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**Global Green Growth Institute**

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## **Sustainability and Safeguards Policy**

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## Acknowledgements

GGGI's Environmental and Social Safeguards process is an important component of the organization's Sustainability and Safeguards Policy (SSP). It was developed based on a review of comparable policies from various international organizations listed in the references section.

The preparation of GGGI's Environmental and Social Safeguards process has benefited from expert advice from Elsebeth Tarp, Senior Technical Advisor at Danida, and feedback received from GGGI staff members during the second post-*Informal Working Group (IWGII)* all staff workshop in October 2014.

## I. Overview of the Sustainability and Safeguards Policy

### 1. Context

- 1.1 As highlighted in the Global Green Growth Institute (GGGI) Strategic Plan 2015-2020 “Accelerating the Transition to a New Model of Growth”, GGGI’s vision is to contribute to a resilient world of strong, inclusive and sustainable growth, that simultaneously achieves poverty reduction, social inclusion, environmental sustainability and resource security.
- 1.2 GGGI’s Sustainability and Safeguards Policy shall be an integral part of this effort by putting in place systems for enhancing sustainable development benefits while avoiding unnecessary harm to the environment and affected communities from GGGI’s programs, projects and internal operations.
- 1.3 GGGI’s Sustainability and Safeguards Policy is built on a framework consisting of three key components:
  - Component 1 - Environmental and social safeguards
  - Component 2 - Corporate Social Responsibility
  - Component 3 - Corporate Risk Management
- 1.4 The first component on environmental and social safeguards (hereinafter referred to as “Safeguards”) aims to ensure that environmental and social soundness of GGGI programs and projects are considered from the outset and throughout their life cycle with the objective of (i) strengthening the social and environmental outcomes of programs and projects; (ii) avoiding adverse impacts to people and the environment; (iii) minimizing, mitigating, and managing adverse impacts where avoidance is not possible; (iv) strengthening the capacities of GGGI and partner countries for managing social and environmental risks; and (v) ensuring full and effective stakeholder engagement.
- 1.5 This document outlines the proposed core standards and principles for the first component on Safeguards.
- 1.6 The second component on Corporate Social Responsibility (CSR) and third component on Corporate Risk Management (CRM) are geared towards improving the sustainability performance of GGGI’s internal operations. By exercising corporate social responsibility, GGGI seeks to incorporate environmental and social sustainability considerations within its business processes to ensure consistency with GGGI’s mission and manage the organization’s reputation and credibility on these issues. By practicing corporate risk management, GGGI aims to develop a common understanding of risk across multiple functions and manage risk cost-effectively on an organization-wide basis.
- 1.7 Operational guidelines on CSR and CRM are expected to be developed in 2015.

## 2. GGGI's Commitment

- 2.1 GGGI affirms that environmental and social sustainability are cornerstones of economic growth and poverty reduction. GGGI shall therefore work together with partner countries to pursue environmentally sustainable and socially inclusive economic growth.
- 2.2 GGGI is also committed to improving its corporate social responsibility and ensuring that organizational risks are effectively identified and managed.

## 3. Operational Principles

- 3.1 Environmental and social sustainability, including gender equality, shall be systematically mainstreamed into GGGI's program and project cycle management as well as into its internal business processes and operations.
- 3.2 Opportunities for strengthening environmental and social sustainability shall be identified at the earliest stage of GGGI's activities, realized through implementation, tracked through monitoring and guided by continuous improvement process.
- 3.3 GGGI shall address sustainable development opportunities along with environmental and social risks in an integrated manner, recognizing the interrelatedness of these issues.

## II. Environmental and Social Safeguards

### 1. Purpose

- 1.1 Poverty reduction, social inclusion and environmental sustainability are themes that cut across GGGI's work with its partners. GGGI is committed to safeguarding people and the planet based on internationally agreed standards, from which GGGI shall apply principles to ensure the environmental and social sustainability of its programs and projects (hereinafter referred to as "activities").
- 1.2 GGGI's environmental and social safeguards ("Safeguards") process shall establish core standards to ensure that the organization's activities respect planetary boundaries, and are carried out in an inclusive, transparent and participatory manner, while identifying opportunities that contribute to GGGI's vision of a resilient world of strong, inclusive and sustainable growth.
- 1.3 A critical element in GGGI's Strategic Plan 2015-2020 is the Value Chain, which describes how GGGI will provide support to partner countries in both selecting green growth pathways and in mobilizing investments for implementing those pathways. Assessing the economic, financial and technical feasibility of green investment options will be an important aspect of GGGI's work, as well as screening those investments for potential environmental and social risks to ensure the environmental and social sustainability of GGGI's green investment advice.

### 2. Principles

- 2.1 GGGI shall assess environmental and social risks and sustainable development opportunities at the earliest stage of its program and project development. The Safeguards process shall systematically enable GGGI's green growth policy and green investment advice to include broader consultations including the private sector, and build alliances with civil society and coalitions as well as affected vulnerable groups, while adding environmental and social value.
- 2.2 GGGI's Safeguards process shall be fit for purpose and size. Its core standards<sup>1</sup> shall be in line with the agreements reached under the multilateral environmental agreements, and address internationally agreed social standards related to, among others, access and equity, gender equality, displacement and resettlement and the rights of indigenous peoples and vulnerable groups.
- 2.3 As GGGI plans to engage more with the private sector, the core standards shall also address corporate social responsibility reflected in initiatives such as the UN Global Compact, the International Finance Corporation (IFC) Performance Standards, OECD Guidelines for Multinational Enterprises, Equator Principles, and the Extractive Industries Transparency Initiative (EITI).

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<sup>1</sup> Proposed set of core Safeguards standards can be found in Annex A. These are subject to revision based on pilot application to country programs in 2015.

### 3. Application

- 3.1 The Safeguards process shall initiate with an assessment in the form of environmental and social screening<sup>2</sup> which all GGGI supported activities need to undergo at the earliest possible stage, and monitored as part of its risk assessment and management practice.
- 3.2 The screening exercise shall consider all potential direct, indirect, transboundary, and cumulative impacts and risks that could result from the proposed activities. The screening will determine whether or not the activities require further environmental and/or social assessment, mitigation and management plan. The need for further assessment and intervention will be proportional to the potential risks and impacts identified.
- 3.3 The results of the environmental and social screening shall be included in the proposal submissions during the GGGI work program and budget preparation process.
- 3.4 Considering the current nature and scale of activities supported by GGGI, its Safeguards process does not include an explicit requirement that proposed activities be screened into formal categories<sup>3</sup> according to its significance of their environmental and social impacts. Regardless, all environmental and social risks shall be adequately identified and assessed in an open and transparent manner with appropriate consultation. If the scale or nature of GGGI supported activities warrants a change over time, the need for a system of categorization can be revisited.
- 3.5 Monitoring and evaluation of activities supported by GGGI shall address all environmental and social risks identified during their screening, design and implementation, the results of which shall be integrated into GGGI's Quarterly Performance Reports (QPRs).
- 3.6 The extent of monitoring activities will be commensurate with the program or project's risks and impacts. GGGI shall require that (i) the progress of implementation of mitigation/management plans, if applicable, is monitored, (ii) complaints/grievances, if relevant, are tracked and monitored; (iii) follow-up on any identified corrective actions is tracked; and (iv) any required monitoring reports on safeguards implementation are finalized and disclosed.
- 3.7 GGGI's Safeguards process shall be rolled out as part of a comprehensive capacity development program in 2015, and fully integrated into the organization's project cycle management.

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<sup>2</sup> Sample Environmental and Social Screening Form is presented in Annex B. This is subject to revision based on pilot application to country programs in 2015.

<sup>3</sup> The World Bank Group, for example, categorize projects based on an assessment of their likely environmental and social impacts: Category A if the project has potentially significant adverse environmental or social impacts that are diverse, irreversible, or unprecedented; Category B if the project has potentially limited adverse environmental or impacts that are few in number, generally site specific, largely reversible, and readily addressed through mitigation measures; and Category C if the project has minimal or no adverse environmental or social impacts, including certain financial intermediary projects with minimal or no adverse risks.

#### 4. Guidelines and Amendments

- 4.1 Detailed guidelines on application of the Sustainability and Safeguards Policy and the Safeguards process shall be issued separately.
- 4.2 This document is subject to review and may be revised as needed by the Director-General.

### III. Implementation and Resource Requirements

#### 1. Outlook for Implementation

- 1.1 Detailed guidelines for implementing the Sustainability and Safeguards Policy, and in particular the Safeguards process for GGGI's activities in partner countries, are currently being developed in close collaboration with country program teams. To date, Ethiopia, Indonesia, Columbia, Philippines and Pacific Small Island Developing States programs have been identified as pilot cases to apply the proposed Safeguards process in 2015.
- 1.2 A project titled "Poverty Alleviation and Inclusive Green Growth" which has been programmed in GGGI's Workplan and Budget for 2015-2016, will be carried out in parallel, and support the implementation of social safeguards in GGGI's activities. This project will be led by a senior subject matter specialist who will be seconded to GGGI from Danida for a duration of one year.
- 1.3 A comprehensive internal capacity development program on Safeguards will be rolled out throughout 2015 at headquarters and in selected country program offices. Feedback received during the capacity development program will inform future refinements of the policy and implementation guidelines.

#### 2. Resource Requirements

- 2.1 GGGI currently has one full time Senior Sustainability and Safeguards Specialist who sits at Seoul headquarters as part of the Organization and Delivery Unit under the Management and Administration Division.
- 2.2 This Specialist is responsible for developing the Sustainability and Safeguards Policy, delivering internal capacity development program and ensuring its appropriate application and compliance.
- 2.3 Resources will be required for internal capacity development and working with selected country teams in 2015 to refine the Safeguards process. Additional staff as well as operational budget will be needed to implement all three components of the Sustainability and Safeguards Policy in 2016.



## Annex A: Proposed Safeguards Standards

GGGI supported activities shall be designed and implemented to meet the following environmental and social standards. It should be recognized, however, that given the current nature and scale of approved work program, some of these principles may not be applicable to every activity.

### *1. Compliance with the Law*

GGGI shall be in compliance with all applicable domestic and international law.

### *2. Access and Equity*

GGGI shall work with countries to provide fair and equitable access to benefits in a manner that is inclusive and does not impede access to basic health services, clean water and sanitation, energy, education, housing, safe and decent working conditions and land rights.

### *3. Marginalized and Vulnerable Groups*

GGGI shall avoid imposing any disproportionate impact on marginalized and vulnerable groups including children, women and girls, the elderly, indigenous peoples, tribal groups, and disabled people.

### *4. Gender Equality*

The promotion of gender equality is central to the mandate of GGGI. GGGI's activities shall be designed and implemented in such a way that both women and men are able to participate fully and equally, receive comparable social and economic benefits and challenge the roles and stereotypes that create inequalities and exclusion.

### *5. Indigenous Peoples*

GGGI shall fully respect the dignity, human rights, economies, cultures, and traditional knowledge of Indigenous Peoples and recognize the special relationship that Indigenous Peoples have with their lands, resources, and territories which are integral to their physical, spiritual and cultural survival.

### *6. Involuntary Resettlement*

GGGI shall design and implement its activities in a way that avoids or minimizes the need for involuntary resettlement.

### *7. Pollution Prevention and Climate Change*

GGGI recognizes that increased industrial activity, urbanization, and intensive agricultural development often generate increased levels of pollution to air, water, and land, as well as produce greenhouse gas emissions that contribute to climate change, and consume finite resources in a manner that may threaten people and the environment at the local, regional, and global level. GGGI activities shall identify the adverse impacts and integrate necessary mitigation and/or adaptation measures to address these risks.

### *8. Biodiversity Conservation and Natural Resources*

Conserving biodiversity, maintaining ecosystem services, and sustainably managing natural resources are fundamental to green growth. GGGI seeks to maintain and enhance the goods and services provided by biodiversity and ecosystems in order to secure livelihoods, food, water and health, enhance resilience, conserve threatened species and their habitats, and increase carbon storage and sequestration.

### *9. Working with the Private Sector*

Private entities partnering with GGGI should respect global corporate social responsibility standards and guidelines such as the UN Global Compact, IFC Performance Standards, OECD Guidelines for Multinational Enterprises, Extractive Industries Transparency Initiative (EITI), and the Equator Principles.

### *10. Accountability and Grievance Systems*

GGGI shall ensure compliance with its Safeguards process, and will be accountable and transparent to affected people in case of non-compliance.

Annex B: Sample Environmental and Social Screening Form<sup>4</sup>

| Key Questions   | Applicability |    |       | Risk level |   |   | Sustainable Development Opportunities |
|---|---------------|----|-------|------------|---|---|---------------------------------------|
|   | YES           | NO | MAYBE | H          | M | L |                                       |
| <b>1. Country Overview</b><br>Q1 Are there legal and institutional frameworks for environmental protection?<br>Q2 Are there legal and institutional frameworks for social inclusion and equity?   |               |    |       |            |   |   |                                       |
| <b>2. Gender Equality, Access and Equity</b><br>Q1 Is the project likely to have variable impacts on women and men, and in particular impact women's empowerment?<br>Q2 Do you envisage challenges in engaging women in the project design process?<br>Q3 Are there any groups excluded from access and influence in the project? |               |    |       |            |   |   |                                       |
| <b>3. Biodiversity and Natural Resources</b><br>Q1 Would the project result in the conversion or degradation of land?<br>Q2 Does the project involve natural forest harvesting or plantation development?<br>Q3 Does the project involve significant extraction, diversion or containment of surface or groundwater?              |               |    |       |            |   |   |                                       |
| <b>4. Involuntary Resettlement</b><br>Q1 Will the project involuntarily resettle people through physical (relocation) or economic (loss of access to productive assets) displacement?   |               |    |       |            |   |   |                                       |

<sup>4</sup> Subject to revision based on pilot application to country programs in 2015.

| Key Questions  | Applicability |    |       | Risk level |   |   | Sustainable Development Opportunities |
|--|---------------|----|-------|------------|---|---|---------------------------------------|
|  | YES           | NO | MAYBE | H          | M | L |                                       |
| <p><b>5. Indigenous Peoples and Marginalized Groups</b></p> <p>Q1 Does the project impact on an indigenous community?</p> <p>Q2 Does the project impact on marginalized or vulnerable groups?</p>  |               |    |       |            |   |   |                                       |
| <p><b>6. Pollution Prevention and Climate Change</b></p> <p>Q1 Would the project result in the release of pollutants to the environment (including GHG emissions)?</p> <p>Q2 Is the proposed project likely to directly/indirectly increase environmental and social vulnerability to climate change now or in the future?</p> |               |    |       |            |   |   |                                       |
| <p><b>7. Working with the Private Sector</b></p> <p>Q1 Does the project involve engaging with the private sector?</p> <p>Q2 Are private sector partners signatory to/members of international corporate social responsibility initiatives (such as the UN Global Compact, EITI, Equator Principles etc.)?</p>                  |               |    |       |            |   |   |                                       |
| <p><b>8. Accountability and Grievance Systems</b></p> <p>Q1 Does the project have formal and transparent mechanisms for addressing grievances from people who may be affected from GGGI supported activities?</p>  |               |    |       |            |   |   |                                       |

## Annex C: References

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