



THE **Green**
Guarantee
COMPANY

Annex 6 | Annex to the Environmental and Social Framework (Indigenous Peoples Planning Framework)

September 2022

Table of Contents

1	Introduction	4
1.1	Background to the green guarantee company	4
1.2	Background to the framework.....	4
1.3	Purpose of the Document.....	5
1.4	Definltion of key terms	5
2	Adverse and positive impacts on indigenous people.....	7
3	Scope, Objectives and Principles	10
3.1	Scope of application	10
3.2	Goal for the framework.....	10
3.3	Objective of the framework.....	10
3.4	Specific Objectives.....	10
3.5	General Principles	11
3.6	Roles and responsibilitties	11
4	Application of the Framework	13
4.1	GGC Transaction Selection Process (TSP)	13
4.2	Post-issuance of green climate bond or loan.....	20
5	Grievance Redress Mechanism and Stakeholder Engagement.....	22
5.1	Stakeholder Engagement.....	22
5.2	Grievance Redress Mechanism	24

LIST OF TABLES

Table 1	RAG checklist	Error! Bookmark not defined.
Table 2	Example of a checklist for due diligence.....	16
Table 3	Specialists	19
Table 4	Checklist for monitoring and evaluating	20

LIST OF FIGURES

Figure 1	Adverse and positive impacts	7
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Figure 2 Transaction Process.....	13
Figure 3 Process Flow.....	13
Figure 4 Transaction Process.....	14
Figure 5. Stakeholder Engagement and Grievance Mechanism.....	25

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- Development Guarantee Company
- Green Guarantee Company
- Pegasys Limited
- IBIS Consulting
- SR Consulting

The contributions by each of the organisations as well as the independent consultants were pivotal. Although we cannot specially recognize the individuals named below for their expertise, dedication, energy, and generosity, their role in the compilation of the annex is well noted. The impact of this Annex will be the product of their collective contributions.

1 Introduction

1.1 BACKGROUND TO THE GREEN GUARANTEE COMPANY

Green Guarantee Company (GGC) is a guarantor for green and climate bonds and loans. GGC's mission is to help developing countries gain access to global capital for climate financing by transferring its investment-grade rating via a guarantee onto the developing country borrower. The guarantee on the bond or loan removes the default risk on interest and principal payments by having GGC as a backup payer if the borrower is unable to fulfil its obligation to the lender. Guarantees provided by GGC will help credit enhance climate change projects in developing countries, improving their sub-investment grade credit ratings to investment grade so that they become eligible for investors from global capital markets to consider them for investment.

Green financial products and instruments will play a key role across all climate mitigation and climate adaptation sectors. These include green bonds and green loans that allocate the use of proceeds to eligible climate investments.

GGC's guarantees will credit enhance bonds and loans to allow the global capital market to invest in green and climate bonds and loans from developing countries - prioritizing decarbonization and low-carbon pathways across emerging markets. GGC's objective is to use guarantees to deliver climate mitigation projects which help deliver a net-zero carbon economy and climate adaptation projects which deliver environmental and social sustainability.

Rebuilding emerging economies today to be green tomorrow can help avoid climate-borne financial and economic crises, protect today's investment in recovery, and produce lasting economic gains. A recent study by the IFC (2021) showed that green recovery measures across 21 major emerging-market economies (representing 62 percent of the world's population and 48 percent of global emissions) in selected sectors could generate \$10.2 trillion in investment opportunities, create 213 million cumulative new direct jobs and 4 billion tons CO₂e reduction in GHG emissions annually between 2020-2030. GGC's portfolio covers 11 of these countries as well as 8 other countries.

In addition to considering the positive impact associated with the finance being provided, GGC also recognizes the importance of ensuring sound environmental and social (E&S) practices to avoid and/or minimize potential financial and reputational liabilities. Consequently, the consideration of E&S factors and safeguards forms an integral part of GGC's decision making and transactional processes to ensure key risks and impacts are effectively managed throughout the transaction lifecycle.

1.2 BACKGROUND TO THE FRAMEWORK

The 2030 Agenda commitment to "Leave no one behind" has brought a renewed focus on including and ensuring the priorities of indigenous peoples. The UN Declaration on the Rights of Indigenous Peoples (UNDRIP) was adopted by the UN General Assembly in September 2007. Indigenous peoples have a valuable contribution to make to climate mitigation and adaptation issues.

The Conference of Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) has recognized the importance of engaging with indigenous people, and this was included in the Cancun agreement (decision 1/CP.16). The Paris Agreement adds that when Parties address climate change they should respect, promote, and consider the rights of indigenous people. Furthermore, the COP decision of the Paris Agreement (decision 1/CP.21)

recognized the need to strengthen the practices and efforts of local communities and indigenous people's platforms to accomplish this. The COP requested the GCF take enhanced action to include local, traditional, and indigenous people's knowledge and practices throughout the adaptation phases of planning, execution, monitoring, planning and reporting.

Indigenous people are often socially, economically, and legally disadvantaged and are unable to defend their rights, territories, land, cultural and natural resources, and they may be restricted in participating and benefitting from development and climate change initiatives. They may not have access to project benefits, or the benefits are not derived or delivered in a culturally inappropriate manner, as they were not consulted on the design or implementation of projects that affect their lives.

Other policies supporting the inclusion of indigenous people at the GCF include the interim environmental and social safeguards (ESS) and the draft environmental and social management standards (EMS). These uphold the rights of indigenous people in the design, implementation and financing of climate programs by the GCF.

The GCF Board decision (B.15/01) requested the Secretariat to develop a Fund-wide Indigenous Peoples Policy (IPP). The GCF Indigenous Peoples Policy was guided by other international policy principles and was supported by indigenous people's organisations through a consultative process.

As the GGC and its partnering organisations seek to strengthen their collaboration with the GCF on climate mitigation and adaptation funded initiatives, this framework document on indigenous peoples, together with the gender and E&S frameworks, is in support of the funding application submitted to the GCF.

1.3 PURPOSE OF THE DOCUMENT

This document will assist GGC in incorporating considerations related to indigenous peoples into its investment criteria process while working towards the goals of climate change mitigation and adaptation. The document allows GGC and more importantly the project owners, to anticipate and avoid any adverse impacts its activities may have on indigenous peoples' rights, interests and well-being, and when avoidance is not possible to minimise, mitigate and/or compensate appropriately and equitably for such impacts, in a consistent way and to improve outcomes over time.

1.4 DEFINITION OF KEY TERMS

The Indigenous People's safeguards are triggered if a project directly or indirectly affects the dignity, human rights, livelihood systems, or culture of Indigenous Peoples or affects the territories or natural or cultural resources that Indigenous Peoples own, use, occupy, or claim as an ancestral domain or asset.

The term Indigenous Peoples is used in a generic sense to refer to a distinct, vulnerable, social and cultural group possessing the following characteristics in varying degrees:

- i. self-identification as members of a distinct indigenous cultural group and recognition of this identity by others;
- ii. collective attachment to geographically distinct habitats or ancestral territories in the project area and the natural resources in these habitats and territories;

- iii. customary cultural, economic, social, or political institutions that are separate from those of the dominant society and culture; and
- iv. a distinct language, often different from the official language of the country or region.

In considering these characteristics, national legislation, customary law, and any international conventions to which the country is a party will be taken into account, noting that the GCF Indigenous Peoples Policy states that the 'application of the policy will not be limited by the absence of legal recognition or identification of indigenous peoples by a state. It will also not be limited by the legal status of titling of indigenous lands, resources and territories.' Overall the project owners will take into account commonly accepted and applied criteria for identifying indigenous peoples, respecting self-identification as indigenous or tribal as a fundamental criterion for determining the application of this Framework.

2 Adverse and positive impacts on indigenous people

Below is a table of adverse and positive impacts on indigenous people including high-level mitigant measures:

Figure 1 Adverse and positive impacts

#	Nature of Borrower	Geography	Sector	GCF Result Area	Project Description (Example)	Alignment with NDC	Typical Risk	Typical Risk for Indigenous People	Mitigant Measure	Positive outcomes
1	Private Sector	Indonesia	Buildings	Mitigation Results Area 3 (Building, cities, industries, appliances)	Bond raised by local financial institution to fund construction of earthquake resistant low income housing projects	Government of Indonesia has made improvement of human settlements and climate resilient infrastructure development a priority in its NDC.	Poor Air and Water Management (quality, consumption & extraction) Extreme weather Habitat and ecosystem destruction Poor labour and working conditions Cultural heritage sites Land acquisition Limited to no Occupational Health and Safety guidelines Noise, dust and pollution	Negative impacts to traditional sustainable livelihoods and cultures through restriction of access to lands and natural resources No free, prior informed consent is obtained Possible displacement of indigenous peoples, including economic displacement Exclusion of indigenous peoples including through inadequate consultation and free, prior and consent processes Mismanagement of relations prior to and during consultation, failure to tailor consultations to indigenous peoples' styles of consensus-building and group decision-making and paying inadequate attention to land rights and cultural traditions Lack of recognition and protection of indigenous people's land or communities through disjointed and fragmented consultation processes	Labor management framework and procedures Occupational Health and Safety (OHS) management procedures Workers' codes of conduct, particularly in relation to GBV/SEA prevention Emergency Preparedness and Response Plan Resource Efficiency and Pollution Prevention and Management Establishment of regular control measures of the intensity of noise pollution Respecting national regulations (building safety and prevention of fire and explosion risks) Compliance with national regulations for the protection of historical and cultural property During dry conditions, access roads will be wetted or treated with a biodegradable (e.g. lignin-based) road sealing products to prevent dust generation Stakeholder management plan Chance find procedures for cultural heritage and grievance redress mechanism for addressing public grievances regarding the project Workers' codes of conduct, particularly in relation to GBV/SEA prevention Chance find procedures for cultural heritage and grievance redress mechanism for addressing public grievances regarding the project Application of the Indigenous People Framework including participation and consent	Access to affordable and safer housing Reduced number of casualties and injuries during a disaster Lower cost of reconstruction following a disaster Improvements to gender equality through reducing women's greater disaster vulnerability Greater ability of communities to resume work quickly following a disaster Reduced mental health impacts caused by destruction of homes Local job creation More affordable housing can allow remaining capital to be invested in entrepreneurial activities New technical skills, capacity building and technology transfer
2	Sub-National	Laos	Energy	Mitigation Results Area 1 (Energy generation and access)	240 MW floating solar project	Government of Laos is seeking to increase the share of renewable energy (excluding hydro) in its energy mix to 30% by 2025	Poor Air and Water Management (quality, consumption & extraction) Exposure to hazardous materials Poor use of sustainable resources and materials Labour and Working Conditions Occupational Health and Safety	National energy and infrastructures laws may include elements that conflict with laws regarding indigenous peoples' rights Critical ecosystem services are lost, including water for fisheries or to support agriculture	Hazardous chemical substances used during construction shall be stored in designated storage areas, when not in use. Labor management framework and procedures Occupational Health and Safety (OHS) management procedures Ensure safe disposal of solar panels and battery systems by including provisions in contracts Establishing stakeholder engagement plan for the project Undertaking feasibility assessments prior to undertaking floating solar installation site and technology specific feasibility assessments to ensure it is not situated in areas that have sensitive marine biodiversity documented and well away from protected areas Workers' codes of conduct, particularly in relation to GBV/SEA prevention	Access to clean electricity for resilience Higher electrification rate, which will i) improve ability to study and therefore improve educational opportunities; ii) reduce the workload of women and girls; iii) increase time available for income-generating activities; iv) improve health outcomes, for example through providing electricity to hospitals or through enabling safe food storage Transition to a low carbon economy Local job creation New technical skills, capacity building and technology transfer Reduction in evaporation and water loss at the project site, promoting water security
3	Private Sector	Indonesia	Energy	Mitigation Results Area 1 (Energy generation and access)	1 GW of integrated solar and energy projects in Batam, Bintan and Karimun regions.	Government of Indonesia is seeking to install circa 22 GW of renewable energy by 2030.	Poor Air and Water Management (quality, consumption & extraction) Hazardous materials Poor use of sustainable resources and materials Poor labour and Working Conditions Limited to no Occupational Health and Safety guidelines Inadequate disposal of batteries Potential to increase pressure on indigenous peoples' lives and livelihoods	Traditional practices / knowledge are sidelined due to new technologies Social exclusion and negative impacts to disadvantaged and vulnerable groups, in particular due to potential exclusion from project benefits Lack of recognition and protection of indigenous people's land or communities through disjointed and fragmented consultation processes	Making provisions for the use of PV rather than lead acid batteries Labor management framework and procedures Occupational Health and Safety (OHS) management procedures Stakeholder management plan Workers' codes of conduct, particularly in relation to GBV/SEA prevention Compliance with national regulations for the protection of historical and cultural property Chance find procedures for cultural heritage and grievance redress mechanism for addressing public grievances regarding the project Hazardous chemical substances used during construction shall be stored in designated storage areas, when not in use. Communication programme to inform the population of about ongoing works	Access to clean electricity for resilience Higher electrification rate, which will i) improve ability to study and therefore improve educational opportunities; ii) reduce the workload of women and girls; iii) increase time available for income-generating activities; iv) improve health outcomes, for example through providing electricity to hospitals or through enabling safe food storage Transition to a low carbon economy Local job creation New technical skills, capacity building and technology transfer Opportunity to provide a source of income for indigenous peoples if their land is used
4	Private Sector	Philippines	Energy	Mitigation Results Area 1 (Energy generation and access)	Construction of 110MW of solar plants on Luzon Island	Philippines' National Climate Change Action Plan has renewable energy as a stated priority.	Poor Water Management (quality, consumption & extraction) Exposure to hazardous materials Poor use of sustainable resources and materials Poor labour and Working Conditions Limited to no Occupational Health and Safety guideline	Potential to increase pressure on indigenous peoples' land and livelihoods Traditional practices / knowledge are sidelined due to new technologies National energy and infrastructures laws may include elements that conflict with laws regarding indigenous peoples' rights Negative impacts to traditional sustainable livelihoods and cultures through restriction of access to lands and natural resources No free, prior informed consent is obtained Possible displacement of indigenous peoples, including economic displacement	Labor management framework and procedures Occupational Health and Safety (OHS) management procedures Workers' codes of conduct, particularly in relation to GBV/SEA prevention Emergency Preparedness and Response Plan Resource Efficiency and Pollution Prevention and Management Stakeholder management plan Chance find procedures for cultural heritage and grievance redress mechanism for addressing public grievances regarding the project Hazardous chemical substances used during construction shall be stored in designated storage areas, when not in use. Solid Waste Management plan for hazardous materials Communication programme to inform the population of about ongoing works	Access to clean electricity for resilience Higher electrification rate, which will i) improve ability to study and therefore improve educational opportunities; ii) reduce the workload of women and girls; iii) increase time available for income-generating activities; iv) improve health outcomes, for example through providing electricity to hospitals or through enabling safe food storage Transition to a low carbon economy Local job creation New technical skills, capacity building and technology transfer Opportunity to provide a source of income for indigenous peoples if their land is used

#	Nature of Borrower	Geography	Sector	GCF Result Area	Project Description (Example)	Alignment with NDC	Typical Risk	Typical Risk for Indigenous People	Mitigant Measure	Positive outcomes
5	Sub-National	Rwanda	Energy/Buildings	Mitigation Results Area 1 (Energy generation and access); Adaptation Results Area 3 (Infrastructure and built environment)	Green bond/loan raised by a sub-national financial institution to finance a pipeline of small scale distributed renewable energy projects	The Government of Rwanda's Green Growth and Climate Resilience Strategy has sustainable small-scale energy installations in rural areas as a stated priority.	Poor Water Management (quality, consumption & extraction) Hazardous materials No access to sustainable resource and materials Extreme weather Habitat and ecosystem destruction Use of pesticides and agrochemicals Poor labour and Working Conditions Limited to no Occupational Health and Safety guideline Noise, dust and pollution	Social exclusion and negative impacts to disadvantaged and vulnerable groups, in particular due to potential exclusion from project benefits Potential to increase pressure on indigenous peoples' land and livelihood National energy and infrastructures laws may include elements that conflict with laws regarding indigenous peoples' rights Traditional practices / knowledge are sidelined due to new technologies	Labor management framework and procedures Occupational Health and Safety (OHS) management procedures Stakeholder management plan Chance find procedures for cultural heritage and grievance redress mechanism for addressing public grievances regarding the project Protection and conservation of biodiversity at project sites and captured in respective ESIA's, which include measures to avoid, minimize, mitigate or offset any potential impacts to natural habitats and living natural resource Targeted consultation with users and residents in the affected areas Workers' codes of conduct, particularly in relation to GBV/SEA prevention Establishment of regular control measures of the intensity of noise pollution Integrate physical climate risks and adaptation into core business processes.	Large and consistent social benefits off-grid solar systems and mini-grids that would replace lighting systems that are either fossil fuel-based such as diesel generators and kerosene lamps or woody biomass, or non-reusable dry-cell batteries Higher electrification rate, which will i) improve ability to study and therefore improve educational opportunities; ii) reduce the workload of women and girls; iii) increase time available for income-generating activities; iv) improve health outcomes, for example through providing electricity to hospitals or through enabling safe food storage Access to solar PV systems No greenhouse gases (GHGs) or air pollutants emitted into the atmosphere during installation and operation of solar PV systems Local job creation New technical skills, capacity building and technology transfer Opportunity to provide a source of income for indigenous peoples if their land is used Transition to a low carbon economy
6	Sub-National	Laos	Transport	Mitigation Results Area 2 (Low emission transport)	Installation of EV charging stations	Government of Laos is seeking to increase the share of electric vehicles (EV) to over 30% of the vehicle population by 2030	Hazardous waste management Emissions, noise, dust and pollution Habitat and ecosystem destruction Sustainable resource and materials Poor labour and Working Conditions Traffic congestion Social exclusion and negative impacts to disadvantaged and vulnerable groups, in particular due to potential exclusion from project benefits	Traditional practices / knowledge are sidelined due to new technologies National energy and infrastructures laws may include elements that conflict with laws regarding indigenous peoples' rights Land Acquisition Occupational Health and Safety (OHS) management procedures Stakeholder management plan Solid Waste Management plan for hazardous materials Workers' codes of conduct, particularly in relation to GBV/SEA prevention Establishment of regular control measures of the intensity of noise pollution Traffic management plan	Road safety management procedure to address potential hazards on communities resulting from construction activities and operationalisation of construction equipment Land acquisition, restrictions on land use and involuntary resettlement policy Hazardous chemical substances used during construction shall be stored in designated storage areas, when not in use. Labor management framework and procedures Occupational Health and Safety (OHS) management procedures Stakeholder management plan Solid Waste Management plan for hazardous materials Workers' codes of conduct, particularly in relation to GBV/SEA prevention Establishment of regular control measures of the intensity of noise pollution Traffic management plan	Technological innovation Transition to a low carbon economy Reducing pollutants and CO2 emissions caused by burning fossil fuels Reducing major air pollutants like NOx, SO2, PM2.5, and other pollutants, providing health benefits Demonstratable new business model for mitigating negative environment impacts by applying renewables into the auto industry Reducing reliance on imported fossil fuels, thereby improving energy security Opportunity to reduce the running cost of vehicles, improving the accessibility of transport
7	Private Sector	India	Transport	Mitigation Results Area 2 (Low emission transport)	Construction of more than 100,000 EV charging points for two-wheeler electric vehicles	Government of India has set a national target for 30% of all new vehicle sales to be electric by 2030 (with 80% of 2 wheeler sales expected to be electric by 2030).	Hazardous waste management Emissions, noise, dust and pollution. Habitat and ecosystem destruction Poor use of sustainable resources and materials Land Acquisition Poor labour and Working Conditions Limited to no Occupational Health and Safety guideline Social exclusion and negative impacts to disadvantaged and vulnerable groups, in particular due to potential exclusion from project benefits	Traditional practices / knowledge are sidelined due to new technologies	Road safety management procedure to address potential hazards on communities resulting from construction activities and operationalisation of construction equipment Hazardous chemical substances used during construction shall be stored in designated storage areas, when not in use. Land acquisition, restrictions on land use and involuntary resettlement policy Labor management framework and procedures Occupational Health and Safety (OHS) management procedures Stakeholder management plan Chance find procedures for cultural heritage and grievance redress mechanism for addressing public grievances regarding the project Workers' codes of conduct, particularly in relation to GBV/SEA prevention	Technological innovation Transition to a low carbon economy Reducing pollutants and CO2 emissions caused by burning fossil fuels Reducing major air pollutants like NOx, SO2, PM2.5, and other pollutants, providing health benefits Demonstratable new business model for mitigating negative environment impacts by applying renewables into the auto industry Reducing reliance on imported fossil fuels, thereby improving energy security Opportunity to reduce the running cost of vehicles, improving the accessibility of transport
8	Private Sector	Indonesia	Waste Management	Adaptation Results Area 3 (Infrastructure and built environment)	Construction of an Integrated Waste Treatment Facility in Tangerang City in the Greater Jakarta Area. The facility will have the capacity to generate energy from waste as well.	Government of Indonesia has made improvement of human settlements and climate resilient infrastructure development a priority in its NDC.	Land Acquisition/displacement /disturbance Landfills require large areas of land and may have an impact far beyond the actual disposal site Emissions, noise, dust, and pollution Habitat and ecosystem destruction Traditional practices / knowledge are sidelined due to new technologies Poor labour and Working Conditions Limited to no Occupational Health and Safety guideline Recycling processes may be very energy-intensive Access to natural resources Risk Associated with Gender-Based Violence	Negative impacts to traditional sustainable livelihoods and cultures through restriction of access to lands and natural resources Possible displacement of indigenous peoples, including economic displacement Exclusion of indigenous peoples including through inadequate consultation and free, prior and consent processes Lack of recognition and protection of indigenous people's land or communities through dispirited and fragmented consultation processes Social exclusion and negative impacts to disadvantaged and vulnerable groups, in particular due to potential exclusion from project benefits National energy and infrastructures laws may include elements that conflict with laws regarding indigenous peoples' rights	Integrate physical climate risks and adaptation into core business processes Compile Method Statement outlining how waste will be managed on site, temporary storage areas, waste types to be recycled, as well as methods of disposal No on-site burying, burning or dumping of waste is allowed Different waste types to be stored separately Contractor to investigate options of "take-back" policies for any materials, packaging, etc., not used on site. Examples could include used pallets, plastic wrapping, etc., prior to recycling materials Land acquisition, restrictions on land use and involuntary resettlement policy Labor management framework and procedures Occupational Health and Safety (OHS) management procedures All waste metals generated on site during the construction phase should be collected separately and stored in a suitable, secure location prior to disposal. Contaminated waste metals will require recovery by a suitable waste contractor for decontamination Stakeholder management plan Chance find procedures for cultural heritage and grievance redress mechanism for addressing public grievances regarding the project Communication programme to inform the population of about ongoing works Application of the Indigenous People Framework including participation and consent	Transition to a low carbon economy Improving access to clean energy, thereby reducing pollution caused by using fossil fuels Reducing reliance on fossil fuel imports, thereby improving energy security Improving recycling and increasing waste collection Reducing plastic pollution, protecting the environment Alleviating pressure on Rawa Kucing landfill site, protecting the water quality of the Cisadane River Anaerobic processes can provide energy benefits from CH4 recovery and use Can destroy pathogens and provide useful soil amendments if properly implemented using source-separated organic waste or collected wastewater Can be aided by NGO efforts, private capital for recycling industries, enforcement of environmental regulations, and urban planning to segregate waste treatment and disposal activities from community life Local job creation New technical skills, capacity building and technology transfer
9	Private Sector	Philippines	Water	Adaptation Results Area 2 (Health, wellbeing, food and water security)	Bulk water supply project in Luzon Island to provide up to 200 million liters per day	Philippines' National Climate Change Action Plan has water sufficiency as a stated priority.	Extreme weather Habitat and ecosystem destruction (fauna and flora) Use of pesticides and agrochemicals Water Management (quality, consumption and extraction) Poor labour and Working Conditions Limited occupational Health and Safety -Heavy machinery may present a health and safety risk to worker Accidents with chlorine gas entail severe risks for health and safety Risk Associated with Gender-Based Violence	Social exclusion and negative impacts to disadvantaged and vulnerable groups, in particular due to potential exclusion from project benefits Traditional practices / knowledge are sidelined due to new technologies	Integrate physical climate risks and adaptation into core business processes. Chlorine gas is stored in containers in a covered area, away from hot sun and other sources of heat Labor management framework and procedures Occupational Health and Safety (OHS) management procedures Stakeholder management plan Chance find procedures for cultural heritage and grievance redress mechanism for addressing public grievances regarding the project Workers' codes of conduct, particularly in relation to GBV/SEA prevention Water quality management procedures Communication programme to inform the population of about ongoing works Hazardous material management and an emergency response plans	Improvement of hygiene conditions and reducing the prevalence of waterborne diseases Enhancement of water supply security. Increasing access to clean water, improving communities' health Improving availability of water for sanitation Improving water supply for agriculture, supporting income generation Reducing the workload of women and men involved in water collection activities, thereby increasing the time available for income-generating activities Decreasing spend on treatment of water-borne diseases, meaning more capital is available for income-generating activities Local job creation Potential to improve water supply to tourism facilities, supporting employment opportunities New technical skills, capacity building and technology transfer Mitigating against the growing insecurity of water supply, caused by climate change

Indigenous peoples are among the first to experience the direct impacts of climate change, even though they contribute little to greenhouse gas emissions. They are also directly affected by environmental destruction, which is a leading cause of climate change, such as deforestation, land degradation, and pollution from mining and oil and gas extraction. Climate change poses severe threats to their livelihoods, cultures, identities and ways of life because the majority of indigenous peoples have a close cultural relationship with the environment, and are often dependent on land and natural resources to meet their livelihood needs. Climate change also risks enhancing their existing socio-economic vulnerabilities. This programme will assist to ensure that adverse impacts are avoided while positive outcomes are achieved. Some of the notable potential positive and adverse impacts that can be influenced by GGC's programme include:

Potential adverse impacts:

- Negative impacts to traditional sustainable livelihoods and cultures through restriction of access to lands and natural resources
- Possible displacement of indigenous peoples, including economic displacement
- Exclusion of indigenous peoples including through inadequate consultation and free, prior and consent processes
- Lack of recognition and protection of indigenous people's land or communities through disjointed and fragmented consultation processes
- The Indigenous Peoples Framework is not implemented by GGC or monitored by the AE effectively

Potential positive impacts:

- Through consultation, interventions are designed in collaboration with indigenous communities that include mitigation efforts directed at reducing emissions from deforestation and forest degradation, fostering conservation, sustainable management of forests, and enhancement of forest carbon stocks (such as REDD+), as well as the adaptation of agricultural practices to climate change.
- Aiding indigenous people to access decent work opportunities and mitigation efforts and promoting sustainable enterprises such as cooperatives
- Indicators and targets that aid to drive the advancement of indigenous people's rights are incorporated into the transaction scorecard and are thus measured and reported as impact on investors

3 Scope, Objectives and Principles

3.1 SCOPE OF APPLICATION

The Framework will apply to all GGC guaranteed activities. Moreover, the Framework applies whenever indigenous peoples are present in, have or had a collective attachment or right to areas. This application will apply regardless of whether indigenous peoples are affected positively or negatively, and regardless of the significance of any such impacts.

Exclusions

Category A projects are excluded from the GGC.

The GGC will not fund activities that result in involuntary resettlement of indigenous peoples. GGC will avoid funding activities that may involve physical displacement (i.e. relocation, including relocation needed as a result of loss of shelter), whether full or partial and permanent or temporary, or economic and occupational displacement (i.e. loss of assets or access to assets that leads to loss of income sources or means of livelihood) as a result of the activities

The GGC will not fund any activities that result in undesired contact with remote groups with limited external contact, also known as peoples “in voluntary isolation”, “isolated peoples” or “in initial contact”.

3.2 GOAL FOR THE FRAMEWORK

The goal of GGC is to foster a respectful and collaborative relationship to build safer communities and meet the needs of the framework that benefits programmes and future generations. The principle of ‘do no harm’ is also a basic tenet of GGC to ensure that no harm occurs because of the intention or impact of the issuance of the guarantee. This is done by having a strong understanding of the context of where the GGC works and by enforcing project owners to use the framework diligently throughout the implementation stages of the programme.

3.3 OBJECTIVE OF THE FRAMEWORK

The overall objective of this Framework is to provide a structure for ensuring that the GGC and partners' project activities are developed in alignment with the guiding policies as set out by the GCF. This Framework will ensure that the climate activities are developed and implemented in such a way that fosters the full respect, promotion, and safeguarding of indigenous peoples so that they a) benefit from the GCF- funded activities and projects in a culturally appropriate manner, and b) do not suffer harm or adverse effects from the design and implementation of GCF-financed activities.

3.4 SPECIFIC OBJECTIVES

The specific policy objectives include:

1. To aim to minimise any negative effects GCF financed projects on the local community or on the environment including their land rights.
2. To use due diligence to avoid infringing human rights (“do no harm”) and address adverse human rights impacts to indigenous communities and vulnerable members of the community.

3. To support and promote the wellbeing, positive contributions, and leadership of indigenous peoples in addressing climate mitigation and adaptation issues, relying on their traditional knowledge systems, livelihoods, sustainable resource management systems and practices, and supportive of equal access and equal rights, gender equity, and culturally appropriate.
4. To enable the participation of indigenous peoples in the process to achieve more sustainable climate change impacts and outcomes during the implementation stage of the programme.
5. Recognition and commitment to clear and actionable outcomes.
6. Planning and monitoring of activities are done in partnership with Indigenous communities to ensure accountability and shared responsibility.
7. Ensure that guaranteed programmes are sustainable and result in increased community capacity and build on resilience.

3.5 GENERAL PRINCIPLES

The guiding principles of this policy include:

1. Respect and enhance the rights of indigenous peoples to their lands, territories and resources.
2. Recognize key international human rights and principles as outlined in the UNDRIP, and other relevant international and regional instruments relating to the rights of indigenous peoples and individuals, including, where applicable but not limited to, ILO Convention No. 169, the International Covenant on Economic, Social and Cultural Rights, and the International Convention on the Elimination of All Forms of Racial Discrimination.
3. Respect the right of indigenous peoples and commit to seeking free, prior and informed consent.
4. Respect and recognize traditional knowledge and livelihood systems.
5. Identify social and economic benefits for affected Indigenous Peoples that are culturally appropriate and gender and inter-generationally inclusive and develop measures to avoid, minimize, and/or mitigate adverse impacts on Indigenous Peoples.
6. Undertake meaningful consultations with affected Indigenous Peoples communities and concerned Indigenous Peoples organizations to solicit their participation (i) in designing, implementing, and monitoring measures to avoid adverse impacts or, when avoidance is not possible, to minimize, mitigate, or compensate for such effects.
7. Monitor implementation of the IPP using qualified and experienced experts; adopt a participatory monitoring approach, wherever possible; and assess whether the IPP's objective and the desired outcome have been achieved, taking into account the baseline conditions and the results of IPP monitoring. Disclose monitoring reports.

3.6 ROLES AND RESPONSIBILITIES

The Accredited Entity (AE) is responsible for overseeing and monitoring the Green Guarantee Company (GGC) and ensures that it complies with the GCF fiduciary principles and standards, environmental and social safeguards standards and Gender Policy, the Indigenous Peoples Policy and other relevant GCF policies and requirements, following the relevant legal agreements (accreditation master agreements and funded activity agreements).

The AE will aid in reviewing and submitting the quarterly and annual Climate Impact reports as well as the aggregated/consolidated Monitoring and Evaluation plan to the GCF. As GGC becomes operational, the AE will also assist in confirming that GGC has the applicable institutional systems, policies and procedures to adequately undertake the programme. In addition, the AE will continuously monitor that GGC can monitor, report and verify data and that the relevant GCF standards, safeguards and policies are being upheld. In terms of Annex 11, a budget has been allocated to monitoring, evaluation and reporting function of IP-related indicators and impact whereby the AE will have oversight of both the budget as well as the implementation of the funds towards achieving the activity. To date, the AE has conducted robust due diligence and risk assessment on the GGC to ensure that funds received will be administered to the fulfilment of the programme.

Indeed, the AE as well as an appointed third party assessor, the Climate, Gender and E&S specialist team have assessed GGC's ability to implement and maintain GCF Gender Policy and confirmed their commitment to fully comply with the GCF's protocols. The AE will remain nimble and agile in the evolving GCF policy environment and ensure that the GCF is kept abreast of any developments or changes that may arise during the implementation of the programme.

GGC as the Executing Entity (EE) will be supervised by the AE. GGC is thus responsible for executing or carrying out the GCF-funded programme and will review the action plans, assessment and Climate Impact reports as and when they are submitted by the Borrowers. The EE also has institutional knowledge and experience to implement monitoring evaluation and reporting requirements as they pertain to gender-specific indicators based on their previous experience in issuing green bonds.

4 Application of the Framework

4.1 GGC TRANSACTION SELECTION PROCESS (TSP)

In pursuit of achieving its mission, GGC will consider the wider positive and negative impacts of the transactions to which it seeks to provide a credit guarantee. Specific consideration will be given to understanding, measuring and managing a transaction’s impact based on the following four core elements:

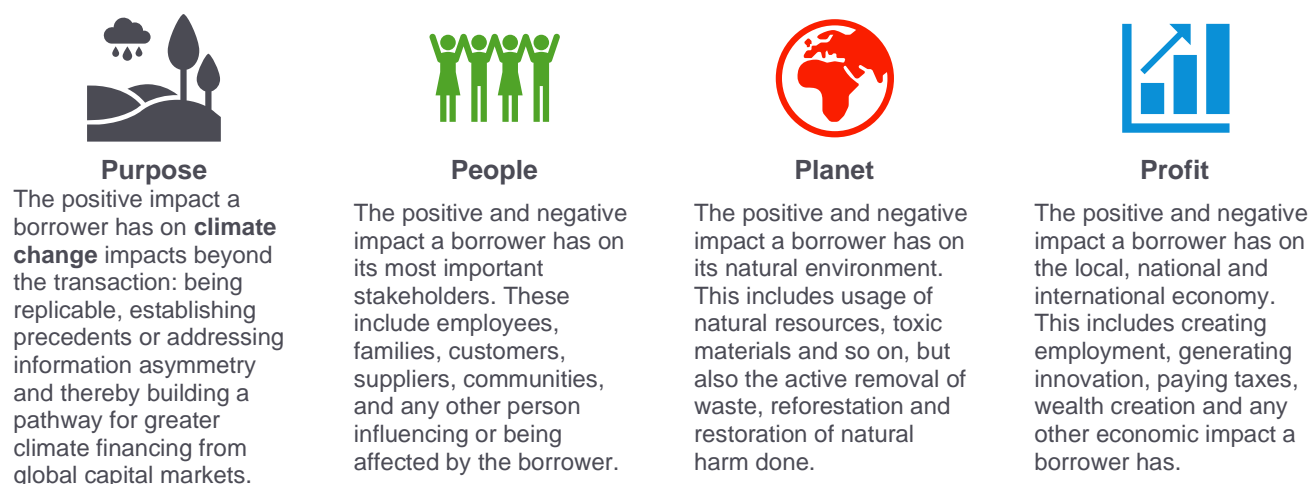


Figure 2 Transaction Process

In the context of the above, GGC recognizes the importance of ensuring **sound environmental and social (E&S) practices** to avoid and/or minimize potential financial and reputational liabilities. Consequently, the consideration of E&S factors and safeguards forms an integral part of GGC’s Transaction Scorecard which is used to select transactions that ensure key **E&S** risks and impacts have been identified and are effectively managed throughout the transaction lifecycle.

The development of a bankable project is typically a lengthy process, particularly if the infrastructure asset or intervention is sizable. As a guarantor, it is envisaged that GGC will be introduced to a transaction at a later stage of a project’s development, often to assist the project to achieve financial close by providing a credit guarantee to senior debt capital providers. The graphic below illustrates this, by showing the ‘Guarantor’ intervening at the ‘Implementation’ and ‘Operation’ phases of the project development cycle.

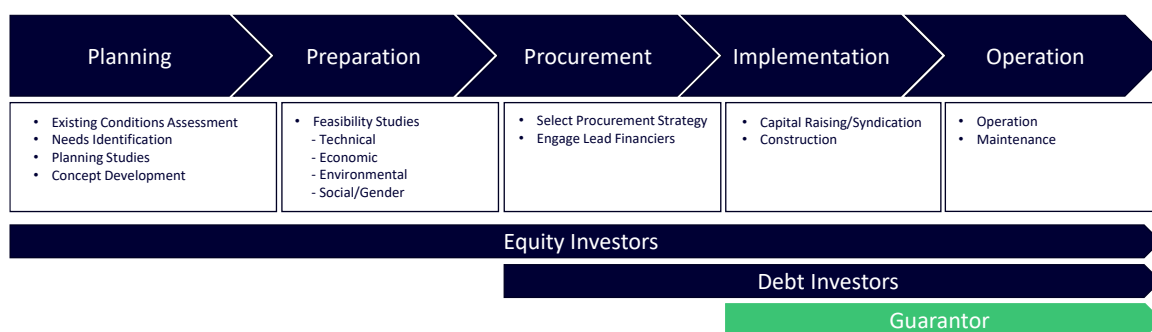


Figure 3 Process Flow

Therefore, GGC will likely not have the opportunity to influence the **E&S assessment**, of a climate project at an early stage in the project development cycle. Instead, GGC relies on having a robust **Transaction Selection Process (TSP)**, which will review and carry out **strategic due diligence** on the borrower’s existing **E&S** documentation, processes and systems to determine if they are compliant with the requirements of GGC’s **E&S Management Framework**. It is against this backdrop that GGC’s robust TSP has been developed, and includes seven (7) strategic steps that GGC will follow in determining whether a project meets the requisite **E&S standards**. Furthermore, the TSP is a **unique process** that seeks to inform the selection of impactful climate projects in the absence of GGC being the project developer or sponsor. A simple illustration of the TSP is provided below, and each of the steps is described thereafter.

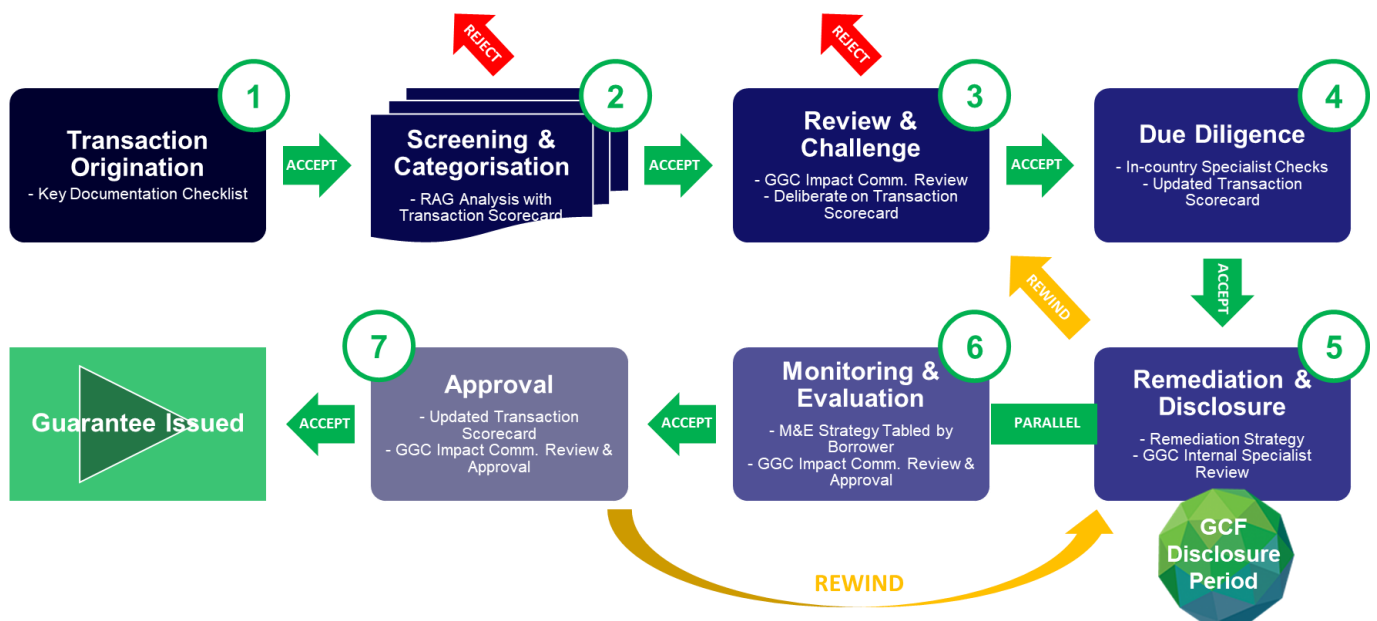


Figure 4 Transaction Process

4.1.1 Step 1: Transaction Origination (1-2 weeks)

Transactions will be originated by GGC’s Origination Partners (e.g. MUFG, Deutsche Bank, etc.) who will have had training from GGC on its **E&S Management Framework** and what an acceptable project transaction from an **E&S** perspective would look like. GGC’s use of the **IFC Performance Standards** as the basis for its **E&S Management Framework** will be very helpful as it is widely disseminated in global credit and capital markets, thus benefiting from a higher degree of awareness than more bespoke standards.

At Transaction Origination, GGC’s Origination Partners liaise with the project transaction’s borrowers to garner the latest information and documents for the project transaction. Seeing as GGC is likely to be interacting near the end of the project development cycle, it is expected that, at a minimum, the following documents will be made available for further review by GGC’s requisite specialists and committees, *inter alia*:

- i. Climate Impact Analyses (mitigation) and/or Climate Impact Assessment (adaptation);
- ii. Gender Policy & Action Plan;
- iii. Environmental & Social Impact Assessment (ESIA); and
- iv. Climate Bond and/or Loan Certification.

The origination partner with the help of the project owner will be responsible for **identifying** affected indigenous groups in the project area. *In some countries, such groups are referred to as indigenous peoples. In other countries, they may be referred to by other terms, such as “indigenous peoples and local communities”, “local communities”, “sub-Saharan African historically underserved traditional local communities”, “indigenous ethnic minorities”, “Afro-descendant communities of South America and the Caribbean”, “ethnic groups”, “aboriginals”, “hill tribes”, “vulnerable and marginalized groups”, “minority nationalities”, “scheduled tribes”, “first nations”, “tribal groups”, “pastoralists”, “hunter-gatherers”, “nomadic groups” or “forest dwellers”. Regardless of which terminology is used, the requirements of this Framework will apply to all such groups.* If this is identified as a potential impact, initial screening will be conducted.

4.1.2 Step 2: Initial Screening & Categorisation (1-3 weeks)

Once an Origination Partner has introduced a transaction it will undergo an initial screening using a unique, multifaceted **Transaction Scorecard**, which is GGC’s proprietary project selection asset.

4.1.3 Step 3: Review and Challenge (1-3 weeks)

Following a professional review of the available **E&S** information and documentation, in conjunction with discussions with the borrower’s senior management team, the **E&S** components of the Transaction Scorecard will be completed by GGC’s investment team under the guidance of GGC’s internal **E&S** specialist. A screening note is used to outline the analysis and assumptions underpinning their inputs into the Transaction Scorecard.

The draft Transaction Scorecard is then presented for review to the GGC’s Impact Committee, which comprises specialists such as an independent **E&S** specialist. These specialists challenge the analysis and assumptions made by the GGC investment team to ensure there has been sufficient rigour in the various assessments’ methods, calculations and findings, including meaningful consultation with indigenous peoples and free, prior informed consent as appropriate.

Once satisfied the GGC’s Impact Committee approve the transaction to move through the formal due diligence and remediation strategy phases.

4.1.4 Step 4: Due Diligence (2-5 weeks)

The due diligence step begins with GGC engaging an independent in-country **E&S** consultant to undertake a site visit with GGC’s investment team and the borrower. In parallel with a physical site visit, they collectively conduct interviews with stakeholders to determine whether the submitted **E&S** information provided is accurate and commensurate with aspirations and claims made in the documents. E&S specialist will also ensure that **free, prior and informed consent of indigenous peoples had been properly provided by the relevant parties**¹.

E&S specialists will also ensure that the applicable state laws and regulations and obligations in particular under relevant international treaties and agreements were considered.

¹ Where the activities proposed for the GGC guarantees use cultural heritage of indigenous people for commercial purposes, the project owner will inform the affected indigenous peoples in an accessible local language of their rights; the scope and nature of the commercial development and potential consequences of the development and use. The project owner must also ensure that the indigenous people share equitable access to the benefits derived from the development that is consistent with the customs and traditions of the land and people.

The wider team will also seek to build confidence in the commitment and competence of the borrower to deliver on its **E&S Management Plan**.

GGC acknowledges that the selection of, and relationship building with, the in-country **E&S** specialist consultant is a critical element of GGC's **internal assurance process**. The in-country **E&S** specialist consultant will also assist GGC in conducting ad hoc monitoring and evaluation (M&E) of a selected transaction project, post-financial-close, as well as working with a borrower to improve their **E&S Management** competencies.

The outcome of the due diligence step will be an updated Transaction Scorecard and a detailed transaction DD report from the investment team, supplemented by the in-country **E&S** specialist consultant. The report provides evidence to validate the various transaction assessments, analyses and their underlying assumptions. Critically, it also highlights any gaps and/or meaningful deviations that have been uncovered during due diligence, which will need to be addressed by the borrower.

Table 1 Example of a checklist for due diligence

Key question	Response	Comments
Please read the scope of application of the GCF Indigenous Peoples Policy ² . Are there socio-cultural groups present in or using the project area who fall within the scope of application?	Yes No Unknown	
Are there national or local laws or policies as well as anthropological research/studies that consider these groups present in or using the project area as belonging to "ethnic minorities", scheduled tribes, tribal peoples, national minorities, or cultural communities?	Yes No Unknown	
Has the state ratified ILO Convention No. 169 and/ or formally recognized indigenous peoples' rights in its legislation?	Yes No Unknown	
Have other companies operating on indigenous lands in the given country or area experienced conflicts?	Yes No Unknown	
Do initial consultations, including with indigenous people, indicate potential conflicts between the project and indigenous peoples, including their aspirations for development?	Yes No	
Does the analysis of the existing legal and institutional framework reveal any legal gaps, particularly related to land and resource rights and the requirement for consultation and free, prior and informed consent?	Yes No Unknown	
Has the impact assessment process, including methodology and findings, been adequately documented and communicated?	Yes No Unknown	
Has an appropriate meaningful consultation process been undertaken with all indigenous peoples' representative institutions within the broad project area?	Yes No Unknown	
Where required, has free, prior and informed consent been undertaken and given?	Yes No Unknown	
Will the project entail displacement, relocation or resettlement?	Yes No Unknown	

² <https://www.greenclimate.fund/document/indigenous-peoples-policy>

<p>Will the project activities include the Commercial development of natural resources (such as minerals, hydrocarbons, forests, water, hunting or fishing grounds) within customary lands underuse that would impact the livelihoods or the cultural, ceremonial, spiritual uses that define the identity and community of Indigenous Peoples?</p>	<p>Yes No Unknown</p>	
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4.1.5 Step 5: Remediation & Disclosure (2-5 weeks)

The remediation and disclosure step dovetails with the due diligence step, drawing directly from the detailed transaction DD report. Where gaps and/or deviations exist the GGC investment team, under the guidance of GGC’s internal **E&S** specialist, will work with the in-country **E&S** specialist consultant to assist the borrower to develop a remediation strategy to address the gaps/deviations.

Once the **remediation strategy** has been developed, the borrower is required to commit to delivering on the strategy and action plan, within a pre-agreed timeframe. Where a borrower does not commit or expresses a clear reluctance to develop and/or deliver a remediation strategy, the transaction will be rejected by the GGC investment team.

To progress, a remediation strategy and action must be delivered to the satisfaction of the GGC internal **E&S** specialist, alongside a firm commitment by the borrower to undertake the strategy.

Furthermore, based on the due diligence responses and especially where there are gaps or weaknesses identified, **GGC will ensure an** is developed which contains the recommended avoidance or mitigation measures for any risks, opportunities and impacts identified, with associated corrective actions to address these, including any Conditions Precedents (CPs). **Those that apply to indigenous peoples and land³ will be highlighted as of vital importance in the IPP.** The plan will detail the baseline information required for the project owner to demonstrate their knowledge and impact of their proposed activities.

The **Indigenous Peoples plan** will consider the following elements as outlined below:

1. Baseline information (from expert, independent and participatory environmental and societal risks and impacts assessment and processes)
2. Key findings and analyses of impacts, risks and opportunities
3. Measures to avoid, minimize and mitigate negative impacts and enhance positive impacts and opportunities
4. Monitoring and evaluation and reporting
5. Community-based natural resource management and grievance redress mechanism

³ Where the activities proposed to be guaranteed by the GGC require the establishment of legally recognised rights to land and territories, the project owner working with the states and the affected indigenous people, will prepare a plan to ensure the legal recognition of such property rights in accordance with applicable law and obligations of their state. GGC will also not guarantee activities that will result in the involuntary resettlement of indigenous peoples except as specified by the GCF policy.

6. Results of consultations (during environmental and social risks and impacts assessment processes), including a list of people and organizations that participated, a timetable, who was responsible for each activity, the free, prior and informed consent, and future engagement plans;
7. Linkages with gender assessment and action plans (Annex 8)
8. Benefit-sharing and tenure arrangements
9. Costs, budget, timetables and organisational responsibilities
10. Documentation of free, prior and informed consent where required

The strategy and action plan will then be tabled with an updated Transaction Scorecard, the detailed transaction DD report, and an M&E strategy (see Step 6), for the GGC Impact Committee's consideration.

A version of the report (compliant with GCF's disclosure requirements) will be disclosed on the GGC website and sent to GCF with a 30-day (calendar day) review period. The IP Policy states that the accredited entities and executing entities will ensure that all disclosed information will be provided in a culturally and socially appropriate manner, including in relevant indigenous languages, to indigenous peoples and their legitimate advisors and will also ensure that indigenous peoples have sufficient time to review and consider the disclosed information. The review period commences upon confirmation from the GCF that the report has been submitted to its Board. Any comments received via the disclosure process will be considered within the remediation strategy.

4.1.6 Step 6: Monitoring & Evaluation Strategy (2-5 weeks)

The Monitoring & Evaluation (M&E) Strategy step is carried out in parallel with the remediation step. The M&E Strategy is developed by the GGC investment team in collaboration with the GGC's in-country specialist consultants and the borrower. The M&E Strategy links directly with GGC's Theory of Change, as approved by the GCF. Each of the activities, outputs, outcomes and ultimate goal, are expounded upon in the M&E Strategy with clear actions as to how, and by whom, data and information is collected, assessed and reported, in respect of the transaction's **E&S Management** element.

The M&E Strategy must receive a clear commitment by the borrower, before it is tabled alongside the Transaction Scorecard, the detailed transaction DD report, and the remediation strategy, for the GGC Impact Committee's consideration. As with the remediation strategy, where a borrower does not commit or expresses a clear reluctance to develop and/or deliver the M&E Strategy, the transaction will be rejected by the GGC investment team before it is tabled with GGC's Impact Committee for consideration.

4.1.7 Step 7: Approval (1-2 weeks)

GGC's Impact Committee, which comprises independent specialists, will review the updated Transaction Scorecard, detailed transaction DD report, remediation strategy and M&E Strategy provided by the GGC investment team. Once satisfied that the transaction is compliant with GGC's **E&S Management Framework** the Impact Committee will be asked to provide its approval for the transaction to progress to the determination of a guarantee issuance.

However, if the GGC's Impact Committee has residual concerns regarding the **E&S Management**, including the IPPF, elements of the transaction, then the GGC investment team will be required to go back to Step 5 (Remediation & Disclosure) and work closely with the borrower to address the concerns of GGC's Impact Committee.

Once GGC’s Impact Committee has approved the transaction it will progress to GGC’s Investment Committee which will opine on the material, financial and commercial aspects of the transaction. Importantly, the Investment Committee will only approve transactions that have first been approved by the Impact Committee. This ensures that all potential transactions have a clear climate **purpose**, and prioritise **people** and the **planet before profit is a consideration. The approval of a transaction ‘purpose, people and planet’ elements is, therefore, a prerequisite for profit.**

If GGC’s Investment Committee is comfortable with the financial and commercial aspects of the transaction, it will issue a formal approval to provide a guarantee on behalf of the borrower.

from the **project owners / developers / sponsors** on progress made to meet the identified weaknesses and gaps.

4.1.8 Multidisciplinary Lines of Defence

Therefore, GGC makes use of multidisciplinary ‘lines of defence’ in the above TSP to reduce the risk of being exposed to **E&S** risks on the transactions that it chooses to guarantee. These lines of defence are professional specialists in the fields of climate, gender, environmental and social sciences, and climate bond certifications. Importantly, the GGC will liaise with the GCF on the appointment of these specialists. In terms of the **E&S Management** elements, these lines of defence are as follows:

Table 2 Specialists

Internal E&S Specialist	The internal E&S specialist is expected to be a mid-senior to senior-level hire with at least 10 years of experience working in the E&S field with a focus on emerging markets.
Impact Committee E&S Specialist	The Impact Committee E&S specialist is expected to be a senior-level hire with at least 15 years of experience working in the E&S field with a focus on emerging markets.
In-Country E&S Consultant	The in-country E&S consultant ⁴ is expected to be a reputable local or regional E&S consultancy firm that has a credible track record of at least 5 years of working with and applying the IFC Performance Standards.

In addition to the above, all GGC investment team members will be given **E&S Management** training regularly to ensure that there is a solid understanding of the requirements of GGC’s **E&S Management Framework**. Team members will also be taught skills on how to determine the key competencies of a borrower to be able to deliver on these multidisciplinary prerequisites.

⁴ At the minimum, the in-country E&S consultancy firm will be required to demonstrate social sciences expertise and experience with communities in the country.

4.1.9 Projected TSP Timeframes

It is anticipated, from the team’s experience gained from similar global guarantor initiatives and organisations (e.g. GuarantCo), that the Transaction Selection Process should take between 12 - 24 weeks (or 3 – 6 months). The timeframe illustration below shows that an ‘efficient timeframe’ could take 12 weeks, whereas a ‘protracted timeframe’ could take up to (and potentially longer than) 24 weeks.

4.2 POST-ISSUANCE OF GREEN CLIMATE BOND OR LOAN

Once the bond or loan is issued, GGC will apply ongoing risk measures to ensure that the Framework is consistently applied by undertaking the following tasks:

- A. The project owner must guarantee that remedial actions stipulated in the ESAP are addressed.
- B. The GGC will require the **project owners / developers / sponsors** to monitor and supervise the activities and compliance of the Framework. A possible example of a checklist that can be used during this process is noted below:

Table 3 Checklist for monitoring and evaluating

Key question	Response	Comments
Are an E&S action and IPP plan being implemented?	Yes No	
Has a participatory monitoring strategy been put in place to track performance against key risks or potential impacts identified?	Yes No	
Has a project-level grievance mechanism been developed and agreed with concerned indigenous peoples/ communities and/or external experts? Has this information been disseminated to the concerned rights-holders?	Yes No	
Have grievances been received and what was the outcome/resolution?	Yes No	
Has a transparent communication strategy been developed and agreed upon with concerned indigenous peoples/ communities, including the definition of adequate communication channels?	Yes No	

- C. The project owner will monitor, review and report functions related to the performance of the activities and ensure that they are consistent with the Framework by reporting the impact and outcomes of their activities in the requisite impact report.
- D. GGC will require a project update should there be operational or project expansion, changes or require adaption and thus will need a new due diligence process to be completed that will determine if additional measures must be considered to ensure alignment with the Framework.
- E. Should remedial actions be required from issues/complaints recorded in the grievance redress mechanism then remedial actions must be applied promptly and respectfully.

- F. A sufficient budget will be allocated to formulate the above documents and conduct the required procedures by the project owner.
- G. Finally, GGC will submit relevant documents for disclosure to GCF's website that include E&S documents and Indigenous People safeguard reports.

5 Grievance Redress Mechanism and Stakeholder Engagement

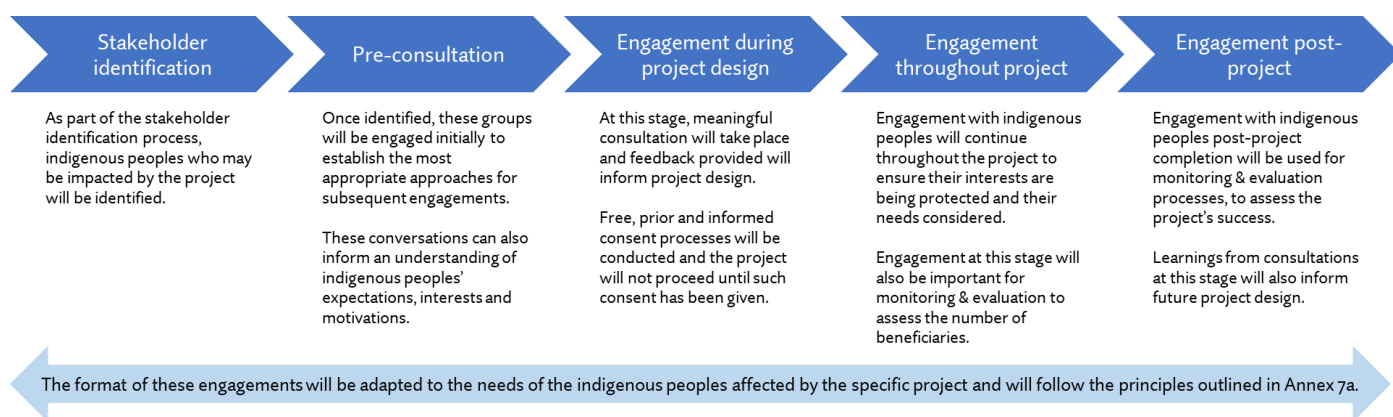
5.1 STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an essential part of the E&S Risks Standards and Requirements pillar to facilitate the integration of E&S risk management into GGC’s financing lifecycle and decision making. In this context, stakeholder engagement denotes proactive ongoing dialogue, information sharing and interactions between GGC and its stakeholders (as noted in Annex 6). As such, GGC commits to developing and implementing effective stakeholder engagement mechanisms (internal and externally and as noted in Annex 7) to support a culture of transparency and accountability and learning and continual improvement. For example, implement regular cross-team interactions, function meetings and presentations on E&S topics, direct internal E&S communication via e-mails, newsletters, etc.

Project owners will thus be required to design a stakeholder engagement process that ensures:

- stakeholders’ concerns are captured and potential risks are adequately identified;
- groups and people whose lives might be affected by the project are properly consulted to verify and
- assess the significance of any impacts;
- affected groups and communities participate in the development of mitigation measures, indecision
- making regarding their operationalisation, and monitoring their implementation.

In terms of timing, the below diagram showcases the stages which meaningful consultation with affected communities occurs:



The process of consultation will also flow as follows:

1. Community identified:

- Relevant communities will be identified as noted in the framework. An in-person consultation will be arranged with the key leaders and decision-makers present, including women, to ensure that consensus is reached before decisions are endorsed.

- An interpreter will be appointed to drive discussions so language nuances are not lost in translation.

2. Information provided:

- The project owner will provide project information to the stakeholders in their local language. This information will include any possible gender, E&S, and Indigenous Peoples impacts that they must be aware of before the project is undertaken.
- Contact details of the project owner as well as a method for further contact should any issues or questions arise during or from the meeting.

3. Modes of consultation:

- The meeting can consist of n-person meetings or workshops (where the infrastructure is available, virtual meetings will also be arranged as a last resort subject to the agreement of the community).
- The project will encourage equal and effective participation of men and women in the stakeholder consultation (this also includes the appropriateness of the place and time of the consultation(s)).
- Particular attention should be paid to the fact that projects should take into account stakeholder feedback and modify the project design, where reasonable.
- All projects will establish a formal input, feedback and grievance mechanism to provide stakeholders with the opportunity to submit any feedback or grievances throughout the life of the project.

4. Notes created during the process:

- The project owner will apply an indigenous people or vulnerable community lens and ensure the relevance of the feedback received.
- The project will review the comments submitted by stakeholders and report on how these comments have been taken into account. It may also involve changes to the project design, where appropriate. The project owner will present justifications when the observations have not been incorporated or addressed.

5. Decisions

- Several workshops will be held should the topic require extensive discussion before a process and plan of action can be drafted.
- Decisions will be recorded in writing and made available to the community leader for their approval before being considered final.

6. Reporting on progress:

- The project owner will store the information collated and provide key details to the Accredited Entities during the investment process.

More detail on the stakeholder engagement can be found in Annex 7.

5.2 GRIEVANCE REDRESS MECHANISM

The IP Policy includes these elements for grievance mechanisms:

- The mechanism will be designed in consultation with the affected or potentially affected communities of indigenous peoples.
- The mechanism will facilitate the resolution of grievances promptly through an accessible, fair, transparent and constructive process.
- It will also be culturally appropriate and readily accessible, at no cost to the affected communities, and without retribution to the individuals, groups, or communities that raised issues or concerns.
- Where feasible and suitable for the project, the grievance mechanism will utilize existing formal or informal grievance mechanisms, supplemented as needed with project-specific arrangements.
- The mechanism will not prejudice the access to judicial or administrative remedies that may be available through the state systems, acknowledging that these localized systems may provide more robust information and better reflect the context of the issues on the ground.
- It will also not impede access to the GCF independent Redress Mechanism or the accredited or executing entities' grievance redress mechanism.

Concerning external communication mechanisms, an important mechanism that GGC shall implement and maintain is a grievance mechanism. This will support GGC to effectively identify, receive, register, screen and evaluate, track and formally address complaints or feedback from stakeholders regarding GGC's activities. The mechanism will facilitate the resolution of grievances promptly through an accessible, fair, transparent and constructive process. It will also be culturally appropriate and readily accessible, at no cost to the affected communities, and without retribution to the individuals, groups, or communities that raised issues or concerns. The grievance mechanism will include but not be limited to the following elements:

- Different ways in which indigenous peoples can submit their grievances, and taking into account language barriers/limitations and the need for anonymity if a complainant fears retaliation or submission by an authorized representative or civil society organization;
- Provision to keep complainants' identities confidential, especially in instances where the complainants fear retaliation;
- Provision for interpretation/translation to overcome language barriers/limitations;
- A log where grievances are registered in writing and maintained as a publicly available database. The database should include information about the complaint and the resolution of the complaint, including the remedy provided, taking into consideration that complainants' identities can be kept anonymous if requested. This database should also be shared with the GCF independent Redress Mechanism;

- Publicly advertised procedures, identifying the means for submitting grievances, setting out the length of time users can expect to wait for acknowledgement, response, and resolution of their grievances, descriptions of the transparency of the procedures, and the governing and decision-making structures;
 - An appeals process to which unsatisfied grievances may be referred when the resolution of grievance has not been achieved;
 - Information about other available grievance mechanisms, including the GCF independent Redress Mechanism and the accredited and implementing entities' grievance mechanisms; and
 - Measures are in place to protect complainants from retaliation.
- Grievance Mechanism provides a platform for any individual or group to raise concerns, complaints or provide feedback regarding GGC and its issuers and resolved in an effective, transparent and fair manner and as quickly as reasonably practicable.



Figure 5. Stakeholder Engagement and Grievance Mechanism

The responsibility for establishing and maintaining the grievance mechanism will be with the project owner or sponsor. The project owner will be responsible for meeting with local/stakeholders affected by the project to explain and discuss the different reporting mechanisms and processes that the stakeholders agree on the selected methods that are the most appropriate. The details of the discussion will be recorded and included in the stakeholder meeting summary. A central telephonic and email address will be provided that will facilitate complaints and ensure that they are shared by the appropriate persons overseeing the matter. The emails and phone calls received will be treated as confidential. The project owner will be required to maintain a log that contains:

- Date of the complaint
- Name of the aggrieved party and any affiliation/organization
- Contact details of the aggrieved party
- Category of the complaint (environmental, social, government, other)
- If the complaint is an appeal to a previous result of handling the complaint
- Recommended investigation of the issue
- Closing date and information provided to the aggrieved party
- Record the result of the investigation in the Excel file, including a summary of the action taken or justification for not taking action and the date of response to the party aggrieved

The project owner will acknowledge the complaint in writing in a timely manner and report back to the AE on the next steps. Complaint investigations may vary depending on the nature of the complaint, but every effort should be made to

ensure that complaints are dealt with promptly. Most investigations should not last longer than 90 days. The content of the complaint registered and the management of these must respect the confidentiality of the aggrieved party to the extent possible, and there should be no retaliation against aggrieved parties or complainants. In some cases, it may be appropriate for the project owner to continue to involve the aggrieved party during the investigation of the complaint. This could take place by inviting the aggrieved party to a meeting, a conference call, or committing more in writing. Any ongoing engagement with the aggrieved party must be noted in the register of complaints