposed project/programme. Project/programme performance reports including

the status on implementation of environmental and social measures shall be publicly disclosed. Any significant proposed changes in the project/programme during implementation shall be made available for effective and timely public consultation with directly affected communities.

6. Grievance Mechanism

The implementing entities shall identify an available grievance mechanism that provides people affected by projects/programmes supported by the Fund with access to a transparent and effective process that will receive and facilitate resolution of their complaints about environmental or social harms caused by any such project/programme. The mechanism can be pre-existing, national, local, or project-specific. Complaints regarding compliance with the Fund's environmental and social policy can be filed with the secretariat at the following address:

Adaptation Fund Board secretariat
Mail stop: MSN P-4-400
1818 H Street NW
Washington DC
20433 USA

afbsec@adaptation-fund.org

23 September 2013

Board Secretariat
Adaptation Fund
Washington DC 20433 USA

Dear Madam, Sir:

Greetings! This is to formally submit our comments on the draft Adaptation Fund Environmental and Social Policy (AF ESP). This is an important engagement for Civil Society Organizations and regional environmental organizations to be able to participate in shaping policy on adaptation and climate financing that greatly affects many of our communities and the ecosystems wherein we live.

Please see attached document for the detailed comments. In summary, three significant points that we would like to emphasize are the following:

- (1) The AF ESP is a very weak and general document that does not provide concrete guidelines to direct implementing entities or project applicants to prevent or anticipate adverse social and environmental impacts of an adaptation project. Certain terms used in the policy create a lot of gray areas that render the policy vulnerable to multiple interpretations. The AF ESP needs to be expressed in clear and unequivocal terms.
- (2) The AF Environmental and Social Principles should be strengthened by expressing these in concise terms, and addressing the questions we raised in the detailed comments. Other principles that need to be integrated in the ESP are the Free Prior and Informed Consent (FPIC), Precautionary Principle, principles of Good Governance, Participatory and Inclusive approaches, and Sustainable Development.
- (3) The AF should promote adaptation projects/ programmes that align with national adaptation plans and regional adaptation strategies. There is a need to allocate funds for and improve access by sub-regional and sub-national entities to enable more local communities to be direct actors in the adaptation work, through mechanisms like re-grants.

We would like to register our utmost desire for continuing dialogue and public consultations on the process of improving and finalizing the AF Environmental and Social Policy. Please provide us with the information of the focal contact people and how we can continue engaging. We will also appreciate it if the Secretariat can acknowledge receiving our letter.

In behalf of our partners who collaborated and contributed in completing this commentary,

Yours truly,



Atty. Antoinette G. Royo
Executive Director
The Samdhana Institute

Proposed Adaptation Fund Environmental and Social Policy A Critique on the Proposed Policy

This critique is jointly submitted by the Philippine Partners of the Ecosystem Alliance and The Samdhana Institute on the proposed Environmental and Social Policy (ESP) of the Adaptation Fund (AF). This input is submitted in the spirit of critical engagement with key multi-lateral financing institutions on policies that greatly affect thousands of communities in key and important biologically diverse ecosystems.

In general, we view the draft policy as too weak, generic and normative, and lacking in depth. It does not offer concrete guidelines that will help implementing entities or project applicants to prevent or anticipate social and environmental adverse impacts of an adaptation project. There are terms used in the policy that create a lot of gray areas, resulting in confusion or making it vulnerable to multiple interpretations; whereas the AF ESP needs to be expressed in clear and unequivocal terms. The frequent use of the term "significant" creates vagueness and raises a need for more clarification. The ESP should be precise, clear and avoid terms that would be subject to different interpretations and abuse, which is what the concerned organizations want to be clearly avoided; an annex of definitions would assist in this regard.

The AF ESP Policy should clearly state what the known and likely characteristics of an adaptation project are, and what social and environmental risks are likely? There are four decades of experience and a vast literature available to support making such preliminary assessments.

Disappointingly, there is no emphasis at all on encouraging, even requiring, that all projects to be funded demonstrate significant positive contributions to human and natural wellbeing. In selecting funding priorities, it would be sensible for the AF to collaborate with other international environmental institutions, such as Conservation International and Birdlife International which have conducted recent global assessments¹ on climate change impacts. Their studies and others identify the top ten geographic priorities - two in Southeast Asia - and seven regions – including Papua - that need funding support to build resiliency for biodiversity and food security.

Further, the AF needs to develop a pro-active mechanism to allocate an agreed portion of funds to make them available for sub-regional and sub-national actors and small-grants facilities for local governments and communities who want to implement adaptation activities, i.e. much greater flexibility is needed. A cursory perusal of the approved/ ongoing projects of the AF shows that most of those approved are large scale regular projects (more than USD1 million, most from USD5 to USD8 million in terms of total cost). There appears to be no project yet implemented below USD1 million, this is an amount that local governments and civil society partners would be able to efficiently manage (re-grant) to implement local adaptation strategies.

The ESP appears to take the position that communities will remain recipients and 'objects' of adaptation projects, but they will not have clear and defined opportunities to be direct actors (subjects) in adaptation planning and implementation. The design remains heavily top-down in approach and locked within the Bank's management and control model.² To be really

¹ Global Climate Change Adaptation Priorities for Biodiversity and Food Security, published in PLOS ONE, August 21, 2013 <http://www.plosone.org/article/info%3Adoi%2F10.1371%2Fjournal.pone.0072590>

² Goldman, M. "Imperial Nature: The World Bank and Struggles for Social Justice in the Age of Globalization" Yale, 2006.

effective, in our view, the AF needs to support bottom-up, inclusive planning processes and integrate adaptation programs/ projects within a country's or region's adaptation strategy. Implementing entities need to be via multi-stakeholder and inclusive national and regional bodies to ensure communities have direct participation, and not just be used for 'feedback' after the project is designed or implemented. This can be achieved through allocating funds for and supporting mechanisms that enhance local government and community access to expertise and funds. In this and other ways the AF could greatly contribute to empowering and building community and government capacity for adaptation.

The policy statement does not define what the accountability mechanisms of the AF are, if, for example, an AF funded project results in negative social and environmental impacts. There is no mention of sanctions, nor does it say how the AF will be transparently monitored or define means for addressing its own environmental and social performance, that of funded implementing entities or of projects.

Items of particular concern and in need of clarification:

Adaptation Fund Environmental and Social Policy	Comment
General Comment	<p>This is not a 'policy' document in the usual meaning of the word, in that it does not clearly state the goal(s), objective(s) and strategies to be followed by the environmental and social impact process. Rather, it is akin to a collection of rather legalistic and vaguely worded guidelines.</p> <p>It may be worth considering redrafting the whole document with the assistance of a group of potential partners from civil society, multi- and bi-lateral donors and relevant foundations.</p>
Paragraph # 2, second sentence Page 1	<p>There is a need to study the evaluation and assessment reports on implementation and performance so far of projects funded by the AF, as well as impacts of environmental and social policies of the Institutions referred to in the AF draft policy. It should clearly state what is the specific basis for bringing the Fund's practices 'generally in line' with the existing environmental and social policies referenced by the AF. It should show the outcomes, impacts of the policies on the ground, positive or negative, that would substantiate evidence for further use of these said policies.</p>
Paragraphs # 3 and #4 Page 1	<p>What are the common and outstanding features of these policies referenced for the AF policy? There is a need to clearly state what have been outcomes of the aforementioned policies to establish clear connections to effected areas and mandate of the AF.</p> <p>The period allocated to give feedback on the policy is extremely short and does not afford enough time for CSOs and other interested parties to review these documents and collate a comprehensive critique on the policy. This period need to be greatly extended. By simply citing the existing environmental and social policies of other multi-lateral and international financing institutions, it puts the burden of studying the content of these policies upon the proponents. A neutral, third party of</p>

	<p>AF performance review is essential.</p> <p>Furthermore, it is important that a third party evaluation report on the AF should be annexed to the policy, to enable stakeholders to be informed of its experience, performance, and challenges in supporting adaptation projects. This should be done as a demonstration of the transparency in the AF system.</p>
<p>Paragraph # 6, fourth sentence Page 3</p>	<p>What is the basis for determining the capacity and commitment in implementing environmental and social policies and management systems, and what would be the basis for determining needs for capacity-building?</p>
<p>Paragraph # 8, second sentence Page 3</p>	<p>It is very difficult to take a simplistic perspective and assume that “Because of the current nature and scale of projects/programmes supported by the Fund, it is not anticipated that many projects that would warrant the highest level of categorization.” What is the factual basis for this broad assertion?</p> <p>There are already known cases where donor-funded projects, packaged as adaptation actions, are to the detriment of the community or directly affected groups. For example, the case of “carbon cowboys.” Social issues, such as implications for community consent, equitable distribution of non-tangible benefits, i.e. potential outcomes, may not be immediately apparent when reading a project proposal.</p> <p>In terms of categorization of project types and scales, there are many challenges in the present system of the project categorization by the International Finance Corporation (IFC). Adopting the current categorization system without a critical understanding of what has been the effect of these policies and projects on the ground is in itself irresponsible and risky.</p>
<p>Paragraph # 8, fourth and fifth sentences Page 3</p>	<p>These statements are really vague, and suggestive of double standards in observing project categorization by others, while allowing others to make arbitrary categorizations. This makes the policy unclear and weak on the position that it wants to take.</p> <p>Another note is that the present project categorization system makes funding inaccessible to other equally competent actors, especially for sub-regional, sub-national and local organizations or groups.</p>
<p>Paragraph # 9, second sentence Page 3</p>	<p>We propose to strike out or revise this sentence. If the Adaptation Fund Board already assumes “that many projects/programmes supported by the Fund will entail few, if any, environmental and social risks, and thus no environmental and social assessment may be required” then there is no basis or need for creating this policy. This statement is self-defeating of the declared purpose of AF, which is to ensure that adverse impacts are addressed and that funded projects ‘do not result in unreasonable environmental and social harms.’</p>

<p>On the General Environmental and Social Commitment Paragraph # 10, second sentence number ii Page 4</p>	<p>Number ii states “adopt measures to avoid or <u>where avoidance is impossible</u> to minimize or mitigate those risks during implementation”.</p> <p>The underlined phrase weakens the whole idea of adopting environmental and social policies to avoid harmful impacts. In the later part of the document, it cites the conduct of an environmental and social risk assessment; however the underlined phrase indicates that where the assessment shows that the environmental and social risks are high, it will not result in the project being rejected or not funded.</p> <p>This phrase removes the possibility that where risks and negative impacts are assessed as significant, then a project will not be supported by AF. However, there are many projects that, while the original intention may have been for good, consequent outcomes negatively affected community(ies) or ecosystem(s). Examples of these are reclamation for adaptation and reforestation projects.</p> <p>This provision renders the AF Policy vulnerable to abuse for 'greenwashing' projects or subjecting affected communities to trade-offs with companies whose practices indeed do harm to the environment and the people.</p> <p>We strongly suggest for the language of the policy to be forthright and state this provision as: ADOPT MEASURES TO AVOID RISKS DURING IMPLEMENTATION.</p>
<p>Environmental and Social Principles Paragraph # 11, Page 4</p>	<p>The introductory sentence, by saying that “although it is recognized that given the current nature and scale of approved projects/programmes some of these principles may not be applicable to every project/programme” offsets and negates the purpose of establishing the ESP of the AF. This shows the weakness and arbitrariness of the policy, and provides a very weak guideline for decision making.</p>
<p>Principle # 1 Compliance with the Law Page 4</p>	<p>The ESP should be critical, and where necessary, and provide for caveats on domestic law and how it is being effectively implemented, since some domestic laws have loopholes and gaps that would allow for actions with detrimental results, such as the Mining Act in the Philippines.</p> <p>Where will funds for AF projects be channelled through if there are issues with the national government and its implementation of environmental and social laws?</p>
<p>Principle # 3 Marginalized and Vulnerable Groups Page 4</p>	<p>The use of the term “disproportionate impact” is unclear? How is a “disproportionate impact” defined, and for whom is it defined? What are the metrics and who will measure this?</p> <p>We suggest that the policy will be forthright in saying that “AF Projects/ programmes supported by the Fund will avoid imposing any adverse impact on ...”</p>

	<p>We further suggest to include FISHERS/ FISHERFOLKS and COASTAL COMMUNITIES in the marginalized and vulnerable groups enumerated.</p>
<p>Principle # 4 Human Rights Page 4</p>	<p>The use of the term “where applicable” creates a gray area and implies that there are countries and project sites that do not need to promote universal human rights. The universality of human rights assumes that both states and private parties should ensure that human rights are not derogated at any time.</p> <p>This principle should also explicitly state that funded projects need the Free Prior and Informed Consent (FPIC) of indigenous communities and all affected communities.</p>
<p>Principle # 5 Gender Equality and Women’s Empowerment Page 5</p>	<p>This principle is stated with better and clear wording; this should be how the principles on Indigenous Peoples and Marginalized and Vulnerable Groups are stated.</p>
<p>Principle # 7 Indigenous Peoples Page 5</p>	<p>There should be equitable recognition and involvement of indigenous peoples and ethnic groups, providing clear democratic spaces and processes wherein they can participate. They are among the most vulnerable populations to the changing climate.</p> <p>This principle should clearly state that the Free Prior and Informed Consent (FPIC) is required for implementing projects that would affect Indigenous/ Ethnic Peoples and other affected communities.</p> <p>The ESP should explicitly recognize the Indigenous Peoples’ rights to self determination, their grassroots practices, customary laws, and traditional justice systems. Without self determined development of indigenous peoples, national and international mechanisms cannot be meaningful.</p> <p>We propose that this principle will include consistency with national laws. Where these more favourable, whether in regard to international instruments or national laws, these laws should prevail.</p> <p>The AF ESP should make a clear reference to recent developments of global indigenous peoples’ collective assertion of their rights, such as the Outcome Document of the 2013 Alta Conference in Norway, and the KARI-COA 2 Declaration from the 2012 Indigenous Peoples Global Conference on Rio +20 and Mother Earth in Brazil.</p>
<p>Principle # 8 Involuntary Resettlement Page 5</p>	<p>Involuntary resettlement or displacement is one of the major grievances of affected communities in adaptation (and other) projects. Two of the mostly affected sectors are the urban poor and coastal communities.</p> <p>To strengthen this principle, we suggest that the second</p>

	<p>statement be revised as follows: “When involuntary resettlement is unavoidable, DUE PROCESS SHOULD BE OBSERVED SO THAT displaced persons shall be informed of their rights, consulted on their options, offered technically and economically feasible and culturally appropriate resettlement alternatives AND fair and adequate compensation.”</p> <p>The demand for fair and adequate compensation, aside from relocation and housing, is due right of the affected persons because they need to be universally protected, in both policy and practice, from unjust treatment.</p>
<p>Principle # 9 Protection of Natural Habitats Page 5</p>	<p>What are the parameters or the measurement to determine “significant” conversion or degradation? How should this be quantified?</p> <p>We propose to strike out the term “significant” as this word is open for misinterpretation and would imply that there are projects that would result in conversion and degradation, but since the impact is not “significant” thus exempt from this policy.</p> <p>A “significant” negative impact may be felt by a certain percentage of affected communities or at a specific site only, but when this impact is set against the broad scope of the project, this negative impact may be rendered “insignificant.” It would be best if the AF ESP would stand firm and be definite that projects/ programs should not involve conversion and degradation of critical natural habitats.</p> <p>Downstream communities should also be included in the assessment of negative impacts and risks.</p> <p>We propose that critical natural habitats should include de-facto watershed and marine protected areas (MPA), Indigenous Community Conservation Areas (ICCA), and tribal protected areas.</p> <p>To establish that an area is legally protected, at a minimum a local ordinance exists stating that such area is recognized and protected by the local government unit.</p> <p>On letter (c), what are the authoritative sources to be referred to at the national or international level? We would like to note that hiring of authoritative sources or technical experts to identify conservation values of a given community or landscape is time consuming and expensive and may not be easily afforded by local communities or civil society organizations which aim to establish the conservation value of their locality so as to protect it. Local communities and even local organizations have limited capacity to undertake this. If required, the AF should provide funds for this to be done professionally.</p>
<p>Principle # 11 Climate Change Page 5</p>	<p>How will “significant increase” in greenhouse gas emissions be determined and what is the unit of measurement? What are the categories of adaptation projects and activities that would result</p>

	<p>in increased emissions? The way this is written implies that there are activities that would indeed result in increased GHG emissions, but that they are allowable as long as it is not a "significant increase." Clearly this defeats the purpose of climate adaptation.</p> <p>It is arguable, indeed preferable, that 'climate specific' environmental and social impact assessment tools and standards be developed for guiding impact assessments - the so-called 'climate lens'. It would be desirable, in our view, if the AF supported the development and application of such tools and standards, including the evolution of specialised sub-national tools and guidelines sensitive to local norms and cultures.</p> <p>In the case of the Philippines and other southern developing countries, this implication is dangerous since we do not make a significant contribution to present GHG emissions. If we look at principles 9, 10 and 11, this would make many projects that have adverse impacts on our localities exempt, since they do not result to 'significant' numbers in terms of global statistics on emissions as the Philippines is a "negative emitter".</p>
<p>Principle # 12 Pollution Prevention and Resource Efficiency Page 5</p>	<p>'International standards' are not always appropriate or commensurate with the situation or conditions at national (country) and local levels, especially for indigenous communities.</p> <p>We propose that the item should be treated as two separate principles:</p> <p>On pollution prevention – this should be applicable not only to the energy industry, but should include industrial, agricultural and forestry wastes, and operating and abandoned mines. The AF policy should reiterate and actively support the principles of "Polluter Pays" and the Precautionary Principle. The latter states that in the absence of absolute scientific evidence, an indication or probability that an activity or project will imperil the human population, health and the environment, then a court can rule in favour of stopping such activity/ project. We propose that the AF fund formally adopt and follow both principles.</p> <p>The proposed draft only pertains to energy efficiency and this should be better defined. Extraction and utilization of energy resources have resulted to issues of control, ownership and benefits. Principle #2 on Access and Equity has essentially highlighted equitable sharing, but what are the guidelines to ensure this and the compliance of implementing entities?</p> <p>Resource Efficiency should specify end-to-end assessment of resource efficiency and include strategic assessment and planning on how to use the remaining natural, mineral, oil, water and other resources, and conservation to ensure these resources remain intact until the time comes when these will be</p>

	utilized.
Principle # 13 Public Health Page 6	How would "significant" impacts be defined? Again, the use of the term "significant" renders this principle relative. It is good to note that the nature of the Adaptation Funds is a considerable sum of money that undertakes a project that would be large in scope. Determining the "significant" negative impacts on public health implies these are relative to the size and scope of the project, i.e. a large project is allowed to have large (negative) health impacts. This loophole allows for project/programme implementers to skirt around negative impacts because they may not amount to being "significant." It also fails to take into account cumulative (health) impacts.
Principle # 15 Agricultural Lands and Soil Conservation Page 6	This principle should also explicitly cover marine, coastal and water resources, including marine biodiversity hotspots. This principle should also promote positive methods of soil conservation such as supporting projects/ programmes that have a focus on reclaiming damaged/ barren agricultural lands.
PRINCIPLE ON GOOD GOVERNANCE/ REDUCING CORRUPTION RISK AND ENCOURAGING A PARTICIPATORY APPROACH	<p>There is a notable absence of a clear policy principle around the governance and reduction of corruption risk. It is respectfully suggested that a separate principle be added that emphasizes that projects funded by the AF adopt active good governance mechanisms in the management of funds, and that principles of transparency, accountability and participation be included in its planning and operational mechanisms of the project. It is also suggested that the AF take on a clear stand that where risk of corruption of the funds is very high, the project not be approved, as it is axiomatic that such funds would most likely not be used for the intended purpose. Proponents and implementers of AF funded projects should be required to sign anti-corruption and good governance covenants.</p> <p>The recent decision of the Adaptation Fund Board to sign the International Aid Transparency Initiative standard, for example, may be followed through by explicitly requiring such a standard be used by the AF and by the proponents/ project holders.</p>
On the Environmental and Social Management System Page 6	<p>Implementing entities should ensure that the Project is coherent and aligns with a country's national and sub-national climate change adaptation strategies and plans, where these exist, or with a country's and sub-national development goals.</p> <p>Implementing entities, instead of only being a single nationally designated authority, we suggest should be multi-stakeholder and multi-sectoral bodies that embrace inclusive processes in project/programme planning, implementation and monitoring. Multi-stakeholder mechanisms such as those implemented by the Extractive Industries Transparency Initiative (EITI), where there is a clear and unequivocal voice given to civil society and/or communities, provides a platform for participation and opportunities for checks and balance. While the experience in the EITI can still be improved, the multi-stakeholder model</p>

	<p>presented can be emulated so as to ensure participation by civil society/ communities.</p> <p>For projects in the Philippines, this multi-stakeholder platform can be the Peoples Survival Fund Board, which was created through Republic Act 101741 to raise monies for the fund and manage the use of the Peoples Survival Fund (PSF). The PSF is primarily set up to fund adaptation activities. The PSF Board has government officials from the ministries / agencies in charge of Finance, Climate Change, Budget, Economic Development, Local Government, Women as members. It also includes representatives from academe and scientific community, business sector, and non government organisations.</p> <p>Will there be funding available for a third party to assess or evaluate environmental and social impacts? Will there be national or sub-national authorities that will screen project proposals at the country and sub-national levels before being submitted to the AF, and which will monitor and keep track of an implementing agency's compliance to the AF Policy?</p>
<p>Environmental and Social Policy Delivery Process, # 2 Environmental and Social Assessment Page 7</p>	<p>The first sentence, "For projects/programmes that have the potential to cause environmental or social harm, ..." gives the impression that the Environmental and Social Assessments are not strictly and generally required for all projects.</p> <p>Another very weak point, in the fourth and fifth sentences, is providing for an option to conduct an Environmental and Social Assessment and determine the risks at a later, unspecified, time <i>after</i> the project/ programme has been approved and funds have already been made available. This has two flaws. First, the possibility of post-approval assessment clearly vitiates the whole assessment process. Second, this provision flatly contradicts earlier assertions in the policy document that AF projects run little risk of causing negative environmental and social impacts.</p> <p>This provision also reads to mean that the presence of any environmental and social risk would not be justifiable grounds not to approve or to stop a project. Rather the assessment will be downgraded into a mere planning and/or monitoring tool that will identify what could be the next steps, such as compensating unjust displacement, but which will not address or prevent this from happening. The link between findings of grave environmental or social risks posed by a project, or committed in the implementation of a project, and clear sanctions for such violations/ damages/ risk is also not specified. Requiring project proponents to take out environmental insurance policies would ensure funds were available if needed for social compensation and environmental restitution.</p> <p>A precautionary measure would be to assess project/ programme proposals based on the national adaptation plans or climate change action plans of countries, where these exist, or</p>

	<p>based on its national development framework. This would minimize instances of AF adaptation projects/ programmes that are donor-driven and imposed on local communities.</p> <p>The policy should explicitly state that the Environmental and Social Assessment be conducted using a 'climate change' lens and a participatory process, as opposed to using the conventional environmental risk assessment tools.</p> <p>Participatory Capacities and Vulnerability Assessment (PCVA) models which rest upon looking at climate change vulnerabilities from the perspective of communities most affected will identify viewpoints not necessarily seen by purely technical risk assessments made by actors from outside vulnerable locations. It is important for such perspectives to surface, along with documenting historical adaptation strategies of communities so as to implement culturally appropriate and more sustainable adaptation methodologies.</p>
<p>Environmental and Social Policy Delivery Process, # 4 Monitoring, Reporting and Evaluation Page 7</p>	<p>The policy is unclear as to who will conduct the monitoring and evaluation of funded project/programme, whether it will be a self-assessment of the implementing entity, or a multi-sectoral monitoring team (MMT) will be required? It is also unclear whether the Adaptation Fund will be funding the monitoring and evaluation activities, or whether this is to be built-in within the budget of a project/ programme.</p> <p>The policy should provide for the scientific and financial capacity-building for local and government staff and community members affected by the funded projects/ programmes, and local organizations to conduct impact monitoring.</p> <p>A Participatory approach may also be used in monitoring, implementation and evaluating environmental and social policies of the AF. In the same way that a PCVA approach can raise issues and concerns from the perspective of those most vulnerable, the affected communities can also take an active part in monitoring and evaluating a project. This ensures not just efficiency of the project, but sustainability of gains as well.</p>
<p>Environmental and Social Policy Delivery Process, # 5 Public Disclosure and Consultation Page 7</p>	<p>As mentioned beforehand, adaptation projects/ programmes should align with a country's national adaptation plan or regional adaptation strategies. In terms of conducting consultations, the discussion should provide venues to ensure that the project/ programme is congruent with national and sub-national plans.</p> <p>Another vague area that should be addressed is on soliciting Free Prior and Informed Consent (FPIC) of affected peoples. The AF policy should be clear that the conduct of a public consultation <i>does not</i> automatically translate into consent for the project/ programme. This in particular applies to cases wherein only sub-sectors of affected communities are able to participate in consultations, but there is no consensus on consent from all sectors of the overall affected community. Local/ national guidelines for soliciting FPIC should be observed and validated</p>

	<p>by an authorized body or local/ sub-regional governing bodies.</p> <p>The AF Policy should also clearly require protocols for public disclosure, through what media and venues and for which audiences, and timeframes for publicly submitting project/ programme reports. The Policy should also provide for local communities, concerned organizations and local/national governments to comment on and critique reports. The Policy should promote and uphold the right to freedom of information, especially on the details, impacts and financial management of AF funded projects.</p>
<p>Environmental and Social Policy Delivery Process, # 6 Grievance Mechanism Page 8</p>	<p>We would like to note that with the AF Policy, there appears to be an assumption that the governance of the host country is in place and in order, and that there are existing grievance mechanisms which may be used. These are bold assumptions that are too often not fulfilled.</p> <p>The AF Policy should clearly state that national and local grievance mechanisms, including traditional justice systems of Indigenous Peoples, be primarily utilized in addressing grievances with a project/ programme. The UN Permanent Forum on Indigenous Issues should also be recognized by the AF as platform for hearing and resolving Indigenous Peoples' issues on adaptation projects/ programmes.</p> <p>On filing complaints regarding the AF Board Secretariat (third sentence), this is effectively inaccessible as a mechanism for local community members and organizations with grievances. Existing local and national mechanisms should be authorized to hear and to facilitate concerns and grievances.</p> <p>When it is evident that governance capability is low, in cases of weak states where open participation and redress of grievances by vulnerable and affected communities and civil society are not encouraged, OR when the implementer is itself a government, then an alternate grievance mechanisms should be made available.</p> <p>There should also be the participation of independent third parties outside of government in grievance mechanisms, and promote a watchdog function of Civil Society Organizations. The policy should provide for funding facilitators and mediators for conflict resolution. Periodic monitoring by third party entities with a clear mandate to provide safe spaces to raise community grievances is also suggested.</p> <p>Clear accountability protocols are very important. To what extent can grievance mechanisms stop a project/ programme that creates adverse impacts, impose sanctions and / or makes implementing agencies/ entities accountable? If there is damage to the community, to which entity does the liability attach? Can the designated national implementing entity which approved/ endorsed the project be made liable? Is the AF itself liable? If there are liabilities, to whom will the community go to for</p>

	<p>arbitration, refuge or compensation?</p> <p>Grievance mechanisms should be able to outline to the extent that it clearly identifies the steps affected communities/ civil society may take in raising complaints.</p>
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Further comments:

Overall, the draft Adaptation Fund Environmental and Social Policy seems to be a significant *backward* step from Sustainable Development principles. This is particularly so in terms of promoting and protecting the rights of the future generations, respect for Indigenous Peoples and biodiversity conservation. Specifically, the AF Policy does not fully articulate the Rio Declaration on Environment and Development.

Throughout the draft Policy, we note a distinct absence of promotion of local participation. AF projects/ programmes should contribute to enhancing local participation and governance, devolved processes, sub-national governance and participation, public accountability and transparency. The draft Policy should include in its assessment corruption risks, and provide for strong anti-corruption mechanisms. Funded projects and programs should not be implemented if the corruption risk is high.

The Adaptation Funds are public funds, and there should be mechanisms for access to information and regular communication to the general public on its financial management and accomplishments. ###

Prepared and submitted by:

<p>The Samdhana Institute No. 52 Tiano cor. Fernandez St., 9000 Cagayan de Oro City Philippines +6388 851 9238</p> <p>Jl Guntur, Bogor 16151 Indonesia Tel/Fax: +62 251 8313947 www.samdhana.org</p>	<p>Environmental Legal Assistance Center (ELAC) Brgy. Sta. Monica, Puerto Princesa City 5300, Palawan Philippines</p> <p>+63648 4335183</p>	<p>Kitanglad Integrated NGOs (KIN) Casisang, Malaybalay City 8700, Bukidnon Philippines</p> <p>+6388 221 4355</p>
<p>Network of Sustainable Livelihood Catalysts (NSLC) Lipoton St., Naga City 4400 Camarines Sur Philippines +63920-948-4051</p>	<p>Center for Empowerment and Resource Development, Inc (CERD) 102-E.R.L. Mendoza Bldg. Kamuning Road, Quezon City 1103 Philippines +632 925 1642 www.cerd.ph</p>	<p>Cordillera Peoples Alliance (CPA) 55 Middle Ferguson Road, Baguio City 2600 Philippines +63 74 304 4239 www.cpaphils.org</p>



ADAPTATION FUND

Proposed Adaptation Fund Environmental and Social Policy

I. Background and Introduction

This document proposes an environmental and social policy for the Adaptation Fund (the Fund). The proposed policy is intended to ensure that in furthering the Fund's mission of addressing the adverse impacts of and risks posed by climate change, projects and programmes supported by the Fund do not result in unreasonable environmental and social harms. The proposed policy is intended to build on the Fund's existing policies, operating procedures, and project cycle.

The proposed environmental and social policy will bring the Fund's practices generally into line in with the practice of other leading financing institutions active in environment and development financing. Over the last twenty years, international financial and development institutions have increasingly adopted environmental and social safeguard policies to enhance sustainable development benefits and avoid unnecessary harm to the environment and affected communities. These safeguard policies allow the institutions to identify and manage the environmental and social risks of their activities, by assessing potential environmental and social harms and then by identifying and implementing steps to avoid, minimize, or mitigate those harms.

Among the finance and development institutions that have adopted environmental and social policies are the following:

- the World Bank (i.e. the International Bank for Reconstruction and Development and International Development Agency);¹
- regional and subregional development banks, including the European Bank for Reconstruction and Development,² the Inter-American Development Bank,³ the Asian

¹ World Bank, Safeguard Policies, <http://go.worldbank.org/BA5ILYC6B0> (the World Bank is currently undergoing the first phase of a multi-year process to review and update of its environmental and social safeguard policies).

² European Bank for Reconstruction and Development, Environmental and Social Policy 2008, <http://www.ebrd.com/pages/research/publications/policies/environmental.shtml> (EBRD is currently updating and receiving comments on its Environmental and Social Policy).

³ Inter-American Development Bank, Environment and Safeguards Compliance Policy, <http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=665902> (this website links to information about IADB institutional reforms to improve the environmental and social safeguard policies: <http://www.iadb.org/en/insitutional-reforms/better-environmental-and-social-safeguards.1830.html>).

Development Bank,⁴ the African Development Bank,⁵ the Caribbean Development Bank,⁶ and the Black Sea Trade and Development Bank.⁷

- the International Finance Corporation⁸ and Multilateral Investment Guarantee Agency;⁹
- the Global Environment Facility;¹⁰
- the United Nations Development Programme;¹¹
- most export credit and insurance agencies;¹²
- some bilateral development agencies;¹³ and
- many leading private commercial banks.¹⁴

The prevalence of environmental and social policies at international finance and development institutions reflects a broad consensus among governments, development economists, civil society, and other stakeholders that such policies are critical to achieving positive sustainable development outcomes and avoiding any unreasonable harm. **Many** countries, both donor and recipient countries, have also adopted domestic laws that are similar to many of these international environmental and social policies.



⁴ Asian Development Bank, Safeguard Policy Statement, <http://www.adb.org/site/safeguards/policy-statement>.

⁵ African Development Bank, Environmental and Social Safeguards Policies and Procedures, <http://www.afdb.org/en/documents/project-operations/environmental-and-social-safeguards-policies-and-procedures/> (the African Development Bank has just completed its Consultations on an Integrated Safeguards System, <http://www.afdb.org/en/consultations/closed-consultations/afdb-integrated-safeguards-system/> and is expected to release a new policy soon).

⁶ Caribbean Development Bank Policies and Strategies, <http://www.caribank.org/about-cdb/bankpolicies-strategies> (the CDB has a gender equality and information policy and its environmental policy is forthcoming).

⁷ Black Sea Trade & Development Bank, Environment Policy, http://www.bstdb.org/about-us/key-documents/policy-documents/Environmental_policy.pdf

⁸ International Finance Corporation, Performance Standards on Environmental and Social Sustainability, http://www1.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc+sustainability/publications/publications_handbook_pps.

⁹ Multilateral Investment Guarantee Agency, Environmental and Social Safeguards, <http://www.miga.org/projects/index.cfm?stid=1822>

¹⁰ Global Environment Facility, GEF Policies on Environmental and Social Safeguard Standards and Gender Mainstreaming, http://www.thegef.org/gef/sites/thegef.org/files/documents/C.40.10_GEF_Policies_on_Safeguards_and_Gender.April_26_2011.pdf.

¹¹ United Nations Development Programme, Guidance Note: Environmental and Social Screening Procedure for UNDP Projects (March 19, 2012), https://info.undp.org/global/.../ESSP_Guidance_19Mar12_English.docx

¹² OECD, Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (The "Common Approaches"), <http://search.oecd.org/officialdocuments/displaydocumentpdf/?cote=TAD/ECG%282012%295&doclanguage=en>.

¹³ See, e.g., Japan International Cooperation Agency, http://www.jica.go.jp/english/our_work/social_environmental/guideline/pdf/guideline100326.pdf; UK Department for International Development, Guide to Environmental Screening, <http://www.eldis.org/vfile/upload/1/document/0708/DOC12943.pdf>; Nordic Investment Agency, http://www.nib.int/about_nib/environment/environmental_analysis;

¹⁴ Equator Principles, <http://www.equator-principles.com/index.php/members-reporting>. Several of the Equator Principle member banks are located in developing countries, including Absa Bank Limited in South Africa; Access Bank Plc in Nigeria; Arab African International Bank in Egypt; Banco Bradesco S.A., Banco Pine S.A., and Banco do Brasil S.A. in Brazil; Banco de Crédito (BCP) in Peru; Banco de Galicia y Buenos Aires S.A. in Argentina; Banco de la República Oriental del Uruguay in Uruguay; Bancolombia S.A. in Colombia; Ecobank Transnational Incorporated in Togo; IDFC Limited in India; and Industrial Bank Co., Ltd. in China; among others.

The proposed environmental and social policy set forth below is designed to be integrated with the Fund's existing policies, practices, and project cycle, although some issues will have to be addressed further to operationalize the policy. If approved, the draft environmental and social policy could be attached as an annex to and incorporated into the current Operational Policies and Guidelines for Parties to access resources from the Adaptation Fund (OPG).

The proposed policy would not shift the current relative roles and responsibilities between the Adaptation Fund Board (the Board), implementing entities, and executing entities. Implementing entities will continue to be responsible for risk management associated with the projects and programmes, but the risk will be ~~explicitly~~ understood to include environmental and social risks presented by the proposed projects and programmes. **The future accreditation or re-accreditation of implementing entities, may need to reflect the capacity and commitment to address environmental and social risks.** Many of the multilateral implementing entities already have environmental and social policies and management systems that will meet the standards of the Fund. Some of the national and regional implementing entities may also have this capacity and commitment, but for others **there may be a need for capacity building to manage environmental and social risks.**



The requirements to assess and manage environmental and social risks will be integrated into existing requirements for risk assessment and management. The initial screening for environmental and social risks can be included in the project/programme proposal document. The requirements for effective consultation are consistent with the Fund's current requirements for consultative processes in the development of projects/programmes with "particular reference to vulnerable groups, including gender considerations."¹⁵

The policy does not include an explicit requirement that proposed projects/programmes be screened into formal categories according to the significance of their environmental and social impacts. Because of the current nature and scale of projects/programmes supported by the Fund, it is not anticipated that many projects that would warrant the highest level of categorization (Category A, for example, in the system of categorization followed by the World Bank and other multilateral development banks). The policy is aimed at allowing for a wide variety of approaches. Implementing entities that use a system of categorization can continue to use that system and still meet the requirements of the policy. Implementing entities that do not follow a formal system of categorization can also meet the policy requirements. Regardless of whether a project/programme is screened into a specific category, all environmental and social risks shall be adequately identified and assessed in an open and transparent manner with appropriate consultation. If the scale or nature of projects and programmes supported by the Fund warrants a change over time, the need for a system of categorization can be revisited.

The scope of the environmental and social assessment shall be commensurate with the scope and severity of potential risks. **It is expected that many projects/programmes supported by the Fund will entail few, if any, environmental and social risks, and thus no environmental and social assessment may be required.** If an environmental and social assessment is required, the assessment should assess all potential environmental and social risks and include a proposed risk management plan. The plan could be included with the project/programme document submitted for project/programme approval. In those instances where the assessment and/or management plan cannot be completed in time or where mitigation measures extend into project/programme implementation, the Board can approve the project/programme subject to assurances included in the agreement signed between the Board and the implementing entity



¹⁵ Adaptation Fund, OPG, "Instructions for Project or Programme Funding for Adaptation Fund," part II(H).

that any environmental and social risks will be adequately and timely addressed through a management plan or changes in project/programme design. The existing system of annual project/programme performance reports and the mid-term and terminal evaluation reports can be modified to track any required environmental and social risk management plan or changes in project/programme design.

II. Environmental and Social Policy Statement

A. General Environmental and Social Commitment

Environmental and social policies are fundamental to ensuring that the Fund does not support projects/programmes that unnecessarily harm the environment, public health or vulnerable communities. As part of the implementing entities' responsibilities for the project/programme, all implementing entities shall (i) have an environmental and social management system that ensures environmental and social risks are identified and assessed at the earliest possible stage of project/programme design, (ii) adopt measures to avoid or where avoidance is impossible to minimize or mitigate those risks during implementation, and (iii) monitor and report on the status of those measures during and at the end of implementation. There shall be adequate opportunities for the informed participation of all stakeholders in the formulation and implementation of projects/programmes supported by the Fund.

B. Environmental and Social Principles

Projects/programmes supported by the Fund shall be designed and implemented to meet the following environmental and social principles, although it is recognized that given the current nature and scale of approved projects/programmes some of these principles may not be applicable to every project/programme.

1. Compliance with the Law

Projects/programmes supported by the Fund shall be in compliance with all applicable domestic and international law.

2. Access and Equity

Projects/programmes supported by the Fund shall provide fair and equitable access to benefits in a manner that is inclusive and does not impede access to basic health services, clean water and sanitation, energy, education, housing, safe and decent working conditions, and land rights.

3. Marginalized and Vulnerable Groups

AF Projects/programmes supported by the Fund shall avoid imposing any disproportionate impact on marginalized and vulnerable groups including children; women and girls; the elderly; indigenous people; tribal groups; disabled people; and people at risk of, or affected by, HIV/AIDS.

4. Human Rights

Projects/programmes supported by the Fund shall respect and where applicable promote international human rights.

5. Gender Equality and Women's Empowerment

Projects/programmes supported by the Fund shall be designed and implemented in such a way that both women and men (a) are able to participate fully and equally; (b) receive comparable social and economic benefits; and (c) do not suffer disproportionate adverse effects during the development process.

6. Core Labour Rights

Projects/programmes supported by the Fund shall meet the core labour standards as identified by the International Labor Organization.

7. Indigenous Peoples

The Fund shall not support projects/programmes that are inconsistent with the rights and responsibilities set forth in the UN Declaration on the Rights of Indigenous Peoples and other applicable international instruments relating to indigenous peoples.

8. Involuntary Resettlement

Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids or minimizes the need for involuntary resettlement. When involuntary resettlement is unavoidable, displaced persons shall be informed of their rights, consulted on their options, and offered technically and economically feasible resettlement alternatives or fair and adequate compensation. and/or

9. Protection of Natural Habitats

The Fund shall not support projects/programmes that would involve significant conversion or degradation of critical natural habitats, including those that are (a) legally protected, (b) officially proposed for protection, (c) identified by authoritative sources for their high conservation value, or (d) recognized as protected by traditional local communities.

10. Conservation of Biological Diversity

Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids any significant reduction or loss of biological diversity or the introduction of known invasive species.

11. Climate Change

Projects/programmes supported by the Fund shall not result in any significant increase in greenhouse gas emissions or other drivers of climate change.

12. Pollution Prevention and Resource Efficiency

Projects/programmes supported by the Fund shall be designed and implemented in a way that meets applicable international standards for maximizing energy efficiency and minimizing material resource use, the production of wastes, and the release of pollutants.

13. Public Health

Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids significant negative impacts on public health.

14. Physical and Cultural Heritage

Projects/programmes supported by the Fund shall be designed and implemented in a way that avoids the alteration, damage, or removal of any physical cultural resources, cultural sites, and sites with unique natural values recognized as such at the community, national or international level.

15. Agricultural Lands and Soil Conservation

Projects/programmes supported by the Fund shall be designed and implemented in a way that promotes soil conservation and avoids degradation or conversion of productive agricultural lands.

C. Environmental and Social Management System

The Board shall ensure that the implementing entities' risk management systems include the commitment and capacity to assess and respond to the environmental and social risks of projects/programmes supported by the Fund in light of this environmental and social policy. The implementing entities shall be responsible for screening all projects/programmes to determine the extent to which they present environmental or social risks, taking into account the Fund's environmental and social principles identified above. Implementing entities proposing projects or programmes presenting environmental and social risks shall ensure that the environmental and social impacts of such programmes and projects are thoroughly assessed; that measures are identified for avoiding or reducing environmental and social risks, and that the implementation of such measures is monitored and reported on through the life of the project/programme. The environmental and social risk management system shall be commensurate in scope and ambition to the potential scope and severity of environmental and social risks inherent in the project/programme design. Projects and programmes with low environmental or social risk will require a more limited environmental and social risk management system.

D. Environmental and Social Policy Delivery Process

1. Screening of Environmental and Social Risks by the Implementing Entity

All proposed projects/programmes shall be screened by the implementing entities to determine their potential to cause environmental or social harm. The screening process shall seek to identify potential environmental and social impacts and risks, taking into consideration the Fund's environmental and social principles outlined above. The screening process shall consider all potential direct, indirect, transboundary, and cumulative impacts and risks that could result from the proposed project/programme. The screening will determine whether or not the project/programme requires further environmental and social assessment, mitigation, and management. The results of the environmental screening shall be included in the project/programme proposal initially submitted to the Adaptation Fund Board secretariat (the secretariat). If during the review process the Board or secretariat determines that further information on the environmental and social assessment, mitigation, and management of risks is required, the implementing entities can be asked to provide it. If appropriate, this will be reflected in the agreement between the Board and the implementing entity. Regardless of the



Secretariat

outcome of the screening procedure, all proposed projects/programmes shall comply with the Fund's environmental and social principles and applicable national and local laws and regulations.

2. Environmental and Social Assessment

For projects/programmes that have the potential to cause environmental or social harm, the implementing entity shall prepare an environmental and social assessment that identifies any environmental or social risks, including any potential risks associated with the Fund's environmental and social principles set forth above. The assessment shall (i) consider all potential direct, indirect, transboundary, and cumulative impacts and risks that could result from the proposed project/programme; (ii) assess alternatives to the project/programme; and (iii) assess possible measures to avoid, minimize, or mitigate environmental and social risks of the proposed project/programme. If feasible, the environmental and social assessment shall be included in the project/programme proposal submitted to the secretariat. Where this is not feasible, a timeline for completing the environmental and social assessment before substantial construction begins shall be incorporated in the agreement between the Board and the implementing entity following the project/programme approval. A copy of the environmental and social assessment shall be provided to the secretariat as soon as the assessment is completed. during Prior to submitting the environmental and social assessment to the Board, the secretariat may require further information from the implementing entity on the environmental and social assessment, mitigation, and management of risks, if deemed necessary.

3. Environmental and Social Management Plan

Where the environmental and social assessment identifies environmental or social risks, the assessment shall be accompanied by an environmental and social management plan that identifies those measures necessary to avoid, minimize, or mitigate the potential environmental and social risks. A commitment to implement the management plan shall be a condition of the project/programme approval and reflected in the monitoring and reporting plan for that project/programme.

4. Monitoring, Reporting, and Evaluation

Monitoring and evaluation of projects/programmes supported by the Fund shall address all environmental and social risks identified during project/programme assessment, design, and implementation. The implementing entities' annual project/programme performance reports shall include a section on the status of implementation of any environmental and social management plan, including those measures required to avoid, minimize, or mitigate environmental and social risks. The reports shall also include, if necessary, a **description of any corrective actions that are deemed necessary**. The mid-term and terminal evaluation reports shall also include an evaluation of the project/programme performance with respect to environmental and social risks.



5. Public Disclosure and Consultation

Stakeholders shall be identified and involved as early as possible in planning any project/programme supported by the Fund. The results of the environmental and social screening and a draft environmental and social assessment, including any proposed management plan, shall be made available for public consultations that are timely, effective, inclusive, and held free of coercion and in an appropriate way for communities that are directly affected by the proposed project/programme. Project/programme performance reports including

the status on implementation of environmental and social measures shall be publicly disclosed. Any significant proposed changes in the project/programme during implementation shall be made available for effective and timely public consultation with directly affected communities.

6. *Grievance Mechanism*

The implementing entities shall identify an available grievance mechanism that provides people affected by projects/programmes supported by the Fund with access to a transparent and effective process that will receive and facilitate resolution of their complaints about environmental or social harms caused by any such project/programme. The mechanism can be pre-existing, national, local, or project-specific. Complaints regarding compliance with the Fund's environmental and social policy can be filed with the secretariat at the following address:

Adaptation Fund Board secretariat
Mail stop: MSN P-4-400
1818 H Street NW
Washington DC
20433 USA

afbsec@adaptation-fund.org

Annex III: Estimated cost of operationalization of the proposed Environmental and Social Policy

In its work supporting the Adaptation Fund Board in its operations, the secretariat already deals with environmental and social impacts and risk management through the technical review of project and programme proposals and the oversight and monitoring of projects and programmes in the portfolio. It is expected that the operationalization of the Environmental and Social Policy would lead to some additional oversight work that the secretariat would need to undertake, at the technical review of projects/programmes, and in accreditation-related work. The estimated incremental cost of this work is provided below.

Personnel cost for consultants who would engage in accreditation-related work and technical review of project/programme proposals in line with the policy

1. One of the existing expert members of the Accreditation Panel to undertake accreditation-related work:

50% time of one accreditation expert
US\$ 850/day x 90 days x 50% = \$38,250

2. Two short-term consultants to be recruited to support the secretariat staff in the technical review of projects and programmes, as well as assistance on accreditation-related work when necessary. (Mid-career level - up to 60 working days per year)

US\$ 450/day x 60 days x 2 people = \$54,000 (Estimate)
(Rate varies depending on experience of consultants)

Grand total: \$92,250