Review of the GEF Policy on Agency Minimum Standards on Environmental and Social Safeguards

Independent Evaluation Office
GLOBAL ENVIRONMENT FACILITY

Environmental projects can go awry by overlooking risks to local people and habitats. The GEF and its partners have adopted a set of safeguards aimed at addressing those risks.

The GEF Policy on Agency Minimum Standards on Environmental and Social Safeguards serves to ensure a minimum level of consistency across the Global Environment Facility (GEF) partnership in addressing environmental and social risks associated with GEF-supported operations. This is the first review of that policy since its adoption in 2011.

FINDINGS

1. Strengthened safeguard frameworks and increased harmonization. Adoption of the GEF Minimum Standards in 2011 has served as an important catalyst among many GEF Agencies—both existing and newly accredited—to strengthen existing safeguard policies and, in a number of cases, to adopt comprehensive safeguard policy frameworks, together with supporting implementation systems and procedures. The GEF Minimum Standards have contributed to more harmonized approaches in

managing project-level environmental and social risks and impacts across the GEF partnership, recognizing that some Agencies have also adopted additional, specific standards relevant to their operations. During the GEF's compliance review of GEF Agencies, the safeguard policies and systems of the multilateral development banks in the GEF partnership either met the GEF Minimum Standards outright or required relatively minor clarification and/or guidance. All of the United Nations–related GEF Agencies approved new and/or updated safeguard frameworks in 2014 and 2015. Each of the eight newly accredited GEF project Agencies adopted either GEF-specific or Agency-wide safeguard frameworks as part of the GEF accreditation process. By 2015, all 18 GEF Agencies were judged to have environmental and social safeguards in place that met the minimum requirements of the GEF standards.

PURPOSE AND METHODS: This review, which aims to provide insights and lessons for GEF-7, focused on (1) the extent to which the GEF Minimum Standards have added value to the GEF partnership, (2) the degree to which they are aligned with relevant international best standards and practices, (3) how the GEF is informed of safeguard-related risks in supported operations, and (4) recommendations for how GEF safeguards may evolve in coming years. The review did not focus on GEF Agency safeguard policies and systems.
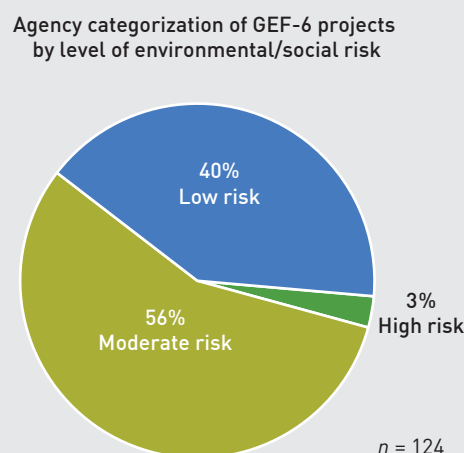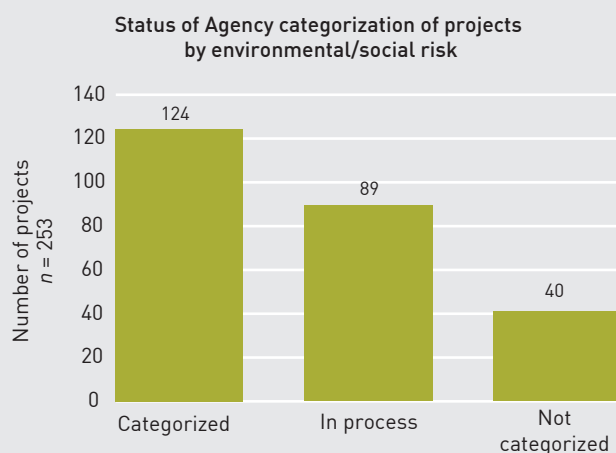
The review utilized qualitative analytical methods and tools, including document review and interviews, together with a quantitative sampling and analysis of the recent GEF portfolio.

WEB PAGE: http://www.gefieo.org/evaluations/minimum-standards-environmental-and-social-safeguards

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ABOUT US: The Independent Evaluation Office (IEO) of the GEF has a central role in ensuring the independent evaluation function within the GEF. www.gefieo.org

OPS6
SIXTH COMPREHENSIVE EVALUATION OF THE GEF

PORTFOLIO HIGHLIGHTS

Status of Agency categorization of projects by environmental/social risk

Agency categorization of GEF-6 projects by level of environmental/social risk

2. Environmental and social risks in the GEF portfolio. Even with the adoption of the GEF Minimum Standards, a general assumption prevails that, given the GEF's focus on securing global environmental benefits, relatively few or minor environmental and social risks arise in GEF-supported projects and programs. However, the review of 253 projects in the GEF-6 portfolio does not necessarily support this assumption. Of this sample, 124 projects have to date been assigned environmental and social risk categories by GEF Agencies (some projects had not yet been categorized given their stage in Agency approval processes). Of those categorized projects, 3 percent were rated high risk, 56 percent were rated moderate risk,

and 40 percent were rated low risk. Agencies utilize somewhat varying categorization ratings. While few high-risk projects (often referred to as Category A) appear in the sample, projects with moderate risks comprise the majority.

Identified social and environmental risks include community health and safety risks due to infrastructure development; potential involuntary resettlement and loss of livelihoods; risks to indigenous peoples, lands, and cultural resources; conversion of natural habitats; and pollution risks (figure 1).

3. Coverage gaps in GEF Minimum Standards. When approved in 2011, the GEF Minimum Safeguards reflected a consensus on a set of minimum requirements to manage a limited range of project-level environmental and social risks and impacts (based on a 2005 distillation of operational principles from earlier adopted safeguard policies of the World Bank). In the intervening years, environmental and social safeguard standards have continued to evolve in terms of thematic breadth, specificity, and procedures. The scope of safeguard policies of many GEF Agencies extend beyond those of the GEF Minimum Standards. In addition, other international funding entities, such as the Green Climate Fund, are utilizing

more comprehensive safeguards frameworks together with explicit procedural requirements for their implementation, including monitoring and evaluation.

A range of policy gaps in the GEF Minimum Standards are identifiable when compared to more recently adopted safeguards. Some examples relevant to GEF focal areas include the following:

- Standards regarding environmental assessment and natural habitats do not include requirements on the use of biodiversity offsets or the need for certification in sustainable forest management
- Community health and safety issues are addressed in a cursory manner
- Specific requirements regarding the management of hazardous materials are largely limited to the handling of pesticides
- Labor standards are not addressed
- Respect for the free, prior, and informed consent (FPIC) of indigenous peoples is limited (i.e., projects in countries that have ratified ILO 169)
- The standard on physical cultural resources does not encompass intangible cultural heritage
- There is a lack of focus on avoiding disproportionate adverse impacts to marginalized and vulnerable groups.

GEF MINIMUM STANDARDS

1. Environmental and Social Impact Assessment
2. Protection of Natural Habitats
3. Involuntary Resettlement
4. Indigenous Peoples
5. Pest Management
6. Physical Cultural Resources
7. Safety of Dams
8. Accountability and Grievance Systems

FIGURE 1: Distribution of GEF-6 projects by triggered area of safeguard standards

Number of projects

Legend:
- Low risk
- High/moderate risk

Categories:
- MS:1 Env. & social impact assess.
- MS2: Protection of natural habitats
- MS3: Involuntary resettlement
- MS4: Indigenous peoples
- MS5: Pest management
- MS 6: Physical cultural resources
- MS 7: Safety of dams
- MS 8: Accountability and grievance systems
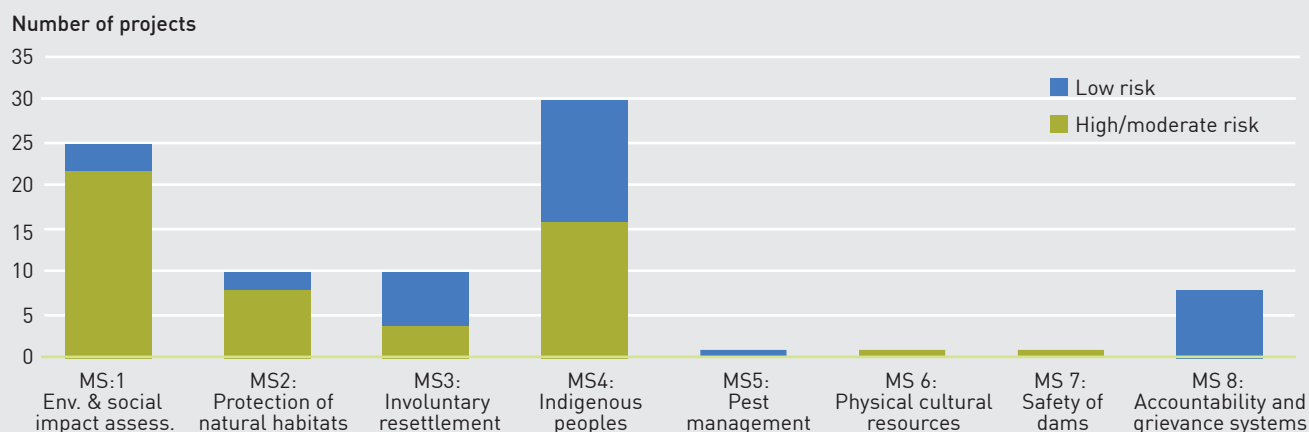
NOTE: *n* = 86 projects eligible for analysis. MS = minimum standard.

4. No GEF-level monitoring and reporting on safeguards. By design, the GEF Minimum Standards have been applied principally at the Agency level during the accreditation process for new Agencies and at compliance review for existing Agencies. At the GEF portfolio level, potential environmental and social risks are not systematically tracked. The GEF is informed ex ante about potential project-level environmental and social risks and impacts. The project identification form (PIF) and the Chief Executive Officer (CEO) Endorsement/Approval templates require Agencies to identify "potential social and environmental risks that might prevent the project objectives from being achieved" and to propose measures to address them. The GEF's project tracking systems, however, do not record Agency-designated environmental and social risk category levels or assign risk flags to any relevant potential areas of concern. Project monitoring and evaluation reports are not required to report on progress related to implementation of safeguard elements unless these were specifically included in the project results framework as a project outcome, output, or indicator. Regarding Agency-level compliance with the GEF Minimum Standards, the GEF Council in 2016 approved

a policy to undertake a review during the last year of GEF-7 (2022).

BACKGROUND

In line with the GEF-5 policy recommendation to broaden the GEF partnership, the GEF Council agreed in May 2011 to launch a pilot program to accredit up to 10 GEF Project Agencies to assist countries in implementing GEF-financed projects. To be accredited, applicants would need to meet a range of criteria. Regarding environmental and social safeguards, a set of criteria were proposed based on a set of operational principles distilled from World Bank safeguard policies.

The GEF Secretariat revised the criteria and in November 2011, the GEF Council approved the GEF Agency Minimum Standards on Environmental and Social Safeguards. Not only would the GEF Minimum Standards be applied during the accreditation process, but the safeguard policies and systems of existing GEF Agencies would also be

reviewed for compliance with the new GEF policy. By 2015, all existing GEF Agencies were determined to be in compliance, and eight new Agencies had passed the accreditation process.

The GEF safeguards establish minimum requirements that all GEF partner Agencies are expected to meet to ensure that GEF-financed operations avoid, minimize, and mitigate associated adverse environmental and social impacts. The GEF Minimum Standards are comprised of key principles for all GEF operations (plus a statement regarding projects that may involve indigenous peoples), a statement on the role of the GEF Conflict Resolution Commissioner, and a set of eight Minimum Standards on Environmental and Social Safeguards (see box).

RECOMMENDATIONS

1. Potential update of GEF Minimum Standards. The catalytic role of the GEF Minimum Standards in promoting the adoption of strengthened,

> **Ensuring implementation of GEF safeguard policy leads to better results of GEF projects, and brings more benefits for both environment and society.** —*Kyoko Matsumoto, IEO Senior Evaluation Officer*

more consistent safeguard frameworks among many GEF Agencies has been noted above. At the same time, gaps in thematic coverage exist in the GEF Minimum Standards that appear relevant for the types of environmental and social risks present in the GEF portfolio. An update of the GEF Minimum Standards may be warranted. A potential revision process should aim to strike a proper balance between addressing relevant policy gaps in the GEF Minimum Standards while avoiding extensive changes that would require significant revisions to often newly adopted safeguard frameworks of many GEF Agencies—a concern expressed by a number of GEF Agencies. A collaborative working group model of GEF constituents could potentially be a viable model for reaching such a balance. Substantial safeguard expertise exists across the GEF partnership that could be utilized in any update process.

2. Improved safeguards monitoring and reporting. To date, environmental and social risks are not monitored at the GEF portfolio level. Project-level environmental and social risks are typically monitored by GEF Agencies; however, the GEF does not request Agencies to summarize this information in project implementation reviews (PIRs) or mid-term and terminal evaluations unless safeguard-related issues are specifically included in the project results framework as a project outcome, output, or indicator. One reporting requirement that is included in the GEF Minimum Standards is for Agencies to include information on relevant cases submitted to their grievance and accountability mechanisms. In the GEF partnership, Agencies bear responsibility for project implementation. Nevertheless, the GEF should consider whether tracking environmental and social risks at the portfolio level and ensuring a "flow through" of monitoring information on safeguard implementation would provide relevant information for programming decisions. A collaborative pilot initiative could be considered on developing tracking, monitoring, and

reporting procedures to ensure that the GEF is appropriately informed regarding environmental and social risks and safeguard implementation.

3. Capacity support, expert convening, and communication. The GEF could explore utilizing its convening role to support capacity development and knowledge sharing regarding key safeguard issues. The GEF partnership encompasses leading safeguard-related expertise among its Agencies and country partners. Strengthening networking and knowledge sharing on particularly relevant topics—such as assessing climate change risks or support for FPIC processes among indigenous peoples—may be welcome. Ongoing communications with country partners regarding the GEF's policy requirements, including the GEF Minimum Standards, may also continue to build a shared understanding on the need for effective safeguard implementation. ◙

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