



Netherlands Commission for  
**Environmental Assessment**

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Date: 20 April 2018  
Subject: Sustainability advice on the update of GEF's Policy  
on Environmental and Social Safeguards

Dear Ms Geusebroek,

By email of March 6 2018 you requested the Netherlands Commission for environmental assessment (NCEA) for a sustainability advice on the update of GEF's Policy on Environmental and Social safeguards. In particular, you asked for advice in two phases: on short notice some guiding recommendations that could steer the update, and in a later phase a more detailed review of the draft updated GEF Policy and standards, the publication of which is foreseen for June/July 2018.

We screened this request against the agreed criteria for sustainability advice by the NCEA and conclude that it meets these criteria (for more details, see the screening form). Please find below the guiding recommendations you requested for the first phase. In drawing up these recommendations we involved the expertise of Mr. David Annandale.

#### **Overall Positioning of the GEF Policy**

The GEF policy was approved by the GEF Council in November of 2011. It is therefore now over 5 years old. The policy is different from those of its development agency "cousins" in that it is focused entirely on setting criteria for its Agencies, Partner Agencies, and Project Agencies to meet. The GEF does not directly oversee its own projects.

Since the time of its approval, a number of multi-lateral agencies have either developed new environmental and social frameworks (ESFs), or updated old ones. In the former category sits a number of UN agencies (UNDP, UNIDO, UNICEF), and some new development institutions (GCF, Asian Infrastructure Investment Bank). In the latter category sits the World Bank and the IFC.



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The criteria and minimum requirements contained in the eight Minimum Standards in Annex 1 of the GEF policy were derived from the Objectives and Operational Principles contained in the World Bank’s Operational Policy 4.00: Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank Supported Projects.

It is important to note that the thinking about how multi-lateral funding agencies should deal with the environmental and social consequences of the projects they fund has changed considerably since 2011. There is now a greater focus on post-approval compliance and monitoring, and less stress on “front-end” ex ante assessment.

### **The GEF Policy and the World Bank’s Environmental and Social Framework**

Since the approval of the World Bank’s completely revamped environmental and social policies in 2017, the link between the GEF minimum standards and the World Bank’s Operational Policies has been broken. This provides the GEF with an opportunity to rethink its own Policy.

### **The Significance of a new GEF Policy for its Agencies, Partner Agencies and Project Agencies**

Most of the ESFs developed by GEF “partners” since 2011 have been developed specifically to meet the requirements of the 2011 Policy. In fact, the GEF undertook a strict accreditation process to “enroll” funding partners, which required the agencies to meet the absolute letter of the GEF Policy. An open question, therefore, is how a new GEF Policy will affect accredited partners. Will they need to redraft their own ESFs to come into compliance with a new GEF Policy?

### **Structure of a New GEF Policy**

Most of the new ESFs developed over the last 5 years have a recognizable structure that works in a hierarchy from “overall policy” ... to “principles/standards” ... and then to “operational safeguards”. It is suggested that a new GEF Policy may want to follow this format.

### **Scope of a New GEF Policy**

The funding partners that obtain funds from GEF to implement projects work predominantly with developing country government agencies. It should be noted that GEF 6 has initiated a significant private sector collaboration. Through what it terms “non-grant instruments”, the GEF has supported ten private sector collaborations, using \$91million of GEF funds, and \$1,689million of co-financing. It is not clear whether these new private sector arrangements are covered by the GEF Policy. Any new Policy would need to address the issue of safeguard requirements for private sector collaborations.

### **Extension of Standards**

The new ESFs have extended the scope/coverage of standards, beyond those covered by the GEF 2011 Policy. For example, the new World Bank ESF covers: labour and working conditions; community health and safety; stakeholder engagement; and financial intermediaries. It’s likely that any new GEF policy would need to deal with these issues.



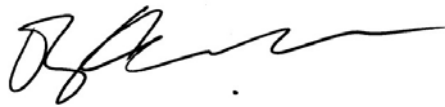
**“Emerging Issues”**

The new World Bank ESF deals explicitly with “emerging issues”, such as disability and LGBT rights. It’s likely that any new GEF policy would need to deal with these issues.

**Use of Country Systems**

The new ESFs all attempt to outline how country safeguards systems should be considered. The current GEF Policy does not touch on this issue.

Yours sincerely,



Rob Verheem  
Director International

