

GEF Council Meeting
November 16 – 18, 2010
Washington DC

Agenda Item 14

ACCREDITATION PROCEDURE FOR GEF PROJECT AGENCIES

Recommended Council Decision

The Council, having reviewed Document GEF/C.39/8/Rev.1, *Accreditation Procedure for GEF Project Agencies*, approves the accreditation procedure contained therein as the basis for accrediting new GEF Project Agencies. Applicants shall be required to:

- (a) Undergo a Value-added Review;
- (b) Meet all of the GEF Fiduciary Standards; and
- (c) Meet the environmental and social safeguards criteria, as will be presented for approval by the Council in spring 2011.

All Agencies will have to apply all GEF policies and follow the GEF project cycle.

The Council directs the Secretariat to undertake the following actions:

- (a) Develop a comprehensive accreditation procedures manual covering all steps in the accreditation procedure, as well as the Stage 1 and Stage 2 application forms;
- (b) Receive and evaluate Stage 1 applications after Council approval in spring 2011 of the pilot on accrediting GEF Project Agencies; and
- (c) Establish an Accreditation Panel, with administrative support provided by the Trustee, as described in the document.

EXECUTIVE SUMMARY

1. This document represents the second part of the Secretariat's revised proposal for broadening the GEF partnership under paragraph 28 of the GEF Instrument, which is an important part of the GEF-5 reform agenda. It sets forth the Secretariat's proposal for an accreditation procedure for new GEF Project Agencies to be accredited under paragraph 28 of the GEF Instrument. The Secretariat developed this paper with the input of a three-member task force of experts and a six-member Council subcommittee. It should be read together with Document GEF/C.39/7/Rev.2, *Broadening of the GEF Partnership under Paragraph 28 of the Instruments: Key Policy Issues*.
2. The Secretariat recommends that a three stage procedure be followed for accrediting new GEF Project Agencies to the GEF partnership. Stage 1 consists of submission of an initial application (called a Stage 1 Application), a review of the extent to which an applicant would add value to the GEF partnership (Value-added Review), and Council approval. Stage 2 would focus on a review of the applicant by an independent accreditation panel (Accreditation Panel Review) of its ability to meet the GEF fiduciary standards and recommended criteria on environmental and social safeguards. Applicants would be required to submit a detailed application (a Stage 2 Application) providing the Accreditation Panel with sufficient information in these areas. Applicants will also need to pay an accreditation fee at the beginning of this stage. Stage 3 consists of the conclusion of a Memorandum of Understanding with the GEF Secretariat and a Financial Procedures Agreement with the GEF Trustee.
3. The document discusses how the Accreditation Panel will undertake a criteria-based review of applicants. It will review applicants based on three sets of criteria. The first two sets of criteria consist of the GEF fiduciary standards and are divided into Project Criteria and Governance Framework Criteria. The third set of criteria cover environmental and social safeguards, which the Secretariat is proposing for the Council's approval.
4. The Secretariat recommends that the Accreditation Panel follow a principles-based approach to assessing applicants' policies and capacity for applying environmental and social safeguards. Under such an approach, applicants will have to demonstrate that they have established adequate policies and have sufficient implementation capacity to meet a set of policy objectives and operational principles on environmental and social safeguards in eight areas, which are contained in Annex 3. All applicants will be required to demonstrate that they can enforce the operational principles in two areas – environmental assessment and natural habitats – to earn accreditation. If an applicant is not able to demonstrate capacity to enforce the policy objectives and operational principles in one of the other six areas, their accreditation would be conditioned on not implementing projects that would invoke the relevant policy in that area. It recommends that these criteria also be applied to the current GEF Agencies and requests the Secretariat to develop a process for assessing the GEF Agencies in this regard, for presentation to Council in spring 2011.
5. The paper defines the role of different GEF entities, including the GEF Council, the proposed Accreditation Panel, the GEF Secretariat, and the GEF Trustee. It estimates that applicants will need to pay an application fee of \$25,000 to cover the cost of the accreditation. Those requiring further review may be assessed higher fees.

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INTRODUCTION

6. The Policy Recommendations for the Fifth Replenishment of the GEF Trust Fund (GEF-5), under the title of Broadening of the GEF Partnership, requested that “the GEF Secretariat, in collaboration with the GEF Trustee, prepare a proposal for Council review in June 2010 to allow additional entities referred to in paragraph 28 of the Instrument to cooperate with the Secretariat and Trustee directly, subject to Council approval, and in accordance with national priorities, to assist recipient countries in preparing and implementing GEF-financed projects. The proposal should include analysis of the pros and cons for each type of institution and detail the modalities for the engagement of such institutions.”¹

7. At its June 2010 Meeting, the Council established a subcommittee of the Council (hereafter referred to as the Subcommittee), chaired by the CEO and including six Council Members, three from non-recipient constituencies and three from recipient constituencies, to advise on the development, in a transparent manner, of eligibility criteria for the potential partners. The Council also requested the Secretariat, in cooperation with the Trustee, to establish a task force (hereafter referred to as the Task Force) comprised of up to four qualified independent experts from appropriate disciplines to further develop an accreditation procedure.

8. The Secretariat has divided the proposal on broadening the GEF partnership into two separate papers: a broad policy paper - GEF/C.39/7/Rev.1, *Broadening of the GEF Partnership under Paragraph 28 of the Instrument: Key Policy Issues*, and the present paper, which proposes an accreditation procedure for GEF Project Agencies.²

9. This paper examines, in detail, how the GEF will accomplish the following specific tasks:

- (a) Value-added Review of applicants;
- (b) Review of applicants in terms of their compliance with the GEF Fiduciary Standards, including on project criteria and institutional governance framework; and
- (c) Review of applicant entities' standards on environmental and social safeguards.

ACCREDITATION PROCEDURE

10. The GEF Project Agency accreditation procedure will consist of the following Stages:

- Stage 1:** Submission of Stage 1 Application, Value-added Review, and Council approval;
- Stage 2:** Submission of Stage 2 Application and Accreditation Panel Review; and
- Stage 3:** Conclusion of Memorandum of Understanding and Financial Procedures Agreement.

¹ See Document GEF/C.37/3, *Summary of Negotiations Fifth Replenishment of the GEF Trust Fund*, pp 108.

² Document GEF/C.39/7/Rev.2 proposes that new agencies accredited through this procedure be referred to as “GEF Project Agencies.” The ten existing GEF Agencies will continue to be referred to as GEF Agencies. Collectively, GEF Agencies and GEF Project Agencies are referred to as GEF Partner Agencies.

11. An important part of the Stage 1 Application will be for applicant entities to provide the GEF Secretariat with a letter from a GEF country operational focal point endorsing its application as a GEF Project Agency (hereafter referred to as a Project Agency endorsement letter). This requirement will apply to all applicants – both national institutions and institutions operating in multiple countries.

12. The Project Agency endorsement letter will need to identify the initial project for which the applicant is being endorsed. There are no restrictions on the type of project; it can be a single country project, a regional project, or a global project. In the case of regional or global projects, applicant entities will only need to receive an endorsement letter from the operational focal point of one of the countries in which the project will be implemented/executed. Moreover, Project Agency endorsement letters will only be required once, when an applicant entity is applying for accreditation. After an entity is accredited as a Project Agency, it will only need to submit regular project endorsement letters for each subsequent project.

13. The following sections provide an overview of the proposed accreditation procedure. The detailed accreditation procedures will be developed by the Secretariat and will be included in a manual available to all stakeholders. The Secretariat will develop and maintain a tracking system to record progress on all applications received.

Stage 1: Submission of Stage 1 Application, Value-added Review, and Council Approval

Sub-Step1: Endorsement and Submission of Application

14. An entity that is interested in applying to become a GEF Project Agency will submit a Stage 1 Application Form. The purpose of the Stage 1 Application is to inform the GEF that an entity is interested in becoming a GEF Project Agency and describe how the entity will add value to the GEF partnership based on the Value-added Review Criteria discussed in Document GEF/C.39/7/Rev.2. The application will need to be accompanied by a letter from the GEF operational focal point of at least one GEF recipient country.

- (a) A GEF operational focal point will be limited to endorsing up to one and in an exceptional case two national institutions.
- (b) The Project Agency endorsement letter will need indicate the project or type of project that the potential GEF Project Agency would implement or execute if accredited.

15. The GEF Secretariat will review the Project Agency endorsement letter and confirm its authority. The Secretariat will review the Stage 1 Application to ensure that it is complete and enter the applicant in an established tracking system.

Sub-Step 2: Value-added Review and Council Approval

16. The initial application will be assessed according to a set of Value-added Review Criteria and a procedure to be agreed by Council. Those applicants approved by Council will move forward to Stage 2. The Secretariat will notify the applicant of the Council's decision.

Stage 2: Accreditation Panel Review

17. Applicants approved by the Council will submit a Stage 2 Application Form that provides information on its ability to meet the GEF fiduciary standards adopted by the Council for GEF Agencies (hereafter referred to as the GEF fiduciary standards), which includes their ability to successfully manage GEF projects. The applicant will also need to provide information in the Application Form on its ability to meet the policy objectives and operational principles on environmental and social safeguard standards that are included in Annex 3 of this document. (The GEF Secretariat will develop the Stage 2 Application to reflect these criteria.)

18. The Secretariat will review the application to ensure that all sections and questions were answered and that sufficient information has been provided to enable the Accreditation Panel to perform its work.³

19. After completeness has been ensured, the applicant will pay the required accreditation fee. (Note: For those applicants requiring a more in-depth review, an additional fee will have to be paid at a later in this Stage, as described below.) The Secretariat will then forward the completed application to the Accreditation Panel.

20. Next, the Accreditation Panel will conduct a criteria-based review of the application based on the GEF fiduciary standards, which include project and governance framework criteria and the environmental and social safeguard criteria. A description is further provided below. The Accreditation Panel Review will include three sub-steps:

- (a) Sub-step 1: Preliminary Assessment of each application. This step consists mostly of a desk review. The Panel may engage directly with the applicant to request further information in the form of alternative documentation, clarification of capabilities, or identification of where short-term mitigation strategies might be possible. The interaction between the Panel and the applicant is solely focused on receiving more information.
- (b) Sub-step 2: Written assessment of each application: The Panel will develop a written report of its findings on each application. Based on its collective assessment, the applications will be grouped into three categories - “Approve”, “Requires Further Review” or “Rejection.” The Panel’s written report will explain the reasons for the assessment in each case. When the members are not in agreement on the assessment, which occurs when at least one member scores the application in the “Requires Further Review” category, the application is classified as “Requires Further Review.”
- (c) Sub-Step 3: Further Review of mid-range applicants: If the Panel places an applicant in the “Requires Further Review” category, the applicant will need to undergo a further review to be accredited. In such cases, the Panel and Secretariat will estimate

³ The GEF Secretariat can reject an application due to incompleteness if repeated attempts by the applicant to provide the required information do not substantially improve the application. Moreover, when the GEF Secretariat requests further documentation to complete an application, the applicant will have 45 days to respond to the Secretariat. Failure to do so may result in rejection of the application. In either case, the accreditation cycle would restart from the beginning if the applicant were to reapply.

the required amount of additional costs, to be paid prior to the start of additional review work. The Panel will investigate further and discuss with the applicant areas of concern to determine whether it meets the standards in question or whether mitigation strategies can be immediately put in place that will bring the applicant to an acceptable level.

21. Accredited applicants will move forward to Stage 3. For those recommended for Rejection, the Panel will include in its assessment an explanation of sufficient depth to provide the applicant with the necessary information on what the applicant will need to do to improve its standards and capabilities such that, if they choose to reapply at a later date, they will be better positioned to meet the standards.

22. There may be cases where the Panel is convinced that the applicant will complete the necessary steps to fully adhere to the GEF Fiduciary Standards and environmental and social safeguard criteria within a short period of time. In that case, the application may move forward to Stage 3 on the condition that the Financial Procedures Agreement that enables the Trustee to commit and transfer funds cannot be finalized until the Accreditation Panel has confirmed that all the necessary steps have been completed and there is full adherence to the GEF fiduciary standards. This will normally be done within a timeframe of six months. If the standards have not been met, the entity will need to reapply for accreditation at a future date, which will begin the accreditation process anew.

Stage 3: Conclusion of Memorandum of Understanding and Financial Procedures Agreement

23. Approved GEF Project Agencies will agree to a Memorandum of Understanding with the Secretariat in which they will commit to follow all relevant GEF policies and procedures. The GEF Trustee will enter into a Financial Procedures Agreement (FPA) with the GEF Project Agency that will enable the Trustee to commit and transfer funds.

24. Upon conclusion of the MOU and the FPA, the entity will be accredited and be eligible to submit project identification forms (PIFs) for resources from the trust funds managed by the GEF: the GEF Trust Fund, the LDCF, and the SCCF.

CRITERIA-BASED REVIEW BY ACCREDITATION PANEL

25. The Accreditation Panel will review applicants based on three sets of important criteria. The two first sets are embodied in the existing GEF Fiduciary Standards,⁴ which are presented in Annex 2, but are divided into of “Project Criteria” and “Governance Framework Criteria.”

⁴ The GEF Fiduciary Standards are defined in the GEF Policy Paper *Recommended Minimum Fiduciary Standards for GEF Implementing and Executing Agencies* of July 2007. This policy paper can be found at the following link: http://www.thegef.org/gef/sites/thegef.org/files/documents/Recommended_Minimum_Fiduciary_Standard.pdf. It is based on Council Document GEF/C.31/6, with some additional changes that were requested by Council members. As decided by the Council in June 2009, the Secretariat will manage a third party process to review minimum fiduciary standards in 2013. They will be reviewed every four years thereafter.

Project Criteria

26. These criteria are all those included in Section B “Project/Activity Processes and Oversight” of the GEF Fiduciary Standards. They are reproduced, in their entirety, in Annex 2 and include sub-sections on the following:

- (a) Project Appraisal Standards;
- (b) Procurement Processes;
- (c) Monitoring and Project-at-Risk Systems; and
- (d) Evaluation Function.

27. The Stage 2 Application will ask for examples and other forms of evidence of previous, successful project implementation and or execution, to determine how an applicant meets the fiduciary standards.

Governance Framework Criteria

28. These criteria are all those included in section A (Audit, Financial Management and Control Framework), and section C (Investigations) of the GEF Fiduciary Standards. They are reproduced in their entirety in Annex 2 and include sub-sections on the following:

- (a) External Financial Audit;
- (b) Financial Management and Control Frameworks;
- (c) Financial Disclosure;
- (d) Codes of Ethics;
- (e) Internal Audit;
- (f) Investigations Function; and
- (g) Hotline & Whistleblower Protection.

Environmental and Social Safeguards

29. It is important to ensure that the delivery of GEF assistance does not lead to negative environmental and social impacts. The GEF Agencies that support investment projects (the development banks and IFAD) have in place environmental and social safeguard standards. In recent years, international development agencies, including the GEF Agencies, have been engaged in discussions on the harmonization of social and environmental safeguard standards. Simultaneously, the international community has embraced efforts to strengthen recipient country institutions and systems. In this area, the World Bank and the Asian Development Bank have established policies for the use of country systems on environmental and social safeguard standards that use principles-based approaches to assess the equivalency and acceptability of country systems.

30. The GEF Fiduciary Standards require the GEF Agencies to have environmental and social safeguard standards as part of their project appraisal processes. They do not, however, include the degree of specificity that will enable an Accreditation Panel to assess whether a certain benchmark has been met. For this reason, they need to be enhanced. The Secretariat recommends that additional accreditation criteria be added in this area.

31. As part of its review, the Accreditation Panel will assess whether applicants have established adequate policies and standards, and have sufficient implementation practices and capacity, to be able to apply the policy objectives and operational principles contained in Annex 3 to the design and implementation and execution of projects.⁵

32. The Accreditation Panel will include an expert on environmental and social safeguard policies and their application. The Accreditation Panel will use a principles-based approach, similar to that used by the World Bank and the Asian Development Bank for the use of country systems in this area, to assess the applicant's practices and standards to ensure that applicants are able to apply these criteria to GEF projects. These criteria cover eight areas:

- (a) Environmental Assessment;
- (b) Natural Habitats;
- (c) Pest Management;
- (d) Involuntary Resettlement;
- (e) Indigenous Peoples;
- (f) Forests;
- (g) Cultural Property; and
- (h) Safety of Dams.

33. If the Accreditation Panel determines that an applicant can effectively apply the policy objectives and operational principles to its projects in one of these eight areas, it will be assessed as meeting the relevant GEF standard in the area. All applicants will need to be able to demonstrate capacity to enforce the policy objectives and operational principles on "A. Environmental Assessment" and "B. Natural Habitats" to be accredited. This is because environmental assessment is the framework within which application of all the applications of the other safeguard standards occurs and because protection of natural habitats is critical to the GEF's mission on biodiversity conservation.

⁵ With minor changes, these are the same objectives and operational principles that the World Bank is currently using to assess the equivalency and acceptability of country systems under *Operational Policy OP 4.00: Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank Supported Project*: <http://siteresources.worldbank.org/OPSMANUAL/Resources/OP4.00> and Table A1.pdf

34. The policy objectives and operational principles for the other safeguard policies in Annex 3 are more specific and are applied to projects when certain risks trigger their application. As such, applicants will not necessarily need to meet all of the policy objectives and operational principles for those remaining safeguard policies in order to earn accreditation. If an applicant cannot enforce (in its projects) the criteria listed in one or more of the areas “E” through “H” listed in Annex 3, then accreditation will be conditioned on it not implementing or executing projects that will invoke the relevant policy. For instance, if an entity did not meet all the listed criteria on “D. Involuntary Resettlement,” then it will not be able to receive GEF funding for projects that will pose impacts in terms of resettlement or the involuntary restriction of access to legally designated parks and protected areas.

35. The Secretariat recommends that the environmental and social safeguard criteria be applied to the GEF Agencies. The Secretariat will propose to Council at its spring 2011 meeting a process for assessing the GEF Agencies and a timetable for compliance.

ROLES OF DIFFERENT GEF ENTITIES

Role of the GEF Council

36. The GEF Council will have two primary roles. First, the Council will establish and keep under review policies and procedures, with regard to the accreditation of new agencies. Second, the Council will approve applications for GEF Project Agency status based on the Value-added Criteria in Document GEF/C.39/7/Rev.2. This will happen prior to the Accreditation Panel Review and prior to the payment of the accreditation fee.

Role of the GEF Secretariat

37. The GEF Secretariat’s role in the accreditation process should be minimal, so as to avoid the perception that it is allowing its own value judgment or interests to influence the accreditation decision. The Secretariat will provide administrative support to the Accreditation Panel and the Council. The Secretariat will also undertake the following:

- (a) Review of applications for completeness. The Secretariat will receive all Stage 1 and Stage 2 applications and review them to ensure that all sections are complete and responsive. The Secretariat will return those applications deemed inadequate, with guidance on what information was lacking. Stage 1 applications deemed complete will undergo the Value-added Review. Stage 2 applications deemed complete will undergo the Accreditation Panel Review.
- (b) Reporting to Council. The Secretariat will provide reports to Council, as requested.

GEF Trustee

38. The GEF Trustee will be responsible for concluding Financial Procedures Agreements with GEF Project Agencies, receiving payments of accreditation fees on behalf of the GEF Secretariat, and for managing other necessary financial transactions, such as allocations, commitments, disbursements.

Accreditation Panel

39. After Council approval of applicants, the Accreditation Panel will assess all applications. The Secretariat shall establish an Accreditation Panel consisting of three members with expertise in the following areas:

- (a) Development project implementation and execution;
- (b) Governance and accountability issues in developing country contexts, including expertise with regard to fiduciary issues, financial management, and auditing; and
- (c) Environmental and social safeguards.

40. The Secretariat will draft terms of reference and acquire the services of the necessary experts to constitute the panel.

COST OF ACCREDITATION REVIEW AND PAYMENT

41. Applicants will pay a fee sufficient to cover the cost of the Accreditation Panel Review, including associated Secretariat costs. This is important for enabling this reform to be cost neutral to the GEF. The fee will be paid to the GEF after Council approval of the application and prior to the start of the Accreditation Panel Review. It will be non-refundable, even if an applicant fails to receive accreditation.

42. The initial up-front fee will need to be sufficient to cover the cost of a full desk review and assessment of the application. The GEF Secretariat's previous consultant, Grant Thornton, estimated that a fee of \$25,000 per applicant will be sufficient. This is based on the following assumptions: (i) a four-member panel, (ii) that applicants will present complete documentation and, (iii) have a history of executing projects similar to GEF projects.

43. For those applications requiring further evaluation, the panel will estimate the required extra level of review, and the applicant will be assessed an additional fee prior to further work. If the applicant does not pay the further assessment, the application will be deemed to have been withdrawn.

44. The level of additional review effort will vary, but it could include field visit due diligence, verification of systems, review of specific transactions, and review of previous project documentation. Costs will vary, but additional costs for the panel could range up to an additional \$75,000, resulting in a total cost of approximately \$100,000 in some cases.

45. The GEF will need to budget resources up front for the Secretariat to start the process. Over time, these funds will be repaid as accreditation fees are paid. In turn, proceeds from fees will be used to pay for the costs of the Accreditation Panel and associated Secretariat and Trustee costs.

TYPES OF ACCREDITATION

46. In the immediate term, it is expected that there will be only one type of accreditation—new accreditation of GEF Project Agencies. Over time, however, it is anticipated that there may be up to three accreditation types: new, reaccreditation, and reaccreditation after suspension. Each of these is briefly described below.

- (d) **New:** A new accreditation is the type of accreditation provided to entities that have not previously been accredited.
- (e) **Review of the Accreditation:** GEF Project Agencies that have previously been accredited and are in good standing will still need to update their accreditation. It is suggested that accredited GEF Project Agencies go through a review of their accreditation every five years after successful completion of their first accreditation.
- (f) **Reaccreditation after Suspension:** The GEF Council reserves the right to suspend accreditation of any GEF Partner Agency because of internal or external events that effectively reduce the competencies of the GEF Partner Agency, including those established during the accreditation process. Examples of such events include, but are not limited to: evidence of financial mismanagement, significant change in the geo-political environment that undermines the effectiveness of the GEF Partner Agency to implement or execute GEF projects, loss of in-country infrastructure due to natural disaster or conflict, loss of key personnel due to death or illness (examples of key personnel include the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Technical Officer or Scientist), and substantial changes in governance arrangements.

ADDITIONAL ISSUES

47. Confidentiality of Information: Information gathered on applicants during the accreditation process will be kept confidential and will only be used by the GEF Secretariat and the Accreditation Panel.

48. Application Language: The Secretariat should be equipped to perform its assessment of strategic fit in the GEF's three working languages of English, French, and Spanish. However, the Stage 2 Application, to be reviewed by the Accreditation Panel, will need to be submitted in English, or the applicant will need to pay for the cost of translation as part of its second-Stage accreditation fee.

49. Assistance from the Accreditation Panel: The Secretariat may ask the Accreditation Panel or other external expertise to provide assistance with developing the various documents mentioned above, such as the manual of accreditation procedures and the Stage 1 and Stage 2 Application Forms.

Annex 1: Terms and Descriptions

The following terms apply to this document and Document GEF/C.39/7/Rev.2. They will be applied in the GEF Accreditation Procedure for Project Agencies under paragraph 28 of the GEF Instrument.

Academic Institution: A privately or publicly owned institute of higher learning or research, with activities in one or more countries.

Accreditation Panel: The panel to be constituted by the GEF Council that will review Stage 2 Applications for accreditation of GEF Project Agencies.

Accreditation Panel Review: A criteria-based review to be performed by the Accreditation Panel, which will include assessment of project performance capacity, agencies' governance framework, and environmental and social safeguards.

Bilateral Development Agency: A development agency of a GEF donor country that is entrusted with the task of coordinating and implementing aid efforts in one or more GEF recipient countries.

GEF Agency: Any one of the 10 institutions that were entitled to receive GEF Trust Fund resources directly as of November 2010. They include the following organizations: the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Food and Agriculture Organization of the United Nations, the Inter-American Development Bank, the International Bank for Reconstruction and Development, the International Fund for Agricultural Development, the United Nations Development Program, United Nations Environment Program, and the United Nations Industrial Development Organization.

GEF Partner Agencies: Those agencies eligible to request and receive GEF resources directly for the design, implementation, and execution of GEF Projects. This category includes both GEF Agencies and GEF Project Agencies.

GEF Project Agency: Any of the institutions that the GEF has accredited to receive GEF resources to implement and execute GEF-financed projects apart from the ten GEF Agencies.

GEF Resources: Resources from any GEF-managed trust fund, including the GEF Trust Fund, the Least Developed Countries Fund (LDCF), and the Special Climate Change Fund (SCCF). This

International Organization: An organization established by treaty or other instrument governed by international law that includes more than one government among its members and has a personality distinct from that of its members.

Multilateral Development Bank: An institution operating at the international, regional or sub-regional level to provide financial support and professional advice for sustainable development activities.

National Institution: An institution or agency of public interest within a country, established under national law and operating at the national or sub-national level.

Non-governmental organization: An entity established under national law as a not-for-profit organization, operating at the sub-national, national, regional or international level.

Regional Organization: An international organization whose membership is restricted to countries to a specific region or sub-region of the world.

Private Sector Entity: An individual or collective entity, a corporation, a foundation, a consortium, a business association, or other entity established under national law as a for-profit organization, operating at the sub-national, national, regional or international level.

Stage 1 Application: The initial application of an applicant entity. It provides the Value-added information needed to perform the Value-added Review.

Stage 2 Application: The second application of an applicant entity, which will provide information on how the entity meets the GEF Minimum Fiduciary Standards and GEF environmental and social safeguard standards.

Value-added Review: The review to assess whether or not an applicant entity will provide sufficient added value to the GEF in terms of meeting its strategic objectives.

UN Specialized Agencies and Programs: The 17 international organizations that have a relationship agreement with the United Nations (i.e. UN specialized agencies), and the UN-affiliated programs and funds financed through voluntary contributions.

Annex 2: GEF Fiduciary Standards

Project Criteria

The standards below are the GEF's Fiduciary Standards, which were approved by the GEF Council in 2007. They are taken from the GEF Policy Document on the GEF's website *Recommended Minimum Fiduciary Standards for GEF Implementing and Executing Agencies*.⁶ They have been reordered to emphasize the importance of the project cycle but are otherwise copied in its entirety. They are recommended to be used by the Accreditation Review Panel for assessing Applicants during the Stage 2 review of the accreditation procedure.

1. **Project Appraisal Standards** - *Project appraisal functions include the establishment of standards and appropriate safeguards that are used to determine whether projects and activities will meet their development goals before funds are dispersed.*

- (a) A project and/or activity appraisal process is in place with the purpose of examining whether proposed projects and/or activities meet appropriate technical, economic, financial, environmental, social, institutional and/or other relevant criteria, including GEF-mandated criteria, and whether they are reasonably likely to meet stated objectives and outcomes.
- (b) The appraisal process ensures an appropriate degree of institutional checks and balances at the stage of project design:
 - Policies and risk-assessment procedures are in place specifying the criteria and circumstances under which environmental, social, institutional and/or fiduciary assessments must be conducted to incorporate environmental, social or other relevant considerations into a proposed project or activity.
 - Guidelines or policies are in place that provide for evaluation by technical advisors, who assess whether or not a proposed project or activity is eligible for GEF funding, based on the GEF-mandated criteria; is likely to achieve GEF goals; and is aligned with scientifically sound principles.

⁶ The GEF Fiduciary Standards are defined in the GEF Policy Paper *Recommended Minimum Fiduciary Standards for GEF Implementing and Executing Agencies* of July 2007. This policy paper can be found at the following link: http://www.thegef.org/gef/sites/thegef.org/files/documents/Recommended_Minimum_Fiduciary_Standard.pdf. It is based on Council Document GEF/C.31/6, with some additional changes that were requested by Council members. They will be reviewed in 2013 and every four years thereafter.

- (c) Project and/or activity development objectives and outcomes are clearly stated and key performance indicators with baseline and targets are incorporated into the project/activity design.
- (d) Appropriate fiduciary oversight procedures are in place to guide the appraisal process and ensure its quality and monitoring of follow-up actions during implementation.

2. **Procurement Processes** - *Agency procurement processes covering both internal/administrative procurement and procurement by recipients of funds include written standards based on widely recognized processes and an internal control framework to protect against fraudulent and corrupt practices (using widely recognized definitions such as those agreed by the International Financial Institutions Anti-Corruption Task Force) and waste.*

- (a) Specific agency directives promote economy and efficiency in procurement through written standards and procedures that specify procurement requirements, accountability, and authority to take procurement actions.
- (b) Specific procurement guidelines are in place with respect to different types of procurement managed by the agency, such as consultants, contractors and service providers.
- (c) Specific procedures, guidelines and methodologies of assessing the procurement procedures of beneficiary institutions are in place.
- (d) Procurement performance in implemented projects is monitored at periodic intervals, and there are processes in place requiring a response when issues are uncovered.
- (e) Procurement records are easily accessible to procurement staff, and procurement policies and awards are publicly disclosed.

3. **Monitoring and Project-at-Risk Systems** - *The GEF monitoring and evaluation policy, adopted by the Council in February 2006, establishes minimum requirements based on widely recognized, best practice norms and standards for monitoring in the GEF. From a fiduciary perspective, the monitoring function detects, assesses, and provides management information about risks related to projects and/or activities, particularly those deemed to be at risk.*

- (a) Monitoring functions, policies and procedures consistent with the requirements of the GEF monitoring and evaluation policy have been established.
- (b) The roles and responsibilities of the monitoring function are clearly articulated at both the project/activity and entity/portfolio levels. The monitoring function at the entity/portfolio level is separated from the project and/or activity origination and supervision functions.

- (c) Monitoring reports at the project/activity level are provided to a project/activity manager as well as to an appropriately higher level of managerial oversight within the organization so that mid-course corrections can be made, if necessary. Monitoring reports at the entity/portfolio level are provided to both project/activity managers and to an appropriately higher level of oversight within the organization so that broader portfolio trends are identified, and corresponding policy changes can be considered.
- (d) A process or system, such as a project-at-risk system, is in place to flag when a project has developed problems that may interfere with the achievement of its objectives, and to respond accordingly to redress the problems.
- (e) Adequate fiduciary oversight procedures are in place to guide the project risk assessment process and to ensure its quality and monitoring of follow-up actions during implementation. This process or system is subject to independent oversight.

4. **Evaluation Function** - *The evaluation function assesses the extent to which projects, programs, strategies, policies, sectors, focal areas, or other activities achieve their objectives. The goals of evaluation are to provide an objective basis for assessing results, to provide accountability in the achievement of agency objectives, and to learn from experience. The GEF monitoring and evaluation policy, adopted by the Council in February 2006, establishes minimum requirements based on widely recognized, best practice norms and standards for monitoring in the GEF, including impartiality, professionalism, and a high degree of independence.*

- (a) Independent evaluations are undertaken by an established body or function as part of a systematic program of assessing results, consistent with the requirements of the GEF monitoring and evaluation policy.
- (b) The evaluation function follows impartial, widely recognized, documented and professional standards and methods.
- (c) The evaluations body or function is structured to have the maximum independence possible from the organization's operations, consistent with the structure of the agency, ideally reporting directly to the governing board. If its structural independence is limited, the evaluations body or function has transparent reporting to management and/or the governing board.
- (d) An evaluation disclosure policy is in place. Evaluation reports are disseminated as widely as possible, and at a minimum to all parties directly or indirectly involved with the project. To enhance transparency, to the extent possible, reports are available to the public.

Governance Framework Criteria

The criteria below are drawn from the GEF's 2007 Minimum Fiduciary Standards, specifically: section A (Audit, Financial Management and Control Framework), and section C (Investigations). They are copied in their entirety

1. **External Financial Audit** - *The external financial audit function ensures an independent (as defined by the International Federation of Accountants (IFAC)) review of financial statements and internal controls.*

- (a) The Agency has appointed an independent external audit firm or organization.
- (b) The work of the external audit firm or organization is consistent with recognized international auditing standards such as International Standards on Auditing (ISA).
- (c) Financial statements are prepared in accordance with recognized accounting standards such as International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) or Generally Accepted Accounting Principles (GAAP) that are accepted in major capital markets for listed companies.
- (d) The internal controls over financial reporting cover the use of GEF funds, and Management asserts to the agency governing body that these internal controls are adequate.
- (e) An annual audit opinion on the financial statements and/or, as appropriate, on all GEF funds received from the Trustee and administered by the agency, is issued by the external auditor and made public.
- (f) An independent audit committee, or comparable body, is appointed and oversees the work of the external audit firm or organization as it relates to the audit of the financial statements. The audit committee or comparable body has written terms of reference that address its membership requirements, duties, authority, accountability and regularity of meetings.
- (g) The external auditor makes regular reports of observations with respect to accounting systems, internal financial controls, and administration and management of the organization. Auditor and management progress reports are reviewed by the audit committee or comparable body annually.

2. **Financial Management and Control Frameworks** - *An internal control framework, as defined by internationally recognized frameworks such as COSO, Cadbury and CoCo, is a risk-based process designed to provide reasonable assurance and feedback to management regarding the achievement of objectives in the following categories:*

- Effectiveness and efficiency of operations
 - Reliability of financial reporting and financial management frameworks
 - Compliance with applicable policies and procedures.
- (a) A control framework has been adopted that is documented and includes clearly defined roles for management, internal auditors, the board of directors or comparable body, and other personnel.
- (b) The control framework covers the control environment (“tone at the top”), risk assessment, internal control activities, monitoring, and procedures for information sharing.
- (c) The control framework has defined roles and responsibilities pertaining to accountability of fiscal agents and fiduciary trustees.
- (d) At the institutional level, risk-assessment processes are in place to identify, assess, analyze and provide a basis for proactive risk responses in each of the financial management areas. Risks are assessed at multiple levels, and plans of action are in place for addressing risks that are deemed significant or frequent.
- (e) The control framework guides the financial management framework.
- (f) Procedures are in place for identifying internal controls and assessing controls details annually in core financial management areas, including:
- Budgeting;
 - Accounting;
 - Internal control;
 - Funds flow (including disbursements, cash management, unused fund close-out);
 - Financial reporting; and
 - Auditing arrangements.
- (g) Duties are segregated where incompatible. Related duties are subject to a regular review by management; response is required when discrepancies and exceptions are noted; and segregation of duties is maintained between: settlement processing; procurement processing; risk management/reconciliations; and accounting.

3. **Financial Disclosure** - *The financial disclosure policy delineates the process surrounding mandatory financial disclosures of possible or apparent conflicts of interest by identified parties.*

- (a) A documented financial disclosure policy covering identified parties defines conflicts of interest arising from personal financial interests that require disclosure, including actual, perceived and potential conflicts.
- (b) The policy specifies prohibited personal financial interests.
- (c) The policy describes the principles under which conflicts of interests are reviewed and resolved by the agency. It describes sanction measures for parties that do not self disclose where a conflict of interest is identified. The policy contains reference to other related internal policies, such as outside employment policies.
- (d) Parties covered by the policy are provided a way to disclose personal financial interests annually to an administrative function within the agency.
- (e) The policy establishes processes for the administration and review of financial disclosure interests of the defined parties, as well as resolution of identified conflicts of interests, under an independent monitoring/administration function.

4. **Code of Ethics** - *A code of ethics for agency staff promotes responsible governance and ethical behavior.*

- (a) A documented code of ethics defines ethical standards to be upheld, including protecting agency and trust fund assets. The code lists parties required to adhere to the standards including employees, consultants, and independent experts. It describes disciplinary and enforcement actions for violations, and provides for appropriate flexibility in application and implementation in local environments.
- (b) An ethics or related function provides administrative support for the code, including distributing the code, monitoring compliance, and authority to refer to the agency's investigation function for alleged violations.
- (c) Multiple avenues for reporting compliance and/or other business conduct concerns such as a hotline and contact information for functional/department options (e.g. human resources and internal audit) are readily available (e.g. on the agency's intranet and external websites).

5. **Internal Audit** - *Internal auditing is an independent, objective activity designed to add value and improve an organization's operations. It helps an organization to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.*

- (a) Internal audit activity is carried out in accordance with internationally recognized standards such as those prescribed by the Institute of Internal Auditors (IIA).
- (b) Auditors and entities that provide internal auditing services adhere to ethical principles of integrity, objectivity, confidentiality and competency.
- (c) The internal audit function is functionally independent and objective in the execution of its respective duties. There is an officer designated to head the internal function. The chief audit officer reports to a level within the organization that allows the internal audit activity to fulfill its responsibilities objectively.
- (d) The internal audit function has a documented terms of reference/charter that outlines its purpose, authorized functions, and accountability.
- (e) The internal audit function has a documented description of the annual audit planning process, including a risk-based methodology for preparing an audit plan. The audit plan outlines the priorities of the function and is consistent with the agency's goals.
- (f) The chief audit officer shares information and coordinates activities with relevant internal and external parties (including external financial statement auditors) to ensure proper coverage and minimize duplication of efforts.
- (g) The internal audit function disseminates its findings to the corresponding senior and business management units, who are responsible for acting on and/or responding to recommendations.
- (h) The internal audit function has a process in place to monitor the response to its recommendations.
- (i) A process is in place to monitor and assess the overall effectiveness of the internal audit functions including periodic internal and external quality assessments.

6. **Investigation Function** - *The investigation function provides for independent, objective investigation of allegations of fraudulent and corrupt practices (using widely recognized definitions such as those agreed by the International Financial Institutions Anti-Corruption Task Force) in agency operations, and of allegations of possible agency staff misconduct.*

- (a) The investigations function has publicly available terms of reference that outline the purpose, authority, and accountability of the function.
- (b) To ensure independence, the investigations function is headed by an officer who reports to the head of the agency and/or an oversight body, such as a committee of the board of directors or a comparable body.

- (c) The investigations function has published guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process.
- (d) The investigations function has a defined process for periodically reporting case trends. To enhance accountability and transparency, to the extent possible, case trend reports and other information are made available to senior management and respective functional business areas.

7. **Hotline & Whistleblower Protection** - *Agency policies provide avenues for reporting suspected ethics violations and protections for individuals reporting such violations.*

- (a) A hotline or comparable mechanism is in place to ensure the capacity to take in reports of suspected unethical, corrupt, fraudulent or similar activity as defined by agency policy.
- (b) An intake function coordinates the reporting of hotline information, compliance and/or other business concerns from internal and external sources. The intake function maintains an appropriate level of autonomy from the investigations function.
- (c) A whistleblower protection policy covering who is protected and defining protected disclosures (such as violations of law, rule or regulation, abuse of authority, gross waste of funds, gross mismanagement or a substantial and specific danger to public health and safety). The policy defines the standard of protection from retaliation (such as placing the burden on the agency to provide evidence that the involved official would have taken place absent the protected disclosure).
- (d) Policies are in place to ensure confidentiality and/or anonymity, as requested, of whistleblowers or others making reports (such as by using appropriate hotline technology, and preserving anonymity in reporting processes).
- (e) Procedures are in place for the periodic review of handling of hotline, whistleblower, and other reported information to determine whether it is handled effectively and whether processes for protecting whistleblowers and witnesses are consistent with best international practice.

Annex 3: Environmental and Social Safeguard Criteria

1. The Accreditation Panel will use the following policy objectives and operational principles as its benchmark for determining whether an applicant can demonstrate that it has capacity and policies of sufficient quality to apply the World Bank standards in the key subsectors listed to the design and implementation/ execution of GEF projects.
2. This table is a slightly adapted version of the table included in the World Bank's *Operational Policy OP 4.00: Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank Supported Projects*, which can be found at:
<http://siteresources.worldbank.org/OPSMANUAL/Resources/OP4.00andTableA1.pdf>.

A. Environmental Assessment	
<i>Policy Objectives</i>	<i>Operational Principles</i>
<p>To help ensure the environmental and social soundness and sustainability of investment projects.</p> <p>To support integration of environmental and social aspects of projects into the decision making process.</p>	<ol style="list-style-type: none"> 1. Use a screening process for each proposed project, as early as possible, to determine the appropriate extent and type of environmental assessment (EA) so that appropriate studies are undertaken proportional to potential risks and to direct, and, as relevant, indirect, cumulative, and associated impacts. Use sectoral or regional environmental assessment when appropriate. 2. Assess potential impacts of the proposed project to physical, biological, socioeconomic and physical cultural resources, including transboundary and global concerns, and potential impacts on human health and safety. 3. Assess the adequacy of the applicable legal and institutional framework, including applicable international environmental agreements, and confirm that they provide that the cooperating government does not finance project activities that will contravene such international obligations. 4. Provide for assessment of feasible investment, technical, and siting alternatives, including the “no action” alternative, potential impacts, feasibility of mitigating these impacts, their capital and recurrent costs, their suitability under local conditions, and their institutional, training and monitoring requirements associated with them. 5. Where applicable to the type of project being supported, normally apply the Pollution Prevention and Abatement Handbook (PPAH). Justify deviations when alternatives to measures set forth in the PPAH are selected. 6. Prevent and, where not possible to prevent, at least minimize, or compensate for adverse project impacts and enhance positive impacts through environmental planning and management that includes the proposed mitigation measures, monitoring, institutional capacity development and training measures, an implementation schedule, and cost estimates. 7. Involve stakeholders, including project-affected groups and local

	nongovernmental organizations, as early as possible, in the preparation process and ensure that their views and concerns are made known to decision makers and taken into account. Continue consultations throughout project implementation as necessary to address EA-related issues that affect them.
	<p>8. Use independent expertise in the preparation of EA where appropriate. Use independent advisory panels during preparation and implementation of projects that are highly risky or contentious or that involve serious and multi-dimensional environmental and/or social concerns.</p> <p>9. Provide measures to link the environmental assessment process and findings with studies of economic, financial, institutional, social and technical analyses of a proposed project.</p> <p>10. Provide for application of the principles in this Table to subprojects under investment and financial intermediary activities.</p> <p>11. Disclose draft EA in a timely manner, before appraisal formally begins, in an accessible place and in a form and language understandable to key stakeholders.</p>

B. Natural Habitats	
Policy Objectives	Operational Principles
To promote environmentally sustainable development by supporting the protection, conservation, maintenance, and rehabilitation of natural habitats and their functions.	<p>1. Use a precautionary approach to natural resources management to ensure opportunities for environmentally sustainable development. Determine if project benefits substantially outweigh potential environmental costs.</p> <p>2. Avoid significant conversion or degradation of critical natural habitats, including those habitats that are:</p> <ul style="list-style-type: none"> (a) legally protected, (b) officially proposed for protection, (c) identified by authoritative sources for their high conservation value, or (d) recognized as protected by traditional local communities. <p>3. Where projects adversely affect non-critical natural habitats, proceed only if viable alternatives are not available, and if appropriate conservation and mitigation measures, including those required to maintain ecological services they provide, are in place. Include also mitigation measures that minimize habitat loss and establish and maintain an ecologically similar protected area.</p> <p>4. Whenever feasible, give preference to siting projects on lands already converted.</p> <p>5. Consult key stakeholders, including local nongovernmental organizations and local communities, and involve such people in design, implementation,</p>

	<p>monitoring, and evaluation of projects, including mitigation planning.</p> <p>6. Provide for the use of appropriate expertise for the design and implementation of mitigation and monitoring plans.</p> <p>7. Disclose draft mitigation plan in a timely manner, before appraisal formally begins, in an accessible place and in a form and language understandable to key stakeholders.</p>
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C. Pest Management	
Policy Objectives	Operational Principles
To minimize and manage the environmental and health risks associated with pesticide use and promote and support safe, effective, and environmentally sound pest management.	<p>1. Promote use of demand driven, ecologically based biological or environmental pest management practices (Integrated Pest Management [IPM] in agricultural projects and Integrated Vector Management [IVM] in public health projects) and reduce reliance on synthetic chemical pesticides. Include assessment of pest management issues, impacts and risks in the EA process.</p> <p>2. Procure pesticides contingent on an assessment of the nature and degree of associated risks, taking into account the proposed use and intended users. Do not procure formulated products that are in WHO Classes IA and IB, or formulations of products in Class II unless there are restrictions that are likely to deny use or access to lay personnel and others without training or proper equipment. Reference: WHO's "Recommended Classification of Pesticides by Hazard and Guidelines to Classification" (IOMC, 2000-2002).</p> <p>3. Follow the recommendations and minimum standards as described in the United Nations Food and Agriculture Organization (FAO) International Code of Conduct on the Distribution and Use of Pesticides (Rome, 2003) and procure only pesticides that are manufactured, labeled, handled, stored, applied and disposed of according to acceptable standards as described in FAO Pesticide Guidelines on Storage, Labeling, and Disposal (Rome, 1985).</p> <p>4. Support policy reform and institutional capacity development to (a) enhance implementation of IPM- and IVM-based pest management, and (b) regulate and monitor the distribution and use of pesticides.</p> <p>5. Disclose draft mitigation plan in a timely manner, before appraisal formally begins, in an accessible place and in a form and language that are understandable to key stakeholders.</p>

<i>D. Involuntary Resettlement</i>	
<i>Objectives</i>	<i>Operational Principles</i>
To avoid or minimize Involuntary resettlement and, where this is not feasible, to assist displaced persons in improving or at least restoring their livelihoods and standards of living in real terms relative to pre-displacement levels or to levels prevailing prior to the beginning of project implementation, whichever is higher.	<p>1. Assess all viable alternative project designs to avoid, where feasible, or minimize involuntary resettlement.</p> <p>2. Through census and socio-economic surveys of the affected population, identify, assess, and address the potential economic and social impacts of the project that are caused by involuntary taking of land (e.g., relocation or loss of shelter, loss of assets or access to assets, loss of income sources or means of livelihood, whether or not the affected person must move to another location) or involuntary restriction of access to legally designated parks and protected areas.</p> <p>3. Identify and address impacts also if they result from other activities that are (a) directly and significantly related to the proposed project, (b) necessary to achieve its objectives, and (c) carried out or planned to be carried out contemporaneously with the project.</p> <p>4. Consult project-affected persons, host communities and local nongovernmental organizations, as appropriate. Provide them opportunities to participate in the planning, implementation, and monitoring of the resettlement program, especially in the process of developing and implementing the procedures for determining eligibility for compensation benefits and development assistance (as documented in a resettlement plan), and for establishing appropriate and accessible grievance mechanisms. Pay particular attention to the needs of vulnerable groups among those displaced, especially those below the poverty line, the landless, the elderly, women and children, Indigenous Peoples, ethnic minorities, or other displaced persons who may not be protected through national land compensation legislation.</p> <p>5. Inform displaced persons of their rights, consult them on options, and provide them with technically and economically feasible resettlement alternatives and needed assistance, including (a) prompt compensation at full replacement cost for loss of assets attributable to the project; (b) if there is relocation, assistance during relocation, and residential housing, or housing sites, or agricultural sites of equivalent productive potential, as required; (c) transitional support and development assistance, such as land preparation, credit facilities, training or job opportunities as required, in addition to compensation measures; (d) cash compensation for land when the impact of land acquisition on livelihoods is minor; and (e) provision of civic infrastructure and community services as required.</p> <p>6. Give preference to land-based resettlement strategies for displaced persons whose livelihoods are land-based.</p> <p>7. For those without formal legal rights to lands or claims to such land that</p>

	<p>could be recognized under the laws of the country, provide resettlement assistance in lieu of compensation for land to help improve or at least restore their livelihoods.</p> <p>8. Disclose draft resettlement plans, including documentation of the consultation process, in a timely manner, before appraisal formally begins, in an accessible place and in a form and language that are understandable to key stakeholders.</p> <p>9. Apply the principles described in the involuntary resettlement section of this Table, as applicable and relevant, to subprojects requiring land acquisition.</p>
E. Indigenous Peoples	
<i>Objectives</i>	<i>Operational Principles</i>
<p>To design and implement projects in such a way that Indigenous Peoples (a) receive culturally compatible social and economic benefits; and (b) do not suffer adverse effects during the development process; and that fosters full respect for their dignity, human rights, and cultural uniqueness.</p>	<p>1. Screen early for the presence of Indigenous Peoples in the project area, who are identified through criteria that reflect their social and cultural distinctiveness (self-identification and identification by others as Indigenous Peoples, collective attachment to land, presence of customary institutions, indigenous language, and primarily subsistence-oriented production).</p> <p>2. Undertake meaningful consultation with affected Indigenous Peoples to solicit informed participation in designing, implementing, and monitoring measures to (a) avoid adverse impacts, or when avoidance is not feasible, minimize, mitigate, or compensate for such effects; and (b) tailor benefits in a culturally appropriate way.</p> <p>3. Undertake social assessment or use similar methods to assess potential impacts and risks when a project may have adverse impacts. These studies may be used, along with other types of studies.</p> <p>4. Identify measures to avoid, minimize and/or mitigate adverse impacts.</p> <p>5. Provide social and economic benefits to Indigenous Peoples in ways that are culturally appropriate, and gender and generationally inclusive. Full consideration should be given to options preferred by the affected Indigenous Peoples for provision of benefits and mitigation measures.</p> <p>6. Make provisions in plans, where appropriate, to support activities to establish legal recognition of customary or traditional land tenure systems used by project affected Indigenous Peoples.</p> <p>7. Prepare an Indigenous Peoples development plan using qualified professionals, based on on-site studies and meetings, and drawing on indigenous knowledge. The plan normally will cover the legal framework, baseline data, and land tenure, including customary land tenure provisions for local participation, mitigation activities, and institutional capacity. It should include key actions to be taken accompanied by a monitoring and evaluation</p>

	<p>plan, implementation schedule, and estimated budget.</p> <p>8. Disclose the draft Indigenous Peoples development plan, including documentation of the consultation process, in a timely manner, before appraisal formally begins, in an accessible place and in a form and language that are understandable to key stakeholders.</p> <p>9. Monitor by experienced social scientists the implementation of the Indigenous Peoples development plan.</p>
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F. Forests	
<i>Objectives</i>	<i>Operational Principles</i>
<p>To realize the potential of forests to reduce poverty in a sustainable manner, integrate forests effectively into sustainable economic development, and protect the vital local and global environmental services and values of forests.</p>	<ol style="list-style-type: none"> 1. Screen as early as possible for potential impacts on forest health and quality and on the rights and welfare of the people who depend on them. As appropriate, evaluate the prospects for new markets and marketing arrangements. 2. Do not finance projects that will involve significant conversion or degradation of critical forest areas or related critical natural habitats, or that will contravene applicable international environmental agreements. 3. Do not finance natural forest harvesting or plantation development that will involve any conversion or degradation of critical forest areas or related critical natural habitats. 4. Support projects that adversely impact noncritical natural forests or related natural habitats only if viable alternatives to the project are not available and only if appropriate conservation and mitigation measures are in place. 5. Support commercial, industrial-scale forest harvesting only when the operation is certified, under an independent forest certification system, as meeting, or having a time-bound action plan to meet, internationally recognized standards of responsible forest management and use. 6. Ensure that forest restoration projects maintain or enhance biodiversity and ecosystem functionality and that all plantation projects are environmentally appropriate, socially beneficial and economically viable. 7. Give preference to small-scale community-level management approaches where they best reduce poverty in a sustainable manner. 8. Support commercial harvesting by small-scale landholders, local communities or entities under joint forest management where monitoring with the meaningful participation of local communities demonstrates that these operations achieve a standard of forest management consistent with internationally recognized standards of responsible forest use or that they are adhering to an approved time-bound plan to meet these standards.

	<p>9. Use forest certification systems that require:</p> <ul style="list-style-type: none"> (a) compliance with relevant laws; (b) recognition of, and respect for, legal or customary land tenure and use rights as well as the rights of Indigenous Peoples and workers; (c) measures to enhance sound community relations; (d) conservation of biological diversity and ecological functions; (e) measures to maintain or enhance environmentally sound multiple benefits from the forest; (f) prevention or minimization of environmental impacts; (g) effective forest management planning; (h) active monitoring and assessment of relevant forest management areas; and (i) independent, cost effective, third-party assessment of forest management performance against measurable performance standards defined at the national level and compatible with internationally accepted principles and criteria of sustainable forest management through decision making procedures that are fair, transparent, independent, designed to avoid conflict of interest and involve the meaningful participation of key stakeholders, including the private sector, Indigenous Peoples, and local communities. <p>10. Disclose any time-bound action plans in a timely manner, before appraisal formally begins, in an accessible place and in a form and language that are understandable to key stakeholders.</p>
G. Cultural Property	
Objectives	Operational Principles
<p>To assist in preserving physical cultural resources (PCR) and avoiding their destruction or damage. PCR includes archaeological, paleontological, historical, and sacred sites including graveyards, burial sites, and unique natural values.</p>	<ul style="list-style-type: none"> 1. Analyze feasible project alternatives to prevent or minimize or compensate for adverse impacts and enhance positive impacts on PCR, through site selection and design. 2. If possible, avoid financing projects that significantly damage PCR. As appropriate, conduct field based surveys using qualified specialists to evaluate PCR. 3. Consult local people in documenting the presence and significance of PCR, assessing the nature and extent of potential impacts on these resources, and designing and implementing mitigation plans. 4. Provide for the use of “chance find” procedures that include a pre-approved management and conservation approach for materials that may be discovered during project implementation. 5. Define and undertake measures for strengthening institutional capacity to implement mitigation plans and to deal with impacts on PCR identified prior to and/or discovered during project implementation. 6. Disclose draft mitigation plans, in a timely manner, before appraisal formally begins, in an accessible place and in a form and language that are understandable to key stakeholders.

H. Safety of Dams	
<i>Objectives</i>	<i>Operational Principles</i>
<p>To assure quality and safety in the design and construction of new dams and the rehabilitation of existing dams, and in carrying out activities that may be affected by an existing dam.</p>	<ol style="list-style-type: none"> 1. Identify existing dams and dams under construction that can influence the performance of the project and implement necessary safety measures/remedial works. 2. Use experienced and competent professionals to design and supervise the construction, operation, and maintenance of dams and associated works. 3. Develop detailed plans, including for construction supervision, instrumentation, operation and maintenance and emergency preparedness. 4. Use independent advice on the verification of design, construction, and operational procedures and appoint independent panels of experts for large or high hazard dams. 5. Use contractors that are qualified and experienced to undertake planned construction activities. 6. Carry out periodic safety inspections of new/rehabilitated dams after completion of construction/rehabilitation, review/monitor implementation of detailed plans and take appropriate action as needed.