



# AU-AIP MULTI COUNTRY GCF READINESS SUPPORT PROGRAMME FOR CLIMATE RESILIENT WATER INVESTMENTS

## Module 6: Introduction to Environmental and Social Safeguards (ESS) for GCF Projects

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- Differences between ESS and Environmental and Social Governance (ESG)
- Understand the purpose and structure of the GCF Environmental and Social Safeguards (ESS) system.
- Recognize the difference between ESS requirements at Concept Note stage vs Full Funding Proposal (FFP) stage.
- Insights on how ESS-related documentation at both stages: Concept Note and FFP.

# ESS vs ESG



## **Environmental and Social Safeguards (ESS)**

ESS are minimum standards used by development institutions (like the GCF) to ensure that projects avoid, minimize, or manage adverse environmental and social impacts. They focus on *do no harm* and compliance with policies like gender, indigenous rights, displacement, etc.

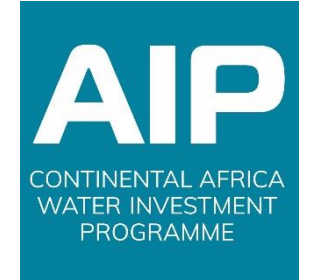
## **Environmental, Social, and Governance (ESG)**

ESG refers to broader **risk and performance metrics** used in public and private investment to assess how environmental, social, and governance factors may affect project success. ESG is often used for *enhancing sustainability, accountability, and long-term outcomes*.

**ESS = Safeguards standards.**  
ESS is about **compliance**.

**ESG = Risk/performance dimensions.**  
ESG is about **strategic performance**.

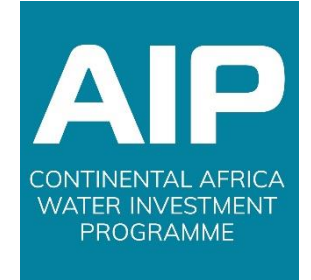
# Purpose of the GCF ESS



- GCF finances climate action, but projects must avoid harm to people and environment.
- ESS helps manage environmental, social, gender, and human rights risks.
- ESS ensures GCF-funded activities are sustainable, inclusive, and resilient.

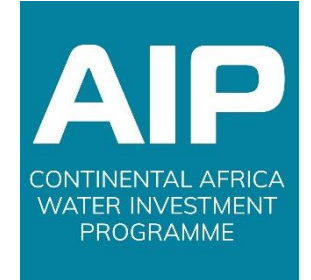


# Understanding Safeguards in the GCF Readiness Context



- GCF applies a comprehensive safeguarding approach grounded in **international best practices** and tailored policies to guide responsible investment.
- GCF Readiness projects (i.e. Concept Notes) must adhere to **GCF's Interim ESS Standards** and demonstrate **alignment with ESG principles**.
- This includes assessing potential risks (environmental damage, social exclusion, governance failure, indigenous peoples, grievance redress etc.) and showing how these are managed.
- **GEDSI (Gender Equality, Disability, and Social Inclusion)** must also be integrated across safeguards and project logic.

# Integrating ESS into GCF CN Development



Concept Notes must reflect clearly, from the early project stages:

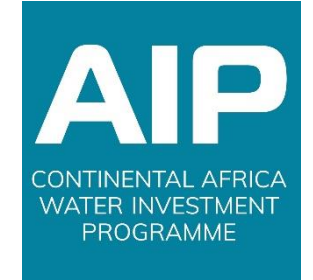
- Environmental:** Anticipate impacts on ecosystems, water resources, emissions.
- Social:** Health and safety concerns for labour and community, consider equity, inclusion, access to benefits, stakeholder participation.
- Governance:** Address institutional capacity, accountability, transparency.

## **Practical Tip:**

Collaborate with ESG/ESS/GEDSI experts early to assess risks and define mitigation actions. Use their inputs to complete sections on safeguards and monitoring.

# The GCF ESS Framework

Provides a framework to **identify, assess, and manage risks and opportunities** related to environmental sustainability, social equity, and institutional governance in climate-related investments.



## 1. Policy Level:

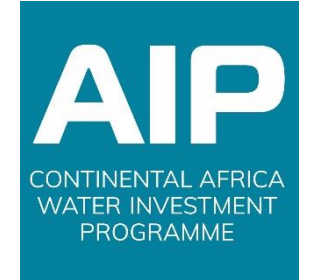
- GCF Environmental and Social Policy (**ESP**) (2018).
- GCF Indigenous Peoples Policy (**IPP**).
- GCF **Gender Policy**.

## 2. Operational Level:

- Use of **IFC Performance Standards** (PS 1-8) as interim ESS standards.
- Integration with other GCF standards: disclosure, stakeholder engagement, grievance redress.



# Why ESG Matters for Water-Related Investments:



- **Environmental:** Protect ecosystems, water quality, and manage climate impacts.
  - **Social:** Ensure fair access, community involvement, and benefit-sharing.
  - **Governance:** Strengthen transparency, accountability, and institutional capacity.
- 💧 Water projects often intersect **vulnerable ecosystems and communities**—making ESG safeguards essential to avoid harm and ensure long-term impact.



# IFC Performance Standards (PS 1 – PS 8)



IFC-adopted **Environmental and Social Safeguards** for GCF projects:



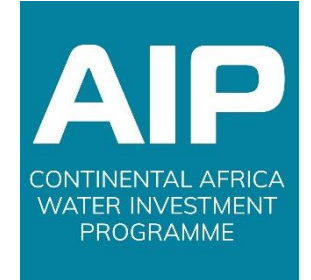
## IFC Standard: Key Focus:

- **PS1** - Assessment and Management of Environmental and Social Risks and Impacts
- **PS2** - Labor and Working Conditions
- **PS 3** - Resource Efficiency and Pollution Prevention
- **PS 4** - Community Health, Safety, and Security
- **PS 5** - Land Acquisition and Involuntary Resettlement
- **PS 6** - Biodiversity Conservation and Sustainable Management of Living Natural Resources
- **PS 7** - Indigenous Peoples
- **PS 8** - Cultural Heritage

## Performance Standards

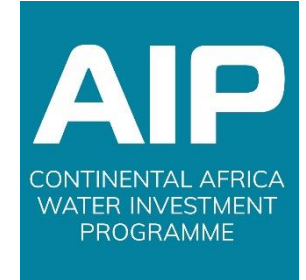


# Environmental and Social



- Emphasizes **do no harm**, stakeholder engagement, **environmental integrity**, and human rights.
- Refer to the **Indigenous Peoples Policy & Gender Policy**
- Applies to both readiness and funding proposals.

# G = Governance



## Key Governance Elements

### 1. Transparent Stakeholder Engagement

1. Meaningful consultation with communities, especially **marginalized groups**.
2. Timely sharing of information and documentation.
3. Mechanisms for **grievance redress** and feedback.

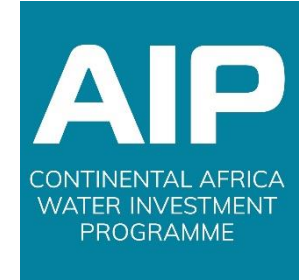
### 2. Institutional Capacity & Anti-Corruption


1. Assess capacity of implementing partners to manage ESG risks.
2. Include safeguards against **fraud, mismanagement, and corruption**.
3. Build systems for **monitoring, enforcement, and learning**.

### 3. Policy Coherence & Compliance Frameworks

1. Align with national strategies, legal frameworks, and GCF policies.
2. Ensure internal procedures support **ESG integration**.
3. Use of **compliance tracking tools** and regular reporting.

# G = Governance

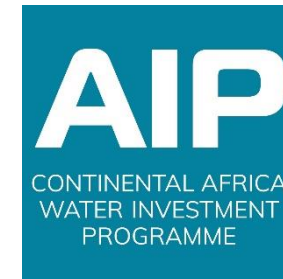


 Strong governance ensures that climate finance is **accountable, inclusive, and effective**. In the GCF context, governance focuses on **how decisions are made, who is involved, and how systems function** to manage environmental and social risks.

## Overall:

- Integrity
- Include components of ESS / ESG in the Theory of Change
- Indicators in the Logframe
- Auditable

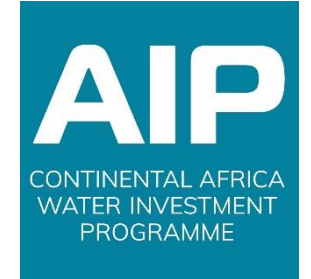
# ESS in the GCF Project Cycle



Stage	ESS Requirements	Output
Concept Note (CN)	Preliminary risk screening	ESS risk categorization (A, B, C, I-1 to I-3)
Full Funding Proposal (FFP)	Full risk assessment	ESIA/ESMP, Stakeholder Engagement Plan, Indigenous Peoples Plan (if applicable), Gender Action Plan



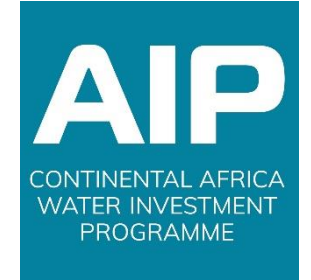
# GCF Risk Categories



GCF Category	IFC Equivalent	Typical Characteristics
Category A / I-1	High Risk	Potential for significant, irreversible impacts.
Category B / I-2	Medium Risk	Limited, reversible, site-specific impacts.
Category C / I-3	Low Risk	Minimal or no adverse environmental/social impacts.

# GCF Risk Categorisation

- **Category A**
- **Includes projects** having large geographic scale; involving large-scale infrastructure; being located in valuable ecosystems and critical habitats; entailing adverse impacts to the rights, resources and lands of indigenous peoples; and entailing significant resettlement of affected peoples
- E.g. large dams, dykes, establishment of a conservation area for forests, urban transport corridor projects, solar power plants
- Requires conducting comprehensive **ESIAs, Involuntary resettlement requiring Resettlement Action Plans (RAPs), biodiversity plans , ESMS**



GCF DOCUMENTATION

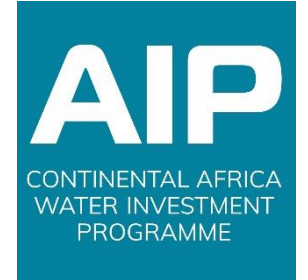
Sustainability guidance note: screening  
and categorizing GCF-financed activities

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# GCF Risk Categorisation

- **Category B**
- **Consider** spatial extent of risks and impacts as well as whether the duration of impacts is temporary or permanent and whether the entities and proponents of activities have experience in designing and implementing measures to mitigate identified risks and impacts.
- E.g. ecosystem based community centred approach to adaptation, construction of small scale dams with associated infrastructure e.g. medium scale irrigations schemes
- Requires less elaborate ESIAs/ESMP, limited Involuntary resettlement requiring Resettlement Action Plans (RAPs), ESMS



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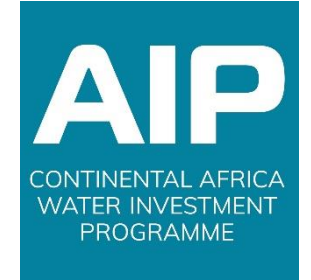
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# GCF Risk Categorisation

- **Category C**
- **Projects with** physical elements or a footprint where the activities are small-scale, undertaken within an already built environment, do not involve physical and economic displacement of people or have minimal or no adverse impacts on indigenous peoples.
- E.g. Capacity development, planning support, institutional development and strengthening, advisory services, communication and outreach, and early warning and other monitoring system. Small-scale facilities, smallholder production and community-based conservation, rehabilitation and maintenance of existing small-scale infrastructure within an already built-up area and with no additional footprint.
- **Requires** conducting ESMPs , ESMS



GCF DOCUMENTATION

Sustainability guidance note: screening and categorizing GCF-financed activities

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# Differences between GCF Concept Note and GCF Full Funding Proposal Stages:

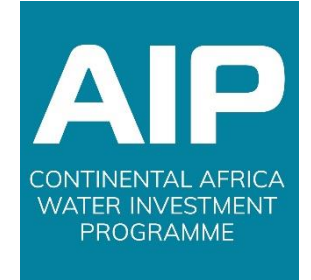


Do not wait for FFP to identify major ESS risks.

Early screening helps avoid delays later.



# GCF Concept Note Stage:



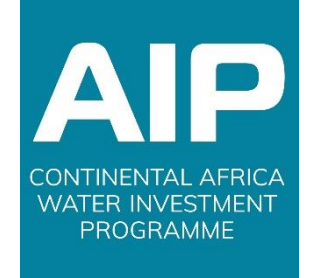
- Initial risk screening
- Preliminary stakeholder consultations.
- Assign preliminary ESS category.
- Identify any anticipated ESS issues.
- Flag likely need for specialized studies at FFP stage.

## **Outputs:**

- Section in CN template covering ESS.

Annex: Initial Environmental and Social Screening

# GCF Full Proposal Stage



- Complete ESIA (if applicable).
- Develop Environmental and Social Management Plan (ESMP).
- Develop Gender Action Plan
- Prepare an Anti Gender Based Violence Plan
- Prepare a Indigenous People's Framework or Indigenous Peoples Plan or (if applicable).
- Detailed Stakeholder Engagement Plan.
- Prepare Resettlement Action Plans ( if instances of physical and economic displacement)
- Disclosure of relevant ESS documentation.
- Include **budget** for ESS measures.

## **Outputs:**

- Full set of ESS annexes.

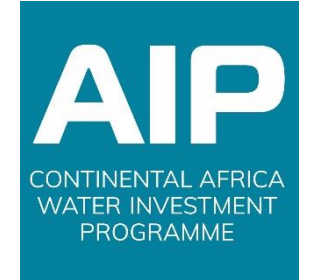
Note: Alignment with host country safeguards and legal requirements.

# GCF ESS Quick Checklist for NDAs and AEs



Project Stage	Key ESS Actions
Concept Note	<ul style="list-style-type: none"> <li>○ Conduct preliminary risk screening.</li> <li>○ Assign provisional GCF risk category (A, B, C).</li> <li>○ Identify potential ESS issues early (land, livelihoods, biodiversity, vulnerable groups).</li> <li>○ Initial stakeholder consultations.</li> <li>○ Document findings in Concept Note ESS section.</li> </ul>
Full Funding Proposal	<ul style="list-style-type: none"> <li>○ Conduct detailed Environmental and Social Impact Assessment (ESIA), if required.</li> <li>○ Prepare Environmental and Social Management Plan (ESMP).</li> <li>○ Develop Gender Action Plan (GAP) and Anti Gender Based Violence</li> <li>○ Develop Indigenous Peoples Framework or Indigenous Peoples Plan (IPP), if applicable.</li> <li>○ Prepare Stakeholder Engagement Plan (SEP).</li> <li>○ Ensure budget allocations for safeguard measures.</li> <li>○ Disclose ESS documents as per GCF disclosure policy.</li> </ul>
Continuous Actions	<ul style="list-style-type: none"> <li>○ Engage safeguard specialist(s) early.</li> <li>○ Consult NDAs for national regulatory alignment.</li> <li>○ Plan for grievance redress mechanisms.</li> <li>○ Maintain comprehensive documentation for GCF Secretariat and iTAP review.</li> </ul>

# Link with Risk and Mitigation



💧 Water projects can generate or be affected by **Safeguarding risks**.

GCF requires early identification and management of these risks through appropriate **safeguards and expert input** (in fact, it is not just done because it is a GCF requirements – it is simply “good practice”).

# AIP

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## THE END

