



**ADAPTATION FUND**

**Requirements for  
Environmental and Social  
Policy (ESP) and**

**Guidance for Unidentified  
Sub-projects (USPs)**

## THE ENVIRONMENTAL AND SOCIAL POLICY (ESP)

Goal: 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.***

This is achieved by:

- Identifying **risks** of unnecessary environmental and social harms
- identifying in a **transparent, verifiable, accountable** way (***quality of identification***)
- considering **all risks** (15 principles as guidance on which risks to explicitly consider) for **all activities** (***comprehensive***)
- **assessing and managing impacts, commensurate** to the risks
- engaging with stakeholders, beneficiaries, affected parties (***consultations***)
- demonstrating good implementation and adaptive management (***monitoring***)



The 15 risks principles of the AF  
ESP

# THE ENVIRONMENTAL AND SOCIAL POLICY (ESP)

ESP is a **project design tool**:

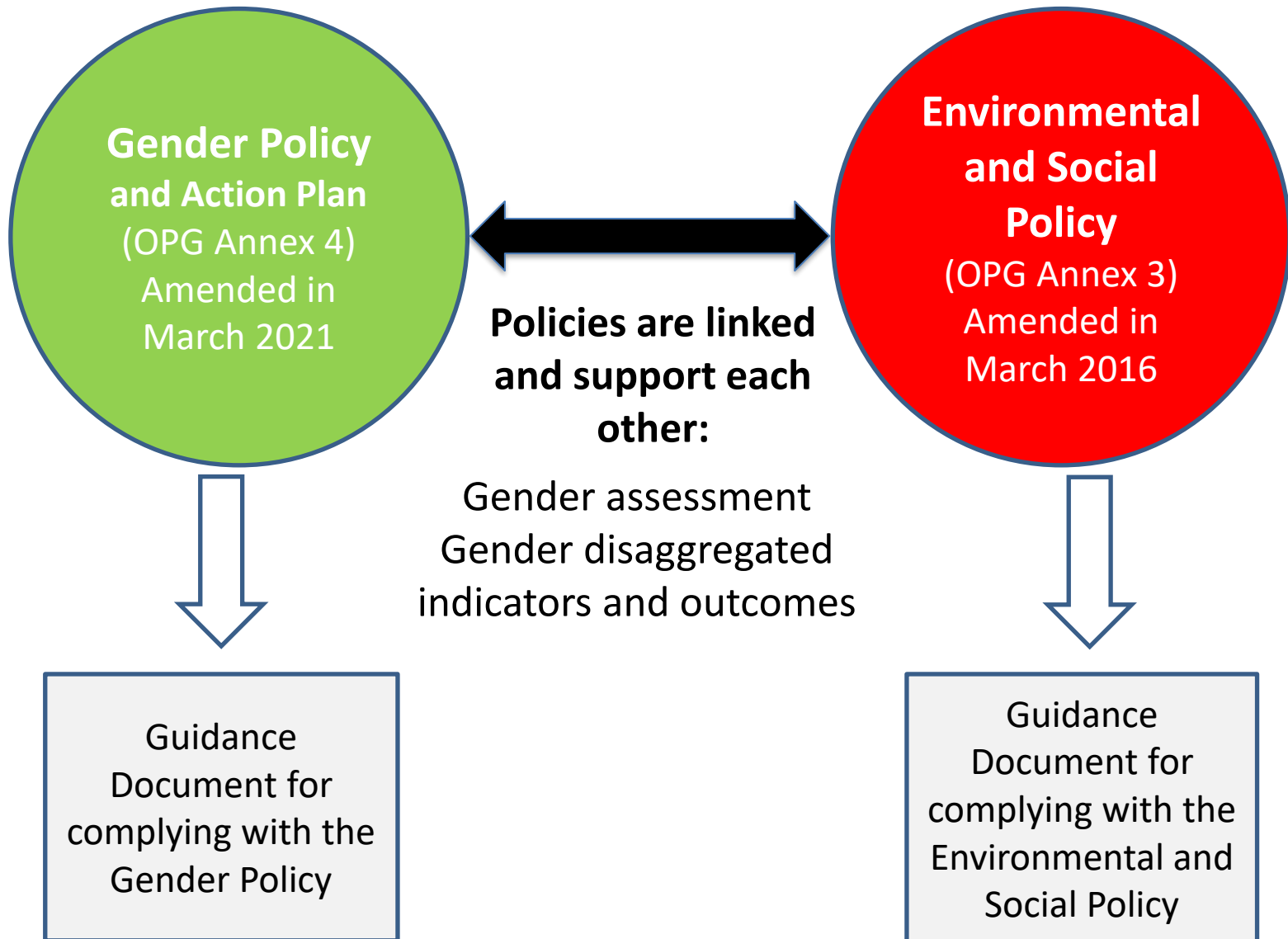
- risks identification is required to be shown from the earliest steps of a project proposal
- ideally risks should be designed out
- residual risks: management (including grievance mechanism)
- ESP cannot be considered as an optional funding hurdle

The ESP objective always relates to people and their perceptions, expectations, values and ambitions, and the ESP is also a **communication tool**.

**Risks identification is about the risk of “unnecessary environmental and social harms” of projects and programmes supported by the Fund.**

**The focus of the risks identification therefore should be on the risk (likelihood and magnitude) of negative impacts, and not about the outcome of the balance of negative impacts and positive outcomes, or about the result of the risk mitigation strategies.**

# Environmental, Social and Gender Requirements



## Compliance with ESP – Implementation arrangements (ESMP)

- ✓ Identify adequate and credible measures to manage the impacts for all environmental and social risks that have been identified in section II, and the corresponding impacts that have been assessed
- ✓ ESMP should contain/include:
  - ✓ clearly allocated roles and responsibilities for its implementation
  - ✓ opportunities for consultation and adaptive management
  - ✓ credible budget provisions, as needed, for the implementation of the ESMP
- ✓ Outline the arrangements for the IE to supervise executing entities for implementation of ESMP
- ✓ Include clear monitoring and evaluation arrangements for ESP compliance
- ✓ Include an accessible and meaningful grievance mechanism in place, mentioning all parts of the grievance process, including where grievances can be addressed



# USP Guidance –Updated Oct 2022

**The definition of USPs has been refined and further detailed:**

- Fully unidentified: both the activity and the location are not determined
- Fully unidentified, within fixed framework
- Partially unidentified: specific activity identified, location to be determined
- Partially unidentified: specific location identified, activity to be determined
- Mix of USP types





# USP Justification Criteria

## The justification

- (i) needs to provide the reasons why an activity cannot be formulated at the design stage and
- (ii) must describe the specific benefits of not formulating an activity at that stage. It should further
- (iii) explain how these benefits outweigh the increased risk on non-compliance with the ESP and GP.

Stakeholder identification and consultations of stakeholders are a normal part of all projects/programmes formulations and are not sufficient justification for the use of USPs.



## Some important implications for using USPs

- **Role of the IE is to supervise and monitor the EEs in their execution of project/programme activities.**
- **The EEs are the ones that will have to apply most of the management measures included in an ESMP, and it is the role of the IE to ensure that the EEs do so, that they have the capacity to do this well (both in human resources and in operational capacity) and that they are committed to avoid unwanted negative impacts.**
- **For the allowed and justified USPs, a proposal needs to ensure through the ESMP that the USPs will go through the same risks' identification process and subsequent safeguards steps as the fully formulated activities that are included in a project or programme proposal, including consultation.**
- **Needs to be achieved by developing an ESMP for the project/programme, or by expanding the ESMP already prepared for the fully formulated activities with environmental and/or social risks**



## Considerations for the Grievance Mechanism

- A grievance mechanism is an element of all projects/programmes.
- For those with USPs, **the design of the grievance mechanism needs to be adequate to accommodate grievances from the whole range of possible USPs.**
- It also **needs provisions so that it will also be known to stakeholders involved in USPs and able to receive complaints related to the USPs.**
- The **ESMP may need to include specific provisions to publicize the grievance mechanism.**



# Unidentified sub projects : Deep dive

## USPs



Unidentified sub-projects (USPs) are subject to specific provisions for USP under the Fund's environmental and social policy (ESP).

## Objectives



The objectives of the sub-projects should be aligned with those of the submitted project, the Adaptation Fund Results Framework.

## Types



The type, sector, size, and geographic locations of potential sub-projects should be described, including the expected nature of sub-projects.

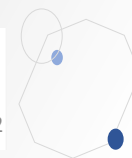
USP guidance document:

<https://www.adaptation-fund.org/document/guidance-document-for-project-programme-with-unidentified-sub-projects/>



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# Thank you!



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