

# GCF IN BRIEF: SAFEGUARDS



The Green Climate Fund (GCF) ensures the climate action it supports in developing countries does not harm local communities and the environment, including the Indigenous Peoples who live in areas where GCF projects are implemented.

GCF recognises that while climate finance is designed to achieve positive low-emission and climate-resilient goals, financial investments in some cases can lead to negative impacts. For instance, if not planned carefully, new forests planted to act as emission sinks could alter native habitats and displace local communities. Also, new influxes of finance could actually create or exacerbate existing social inequalities, if already marginalised people do not have a say in where the new incoming money is allocated.

## Do no harm

That is why GCF has developed guardrails guiding sustainable and ethical practice to ensure its financial support in developing countries causes no harm. The 19th GCF Board meeting in February 2018 strengthened these guardrails by adopting two policies:

- the Environmental and Social Policy - which protects local (including indigenous) communities and the environment and
- the Indigenous Peoples Policy - which complements the Environmental and Social Policy by focusing specifically on safeguarding these special people.

## GCF Environmental and Social Management System

These two policies are part of GCF's Environment and Social Management System. This is made up of processes and procedures which help GCF identify, analyse, avoid, minimise, and mitigate any potential adverse environmental and social impact of climate finance activities.

The GCF Environment and Social Management System is designed not only to avoid harm, but to improve the environmental and social performance of GCF and the activities it finances consistently over time.

Under GCF's Environmental and Social Policy, GCF requires that all GCF-supported activities are committed to:

- Avoiding, and where avoidance is impossible, mitigating adverse impacts on people and the environment;
- Enhancing equitable access to development benefits; and
- Giving due consideration to vulnerable populations, groups, individuals, local communities, Indigenous Peoples, and other marginalised groups of people and individuals that are affected or potentially affected by these activities.

Other elements of the policy include ensuring climate investments do not cause negative impacts that spread to neighbouring communities or countries. Also, investments need to support gender equality and stakeholder engagement in ways that align with national laws and other relevant legal requirements.

You can read GCF's complete Environmental and Social Safeguards Policy by going to the GCF website:

<https://www.greenclimate.fund/safeguards/environment-social>

## Quick facts

GCF ensures the climate finance activities it supports do not harm the people or environment where its projects are implemented.

GCF has recently introduced the Environmental and Social Policy and the Indigenous Peoples Policy to safeguard these goals.

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## Implementing Environmental and Social Safeguards

Accredited Entities are at the frontline of GCF's implementation of environmental and social safeguards. GCF accredits a broad range of international sub-national, national or regional organizations to propose and implement GCF-approved climate initiatives.

The accreditation process ensures these institutions are not only capable of strong financial management, but that they can safeguard GCF projects against any unforeseen environmental or social harm.

Accredited Entities need to put in place environmental and social management systems that incorporate institutional policies, processes and safeguards standards. Where gaps or weaknesses exist, GCF requires Accredited Entities to address them. This ensures an effective environmental and social management system is in place before GCF-financed activities are implemented.

Once projects have begun to be implemented, GCF will continue to evaluate the environmental and social performance of the Accredited Entities and supported activities. This will include identifying and monitoring direct and indirect risks of environmental and social damage.

### GCF Indigenous Peoples Policy

GCF has drawn up a stand-alone policy to protect the interests of Indigenous Peoples - in addition to references in its Environmental and Social Safeguards Policy.

The GCF Indigenous Peoples Policy recognises that Indigenous Peoples often have identities and aspirations that are distinct from mainstream groups in national societies, and can be disadvantaged by traditional models of mitigation, adaptation and development.

In many instances, they are among the most economically marginalised and vulnerable segments of developing country populations. This can limit their ability to influence and gain benefits from climate initiatives.

The overall objective of this policy is to ensure Indigenous Peoples

- benefit from GCF activities and projects in a culturally appropriate manner; and
- do not suffer harm or adverse effects from the design and implementation of GCF- financed activities.

This includes recognising the positive contributions and leadership of Indigenous Peoples to progress climate change mitigation and adaptation, based on their systems of traditional knowledge.

You can read GCF's complete Indigenous People's Policy by going to the GCF website:

<https://www.greenclimate.fund/safeguards/indigenous-peoples>

### Seeking redress when problems arise

A number of independent units have been set up as third-party guarantors of ethical GCF practice. When allegations of environmental and social harm are raised in association with GCF activities, it is possible for affected parties to contact one of these units, the Independent Redress Mechanism (IRM).

The IRM operates outside of the GCF Secretariat and reports directly to the GCF Board, which oversees GCF management. The IRM responds to complaints by people who feel they have been adversely affected, or may be affected, by GCF projects or programmes, including issues related to GCF's environmental and social safeguards. The IRM helps project-affected people by facilitating dispute resolution processes to seek joint solutions, or by conducting independent compliance investigations and recommending redress where appropriate. Complainants can approach the IRM confidentially if necessary.

All GCF-financed activities, including those affecting Indigenous Peoples, are required to establish a grievance redress mechanism at the project level to address any project-related concerns, in consultation with the affected or potentially affected communities. This will not limit access to the GCF's Independent Redress Mechanism.