

Procedures for Mitigation, Management and Monitoring of the ESS Policy (Environmental and Social Management Plan)

INTRODUCTION & STATEMENT OF INTENT

These guidelines provide support for the Federated States of Micronesia with respect to the evaluation of risk according to the Green Climate Fund (GCF) Environmental and Social Safeguards (ESS) for projects and programmes that have low to no risk (risk categorisation C or I-3 for intermediated finance). The guidelines provide tools to assess the risk categorisation of programmes and projects.

The objectives of the GCF Revised Environmental and Social Policy¹ (ESP) are to:

- Avoid, and where avoidance is impossible, mitigate adverse impacts to people and the environment;
- Avoid, and where avoidance is impossible, mitigate the risk of Sexual Exploitation, Sexual Abuse and Sexual Harassment (SEAH) to people impacted by GCF-financed activities;
- Enhance equitable access to development benefits; and
- Give due consideration to vulnerable and marginalised populations, groups, and individuals, local communities, indigenous peoples, and other marginalised groups of people and individuals that are affected or potentially affected by GCF-financed activities.

The ESP requires that all projects be screened for their environmental and social impacts, that those impacts be identified, and that the proposed project be categorised according to its potential environmental and social impacts. Regardless of which category a project is screened for, all environmental and social risks shall be adequately identified and assessed by the Accredited Entity (AE) in an open and transparent manner with appropriate consultation.

The scope of the environmental and social assessment shall be commensurate with the scope and severity of potential risks. The assessment should assess all potential environmental and social risks and include a proposed management plan.

All projects supported by the GCF shall be designed and implemented to meet the ESP Performance Standards (PS), although it is recognised that depending on the nature and scale of a project, not all PS will be relevant to every project. The PS of the GCF and its objectives are listed below.

Table 1: GCF ESS Performance Standards

PS1	Assessment and management of environmental and social risks and impacts
a)	Identify the funding proposals environmental and social risks and impacts
b)	Adopt mitigation hierarchy: anticipate, avoid; minimize; compensate or offset
c)	Improve performance through an environmental and social management system
d)	Engagement with affected communities or other stakeholders throughout the funding proposal cycle. This includes communications and grievance mechanisms
PS2	Labour and Working Conditions
a)	Fair treatment, non-discrimination, equal opportunity

¹ Green Climate Fund Revised Environmental and Social Policy (2021). Available [here](#).

	<ul style="list-style-type: none"> b) Good worker–management relationship c) Comply with national employment and labour laws d) Protect workers, in particular those in vulnerable categories e) Promote safety and health f) Avoid the use of forced labour or child labour
PS3	Resource Efficiency and Pollution Prevention
	<ul style="list-style-type: none"> a) Avoid, minimize or reduce project-related pollution b) More sustainable use of resources, including energy and water c) Reduced project-related greenhouse gas emissions
PS4	Community Health, Safety and Security
	<ul style="list-style-type: none"> a) To anticipate and avoid adverse impacts on the health and safety of the affected community b) To safeguard personnel and property in accordance with relevant human rights principles
PS5	Land Acquisition and Involuntary Resettlement
	<ul style="list-style-type: none"> a) Avoid/minimize adverse social and economic impacts from land acquisition or restrictions on land use: <ul style="list-style-type: none"> (i) Avoid/minimize displacement (ii) Provide alternative project designs (iii) Avoid forced eviction b) Improve or restore livelihoods and standards of living c) Improve living conditions among displaced persons by providing: <ul style="list-style-type: none"> (i) Adequate housing (ii) Security of Tenure
PS6	Biodiversity conservation and sustainable management of living natural resources
	<ul style="list-style-type: none"> a) Protection and conservation of biodiversity b) Maintenance of benefits from ecosystem services c) Promotion of sustainable management of living natural resources d) Integration of conservation needs and development priorities
PS7	Indigenous Peoples
	<ul style="list-style-type: none"> a) Ensure full respect for indigenous peoples <ul style="list-style-type: none"> i) Human rights, dignity, aspirations ii) Livelihoods iii) Culture, knowledge, practices b) Avoid/minimize adverse impacts c) Sustainable and culturally appropriate development benefits and opportunities d) Free, prior and informed consent in certain circumstances
PS8	Cultural Heritage
	<ul style="list-style-type: none"> a) Protection and preservation of cultural heritage b) Promotion of equitable sharing of cultural heritage benefits

FIRST-STEP SCREENING AGAINST EXCLUSION CRITERIA

The table with the exclusion criteria below describes the activities that have specific risk factors that would (i) raise the overall environmental and social risks of the proposed activities (for example raising to Category B or A); and (ii) would require more detailed and specific assessments and management plans. The proposed activities will be deemed not eligible for Cat-C or I-3 if these will likely generate any of the risk factors.

Table 2: Project/Programme Exclusion Criteria

GCF Category C Exclusion Criteria	Yes/No	Comment
Will the activities involve associated facilities and require further due diligence of such associated facilities?		<i>[example] The adaptation interventions will be a direct investment done by local governments.</i>
Will the activities involve transboundary impacts including those that would require further due diligence and notification to affected states?		<i>[example] The mitigation/adaptation interventions are national or local in scope, with no cross-border impact.</i>
Will the activities adversely affect working conditions and health and safety of workers or potentially employ vulnerable categories of workers including women and children?		<i>[example] The mitigation/adaptation interventions will be selected from a menu of eligible investments that are aligned with FSMDB climate priorities and the country's relevant policies including NAP and NDC, which excludes polluting activities and prioritizes good practices, particularly with regard to agricultural activities and the protection of natural resources. Negative impacts and effects will be avoided by adhering to national legislation with regard to environmental and social safeguards for the different types of interventions, as stipulated in the menu of investments and the minimum conditions of access.</i>
Will the activities potentially generate hazardous waste and pollutants including pesticides and contaminate lands that would require further studies on management, minimization and control and compliance to the country and applicable international environmental quality standards?		<i>[example] The mitigation/adaptation interventions will be selected from a menu of eligible investments that are aligned with FSMDB climate priorities and the country's relevant policies including NAP and NDC, which excludes polluting activities and prioritizes good practices, particularly with regard to agricultural activities and the protection of natural resources. Negative impacts and effects will be avoided by adhering to national legislation with regard to environmental and social safeguards for the different types of interventions, as stipulated in the menu of investments and the minimum conditions of access.</i>
Will the activities involve the construction, maintenance, and rehabilitation of critical infrastructure (like dams, water impoundments, coastal and riverbank infrastructure) that would require further technical assessment and safety studies?		<i>[example] The mitigation/adaptation interventions will not include rehabilitation and construction of new infrastructures.</i> Or <i>[example] The mitigation/adaptation interventions may include rehabilitation and</i>

		<i>construction of new infrastructures; however, these will be small-scale infrastructures at village or community level and not critical ones with no significant negative impact, no additional footprint, in already built-up areas and where waste and wastewater management will not be a problem. Negative impacts and effects will be avoided by adhering to national legislation with regard to environmental and social safeguards for the different types of interventions, as stipulated in the menu of eligible investments and the minimum conditions of access.</i>
Will the proposed activities potentially involve resettlement and dispossession, land acquisition, and economic displacement of persons and communities?		<i>Activities that entail the displacement of people are excluded from the scope of the adaptation interventions.</i>
Will the activities be located in or in the vicinity of protected areas and areas of ecological significance including critical habitats, key biodiversity areas and internationally recognized conservation sites?		<i>As the project sites have not been finally selected, the status of selected or adjacent habitats are unknown and could potentially include critical habitats and/or environmentally sensitive areas. Risk is assessed as 'Low' as all activities identified in the log frame are low risk.</i>
Will the activities affect indigenous peoples that would require further due diligence, free, prior and informed consent (FPIC) and documentation of development plans?		<i>Ethnic minorities present in the affected areas will be consulted during the planning process and included in decision-making processes. No interventions with potential negative impact will be selected and implemented.</i>
Will the activities be located in areas that are considered to have archaeological (prehistoric), paleontological, historical, cultural, artistic, and religious values or contains features considered as critical cultural heritage?		<i>As the project sites have not been finally selected, the status of selected or adjacent habitats are unknown and could potentially include critical habitats and/or environmentally sensitive areas. Risk is assessed as 'Low' as all activities identified in the log frame are low risk.</i>
<i>In case of chance find these will be managed according to national law and the GCF will be notified.</i>		

The table below is the environmental and social screening, i.e. **a screening checklist organised according to the GCF interim ESS standards**. The screening checklist takes into consideration any potential environmental and social risks including requirements based on the specific ESS standards. The screening checklist identifies any other potential environmental and social issues that will still have to be considered and managed. The result of the Part B screening will be the basis of the Environmental and Social Action Plan (ESAP) or other management plan that may be developed during the Funding Proposal preparation prior to submission to the GCF.

Table 3: Screening Checklist

Risks and Impacts	Yes/No	Comment
Assessment and Management of Environmental and Social Risks and Impacts		

Has the E&S risk category of the project been provided in the concept note?		<i>[example] Yes, the categorisation was provided at the time of submitting the Concept Note to the GCF.</i>
Has the rationale for the categorization of the project been provided in the relevant sections of the concept note?		<i>[example] Yes, the categorisation was provided at the time of submitting the Concept Note to the GCF.</i>
Are there any additional environmental, health and safety requirements under the national laws and regulations and relevant international treaties and agreements?		<i>[example] All the financed adaptation interventions will be implemented in compliance with the requirements of the relevant national laws and environmental and social risk regulations and through a menu of eligible investments provided by FSMDB.</i>
Are the identification of risks and impacts based on recent or up-to-date information?		<i>[example] The identification of potential risks and impacts takes into account recent assessments and analyses made in preparation for the development of the project.</i>
Labour and Working Conditions		
Will the activities potentially have impacts on the working conditions, particularly the terms of employment, worker's organization, non-discrimination, equal opportunity, child labour, and forced labour of direct, contracted and third-party workers?		<i>[assessment to be provided]</i>
Will the activities pose occupational health and safety risks to workers including supply chain workers?		<i>[assessment to be provided]</i>
Resource Efficiency and Pollution Prevention		
Will the activities generate (1) emissions to air; (2) discharges to water; (3) activity-related greenhouse gas (GHG) emissions, (4) noise and vibration; and (5) wastes?		<i>[assessment to be provided]</i>
Will the activities utilize significant amount of natural resources including water and energy?		<i>[assessment to be provided]</i>
Will there be a need to develop detailed measures to reduce pollution and promote sustainable use of resources?		<i>[assessment to be provided]</i>
Community Health, Safety and Security		
Will the activities potentially generate risks and impacts to the health and safety of the affected communities?		<i>[assessment to be provided]</i>
Will there be a need for an emergency preparedness and response plan that also outlines how the affected communities will be assisted in times of emergency?		<i>[assessment to be provided]</i>
Will there be risks posed by the security arrangements and potential conflicts at the		<i>[assessment to be provided]</i>

project site to the workers and the affected community?		
Land Acquisition and Involuntary Resettlement		
Will the activities likely involve land acquisition and/or physical or economic displacement?		<i>[assessment to be provided]</i>
Biodiversity Conservation and Sustainable Management of Living Natural Resources		
Will the activities potentially introduce invasive alien species of flora and fauna affecting the biodiversity of the area?		<i>[assessment to be provided]</i>
Will the activities have potential impacts on or be dependent on ecosystem services including production of living natural resources (e.g. agriculture, livestock, fisheries, forestry)?		<i>[assessment to be provided]</i>
Indigenous Peoples		
Will the activities potentially have any indirect impacts on indigenous peoples, ethnic minorities, or vulnerable and marginalized groups?		<i>[assessment to be provided]</i>
Cultural Heritage		
Will the activities restrict access to cultural heritage sites and properties?		<i>[assessment to be provided]</i>
Will there be a need to prepare a chance-find procedure in case of the discovery of cultural heritage assets?		<i>In case of chance-find, the relevant procedure will be applied; and all changes to the project's area will be notified to the GCF.</i>
Stakeholder Engagement		
Will the activities include a continuing stakeholder engagement process and a grievance redress mechanism and integrated into the management/implementation plans?		<i>Full stakeholders' engagement is provided and detailed in Annex XX. Grievance redress mechanism is detailed in this ESAP and in the corresponding Grievance Mechanism Policy.</i>

SECOND STEP: PREPARING THE ENVIRONMENTAL AND SOCIAL ACTION PLAN

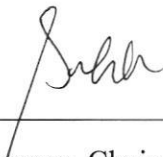
This section contains the required Environmental and Social Action Plan (ESAP) for the identified activities for the *[name/title] project/ programme*. The table is provided as an example of the type of analysis that is required on a project-by-project basis and will need to be completed on the basis of the proposed interventions. As such, the two examples are fictitious. Further, the plan will need to consider the environmental and social risks identified during the screening, the risk significance, and measures to manage and address the identified risks.

The Environmental and Social Action Plan (ESAP) is a tool that will need to be used by FSMDB to ensure continued compliance with the Bank's and well as GCF's environmental and social compliance requirements. An ESAP describes the actions necessary to implement the various sets of mitigation measures or corrective actions to be undertaken; prioritises these actions; includes the timeline for implementation and provides a budget allocation, if any, to mitigate the observed risks.

Table 4: Template for the Environmental and Social Action Plan

Proposed activity	Summary of risks	Mitigation measures	Level of risk (low, medium, high)	Responsible entity/ person	Implementation schedule	Expected outcomes	Implementation cost/budget
Activity 1 [example] private sector credit line for eco-tourism (services)	<i>[example]</i> Activities proposed within or adjacent to critical habitats and/or environmentally sensitive areas, s or local communities. <i>No alteration of natural landscape features. No clearance of native vegetation or listed threatened species.</i>	Activities will be developed following good practices for biodiversity conservation. Communities will receive adequate training on sustainable management of natural habitats in proximity to the investment.	Low	<i>[confirm]</i>	Mitigation measures to be integrated into the planning/design of activity – within the programme timeline.	Natural forests and local biodiversity will be protected and maintained. Communities will be well-trained in sustainable management of natural habitats.	No additional costs /part of the activity development budget.
Activity 2 [example] Energy Rooftop solar panels	<i>[example]</i> Low risks associated with the procurement, management, use and waste of solar panels and associated technology.	The introduction of new technologies and methodologies will be associated with relevant and accessible training and awareness-raising sessions. Compliance with official procurement guidelines when sourcing solar panels (PVs) and associated technology	Low	<i>[confirm]</i>	Mitigation measures to be integrated into the planning/design of activity – within the programme timeline.	More efficient energy usage in communities and reduction of deforestation. Communities are aware of energy efficiency activities and how to properly manage solar equipment.	No additional costs/part of the activity development budget.

Adopted by the FSMDB Board of Directors on October 16, 2024

Signed:  _____
Sihna Lawrence, Chairwoman, Board of Directors