

Critical Ecosystem Partnership Fund
No Objection Approval Pursuant to Section 2.1 of the CEPF Operational Manual

4 May 2022

Approval of Updated Environmental and Social Management Framework

1. Recommended Action Item

The Donor Council is asked **to approve on a no-objection basis:**

1. The approval of the updated Environmental and Social Management Framework for CEPF.

The deadline for no-objection approval is **18 May 2022**.

2. Background

Many CEPF-supported projects are implemented in environmentally sensitive areas or among vulnerable communities. Recognizing the potential for adverse impacts, CEPF has an over-riding commitment to do no harm to people or the environment. To this end, CEPF has managed environmental and social risks arising from its grant making since inception.

In July 2021, CEPF began a new investment in the Caribbean Islands Hotspot, financed with a contribution from the Government of Japan managed by the World Bank. This investment complies with the World Bank's Environmental and Social Framework (ESF). To this end, a dedicated Environmental and Social Management Framework (ESMF) for the Caribbean Islands investment has been prepared and approved by the World Bank and is currently being implemented.

For the other biodiversity hotspots where CEPF invests, World Bank policies no longer apply. Therefore, the CEPF Secretariat embarked upon a process to update the ESMF, with the aim of meeting the minimum requirements of CEPF's global donors, while keeping CEPF funding accessible to civil society organizations operating in diverse contexts with a wide range of capacity and experience.

The proposed future direction for the ESMF was discussed at the 64th meeting of the Working Group on 15 October 2020 and again at the 65th meeting on 4 March 2021. The CEPF Secretariat also consulted with the Project Delivery and Monitoring Team at CI, to ensure good alignment with the new safeguard system being developed for the organization, as well as with the GEF Small Grants Program at UNDP, which has experience applying managing environmental and social risks in the context of a small grants program.

A proposed future direction for managing environmental and social risk in the CEPF portfolio was presented to the Donor Council at its 39th meeting, on 15 December 2021. With approval from the Donor Council, the ESMF was updated along these lines in early 2022. The draft ESMF was reviewed by the CEPF Working Group, at its 68th meeting on 30 March 2022. The Working Group recommended the ESMF for approval by the Donor Council.

3. Updated ESMF

The updated ESMF aligns with the minimum environmental and social safeguard requirements of the GCF and the GEF, as well as the environmental and social standards of CI. It is based upon the ESMF developed by the CI-GEF/GCF Project Agency, with adaptations to make it relevant to the context of CEPF grant making. The updated ESMF sets out a process for identifying and managing environmental and social risks, establishes institutional roles and responsibilities, and presents 10 safeguard policies, as follows:

1. Environmental and Social Assessment
2. Labor and Working Conditions
3. Resource Efficiency and Pollution Prevention
4. Community Health, Safety and Security
5. Restrictions on Land Use and Involuntary Resettlement
6. Biodiversity Conservation and the Sustainable Management of Living Natural Resources
7. Indigenous Peoples
8. Cultural Heritage
9. Gender Mainstreaming
10. Stakeholder Engagement

The updated ESMF categorizes projects according to their environmental and social risks, thereby allowing projects that present relatively low risks to follow simplified processes, with only those projects that present more substantial risks being required to prepare additional documentation:

- Category A projects will require a full, independent Environmental and Social Impact Assessment (ESIA). CEPF will not fund such projects except in exceptional circumstances where there is an over-riding justification.
- Category B projects will require a more limited ESIA. Grantees will be required to prepare stand-alone safeguard plans.
- Category C projects will not require an ESIA. Grantees will not be required to prepare stand-alone safeguard plans.

The Secretariat expects that the majority of projects will be placed in Category C. To minimize the additional workload on applicants and grantees, the requirements of the updated ESMF will be integrated into existing proposal and reporting templates. The Secretariat will also develop guidance, training materials and templates in multiple languages. These will be used to help applicants and grantees comply with the requirements of the ESMF. Formal training and hands on support will be provided by the Secretariat and RITs.

4. Next Steps

If the ESMF is approved by the Donor Council, the CEPF Secretariat plans to develop guidance, training materials and templates during May and June 2022. These materials will then be tested in one or two pilot hotspots during the period June to September 2022, before being refined and rolled out to other hotspots from September 2022 onward.