The Federal Government

IKI INTERNATIONAL CLIMATE INITIATIVE

Safeguards Policy of the International Climate Initiative

Valid from 15 January 2023

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1. INTRODUCTION

The Safeguards Policy of the International Climate Initiative (IKI) commits IKI to complying with environmental and social standards (safeguards) to enhance the effectiveness, sustainability and quality of projects.

The IKI is an instrument of the Federal Government for funding international climate action and biodiversity conservation. The lead coordination is located in the Federal Ministry for Economic Affairs and Climate Action (BMWK) and it is implemented jointly with the Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection (BMUV) and the Federal Foreign Office (AA). BMWK, BMUV and AA supervise projects within the scope of their responsibility. All three ministries are summarised below as responsible ministries. The IKI operates within the architecture of the United Nations Framework Convention on Climate Change (UNFCCC) and the Convention on Biological Diversity (CBD). It finances climate action and biodiversity conservation in developing and emerging countries. The IKI priority areas are climate change mitigation, adaptation to climate change, biodiversity conservation and forest protection.

The project management agency Zukunft – Umwelt – Gesellschaft gGmbH (ZUG) supports the responsible ministries in implementing the IKI. Political responsibility for the IKI lies with BMWK, BMUV and AA within the scope of their respective areas of responsibility.

The Safeguards Policy sets out how the IKI takes into account environmental and social aspects in order to effectively manage and monitor environmental and social risks[1], to counter potential adverse impacts on the environment and people, and ideally to attain positive effects. The IKI safeguards standards are in line with the Safeguards Standards of the Green Climate Fund (GCF), which currently uses the IFC Performance Standards for Environmental and Social Sustainability (see section 1.4).

1.1 Embedding in international frameworks

The obligation of the IKI to comply with environmental and social standards (safeguards) derives from the German government's commitments under international and national treaties and from standards for the protection of the environment and people.

The goal of the IKI is to advance implementation of the United Nations Framework Convention on Climate Change (UNFCCC) and the Convention on Biological Diversity (CBD). The IKI observes the processes and decisions adopted under these conventions. The UNFCCC emphasises the need to coordinate responses to climate change with the economic and social development of partner countries (UNFCCC, 1992 p. 3). The Paris Agreement, adopted by the Conference of the Parties (COP) in 2015, further stresses that action to address climate change should also respect and promote human rights, the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and vulnerable people, and respect and promote gender equality (Paris Agreement, 2015 p. 2).

> *Actions to address climate change should also respect and promote human rights, the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and vulnerable people, and respect and promote gender equality.*
>
> (Paris Agreement, 2015 p. 2)

In this spirit, the REDD+ Safeguards, the Local Communities and Indigenous Peoples Platform, the Lima Work Programme on Gender (LWPG) and the UNFCCC Gender Action Plan were also established under the Convention. The Convention on Biological Diversity (CBD) committed to environmental and social safeguards with the CBD Guidelines on Voluntary Safeguards for Biodiversity Financing Mechanisms (UNEP/CBD/COP/DEC/XII/3). It also drew up a gender action plan. The IKI furthermore contributes to implementing the 2030 Agenda for sustainable development and the Addis Ababa Action Agenda[2].

The IKI must also ensure compliance with international and national treaties on the protection of human rights to which the German government is a signatory. Especially important in this context are the Universal Declaration of Human Rights of the United Nations and international human rights agreements[3] and the Core Labour Standards of the International Labour Organization (ILO)[4] .

The UN Guiding Principles on Business and Human Rights (UNGP) are another commitment to human rights.[5] States should encourage or even obligate businesses or organisations that are owned or controlled by the state, or that receive substantial support from the state, to protect against human rights abuses along the entire supply chain and to demonstrate human rights due diligence.[6]

1.2 Objectives

The Safeguards Policy aims to ensure that the IKI meets its commitment to comply with environmental and social standards.

The Safeguards Policy and its safeguards standards contribute to:

a. preventing, minimising or reducing adverse impacts on people and the environment and, in exceptional cases, making remedies.
b. maximising the positive environmental and social impacts of the safeguards measures.
c. increasing the effectiveness, sustainability and quality of the projects.
d. strengthening stakeholder engagement and participation, especially of indigenous communities, marginalised or vulnerable groups.
e. increasing transparency and accountability for IKI stakeholders and the public, and preventing reputational damage.
f. improving the quality, coherence and efficiency of the IKI funding programme by defining tasks and responsibilities, clearly structuring procedures and processes, and identifying consequences.

1.3 Guiding principles

The Safeguards Policy takes into account the challenging circumstances that some projects have to operate under and which, at the same time, demonstrate a particularly pressing need for both climate action and biodiversity conservation. For that reason, the presence of environmental and social risks does not necessarily rule out support for a project, as long as these risks can be addressed with adequate safeguards measures.

The design of procedures and processes of the Safeguards Policy is based on the following principles:

a. International harmonisation: the Safeguards Policy draws on established environmental and social standards, thus contributing to the international harmonisation of standards.
b. Coherence and consistency: as an overarching policy, the Safeguards Policy ensures coherence and consistency with other existing and future policies, strategies, procedures and processes of the funding programme, especially in the areas of accountability (in particular complaint mechanism policy), gender (in particular gender strategy, gender action plan), and monitoring and evaluation.
c. Efficiency and effectiveness: safeguards-related procedures and processes must be designed for maximum efficiency and effectiveness.

Under the Safeguards Policy, the design and implementation of projects are geared to the following principles:

d. Social and environmental sustainability: projects aim to prevent, minimise, mitigate or remedy adverse impacts and, ideally, to maximise positive impacts on the environment and people.
e. Biodiversity: projects respect and conserve biodiversity, protect or restore critical habitats, maintain ecosystem services and support the sustainable use of natural resources. Activities are to increase biological diversity in the entire landscape and support near-natural structures.
f. Fundamental rights: basic human rights and labour rights, including the rights of women, indigenous communities, vulnerable or marginalised groups, especially of national, ethnic, religious or linguistic minorities, LGBTQIA persons, children and persons with disabilities, are respected and promoted.
g. Gender equality: gender-based discrimination and unequal treatment is to be reduced.
h. Non-discrimination: the adverse impacts of project activities, where they cannot be avoided completely, must not disproportionately affect marginalised or vulnerable groups.

i. Compliance with existing law: project activities must comply with existing law, including national law and/or obligations of the country under international treaties and agreements. The highest standard applies, i.e. if the safeguards standards exceed those under national law, the former are applicable.
j. Risk-based approach: the greater the environmental and social risks, the more stringent the requirements for the safeguards measures and processes of a project.
k. Mitigation hierarchy: the mitigation hierarchy is applied as a fundamental principle for managing environmental and social risks. Safeguards measures are developed for the entire mitigation hierarchy – 1) avoid/prevent adverse impacts, 2) minimise/reduce adverse impacts, 3) mitigate adverse impacts, and 4) in exceptional cases, remedy adverse impacts.[7]
l. Stakeholder engagement: affected groups and other stakeholders, in particular indigenous communities, marginalised or vulnerable groups, are appropriately involved in the project planning and implementation from an early stage.
m. Accountability: the obligation to be accountable is strengthened by enhanced transparency and an independent complaint mechanism.
n. Prevention of threats and reprisals against complainants: there is no toleration of retaliatory measures like threats, intimidation, harassment or violence against people expressing their opinion about or resistance to a project.

Further principles are:

o. Learning: the Safeguards Policy will be continuously updated in light of the experience gained in practice, in order to maintain its relevance in the context of economic, political or social change.
p. Best practices: international standards and best practices also serve the further development of the policy.
q. Knowledge building: capacity and knowledge building on safeguards-relevant issues are supported and promoted in all responsible organisations (responsible ministries, ZUG, implementing organisations).

1.4 Safeguards standards

The safeguards standards define the environmental and social standards which the IKI is committed to meeting. The safeguards are in line with the Environmental and Social Safeguards Standards of the Green Climate Fund (GCF), which currently uses the IFC Performance Standards for Environmental and Social Sustainability as interim standards.

Supported projects must comply with the IFC Performance Standards:

- Environmental and Social Management System (PS 1)[8]
- Labour and Work Conditions (PS 2)
- Resource Efficiency and Pollution Prevention (PS 3)
- Community Health, Safety and Security (PS 4)
- Land Acquisition and Involuntary Resettlement (PS 5)
- Biodiversity Conservation and Sustainable Management of Living Natural Resources (PS 6)
- Indigenous Peoples and Marginalised Groups (PS 7)
- Cultural Heritage (PS 8)

The responsible ministries and ZUG are required to uphold human rights in the context of supported projects.[9] The responsible ministries and ZUG oblige implementing organisations to observe human rights in their project activities, to avoid violating others' human rights, and to address detrimental risks and effects on human rights deriving from project activities.

1.5 Scope of application

The safeguards standards are applied to all projects in receipt of IKI funds and to facilities and activities associated with these projects. This also includes sub-projects which are supported by funds from financial intermediaries and sub-projects whose activities receive forwarded funds for activities specified after the project launch.

> *The safeguards standards are applied to all projects in receipt of IKI funds.*

2. RESPONSIBILITY FOR COMPLIANCE WITH THE SAFEGUARDS STANDARDS

Compliance with the safeguards standards must be ensured in the planning, review and implementation stages of projects. To this end, the responsible ministries, ZUG and implementing organisations conduct safeguards standards due diligence in their respective area of responsibility.

In accordance with the United Nations Guiding Principles on Business and Human Rights (UNGP), the due diligence process distinguishes respective actors in line with the level of involvement in the 'responsibility chain' in possible adverse impacts on the environment and people.

A distinction is made between three levels of involvement:

a. actors whose activities or omissions cause adverse impacts on the environment and people (causation),
b. actors whose activities or omissions contribute to adverse impacts (contribution),
c. actors who have a direct link to adverse impacts via business relations with a third party (direct connection).[10]

An actor's due diligence obligations differ in line with the level at which the actor is involved in the occurrence of damage:

a. Due diligence obligations relating to causation: Actors bear the responsibility to cease and remedy activities or omissions which cause adverse impacts (cease-or-prevent obligation).
b. Due diligence obligations relating to contribution: Actors bear the responsibility to cease and remedy activities or omissions which cause adverse impacts to the extent that damage was caused by the contribution (cease-or-prevent obligation of contribution). Actors also bear the responsibility to utilise their leverage on actors causing damage in order to prevent and mitigate lasting adverse impacts and to advocate remedies for the remaining damage (best-endeavours obligation).
c. Due diligence obligations relating to direct link: Actors have the responsibility to utilise their leverage on actors causing or contributing to damage in order to ensure that corresponding activities or omissions are halted and remedies put in place (best-endeavours obligation). They also have the responsibility to advocate remedies on the part of the actors causing damage (best-endeavours obligation).

What constitutes best-endeavours depends on the extent of the actor's influence and the severity of the adverse impacts. Influence is not only determined by the formal and legal possibilities, but, in line with the UNGP, also hinges on the actor's political and economic leverage.[11] The possibilities to exercise leverage include legislative influence, diplomatic and political influence, financial levers via project funding, legal obligations, convening power, technical expertise and capacity development.[12]

2.1 Due diligence obligations of the responsible ministries and ZUG

As the provider of the funding, BMWK, BMUV and AA bear political and legal responsibility for the assumption of due diligence obligations within the scope of their respective areas of responsibility. BMWK, BMUV and AA take the decision on whether to fund a project.[13] ZUG assists the responsible ministries in the selection and support of IKI projects.[14] It coordinates project selection, draws up funding decisions and assesses project progress by conducting reviews of the reports. ZUG has a Safeguards Team which provides consultation on all safeguards-relevant issues, both within ZUG and to the responsible ministries.

As the providers of the funding, the responsible ministries and ZUG are involved in potential adverse impacts primarily at the level of "direct link" and to a lesser extent at the level of contribution. This is because the responsible ministries and ZUG maintain business relations with implementing organisations which can cause damage or contribute to damage via their activities or omissions in the context of a supported project. They can contribute to possible adverse impacts if they fail to comply with their due diligence obligations as they review and monitor the safeguards

standards throughout the project cycle.

Should there be adverse impacts in the context of a supported project in direct link situations, the due diligence obligations of the responsible ministries and ZUG consist of using their leverage to advocate to the relevant actors that activities or omissions which cause or contribute to adverse impacts are halted and remedies put in place (best-endeavours obligation).

The responsible ministries and ZUG also have due diligence obligations in the review and monitoring of the safeguards standards in the supported projects. This includes anchoring safeguards in all application and report forms, reviewing compliance with safeguards standards prior to approval and throughout the project period, informing implementing organisations about their due diligence obligations and contractually obliging them to fulfil these obligations. This also includes integrating safeguards in evaluations and making possible site visits, third-party monitoring and an independent complaints body. Should the responsible ministries or ZUG contribute to damage by their actions or omissions in the context of a project, e.g. due to review or monitoring errors, they shall be responsible for immediately ceasing their own contribution to the damages and shall use their leverage to advocate to the relevant actors that activities or failures to act which cause or contribute to adverse impacts are halted and remedies put in place (best-endeavours obligation). The responsible ministries and ZUG are also responsible for providing remedies for the damage caused to the extent to which they have contributed to it.

2.2 Due diligence obligations of implementing organisations

Implementing organisations commit to countering adverse impacts on people and the environment and to preventing, minimising or remedying the risk of such impacts. They are responsible for assuming their due diligence obligations to uphold safeguards standards in line with the level of involvement in possible adverse impacts. They are contractually obliged to do this. Due diligence applies during project planning and implementation and also includes impacts that may arise in future after the project is concluded.

Implementing organisations can be involved in possible adverse impacts at the level of “causation”, “contribution” and “direct link”. The responsibility borne by the implementing organisations is oriented to the taxonomy cited in section 2, depending on their level of involvement.

Implementing organisations are also responsible for ensuring compliance with the safeguards standards in activities relating to their own project which are undertaken by implementing partners, recipients of forwarded funds, subcontractors or contractual partners. To this end, they must provide the corresponding actors with appropriate information about the requirements of the safeguards standards, include compliance with the safeguards standards in the contract, and review activities to ensure safeguards conformity.

Furthermore, implementing organisations bear responsibility for advocating to political partners or other third parties that make a contribution to the success of the project within the extent of their leverage that safeguards standards are complied with and for appropriately informing and advising these parties about the requirements of the safeguards standards.

Also, the implementing organisation is responsible for providing the responsible ministries and ZUG with adequate information to allow a sound review of compliance with the safeguards standards throughout the entire project cycle.

Violations of the safeguards standards must be reported to ZUG immediately as set out in section 7.

3. RISK CATEGORISATION

In order to appropriately address environmental and social risks, the environmental and social risks and impacts of each project are analysed and assessed.

The first categorisation of the environmental and social risks is undertaken in the proposal phase (see section 6). This enables activities to be planned in a way that is consistent with the safeguards standards. The following presents the categories for assessing environmental and social risks and outlines the requirements for the different risk categories.

3.1 Risk categories

There are three risk categories: A = high risk, B = moderate risk, C = low risk

The risk categories are defined as follows:

A. activities with high adverse environmental and social risks/impacts that are diverse, unprecedented or irreversible
B. activities with moderate adverse environmental and social risks/impacts that are few, site-specific and largely reversible
C. activities with low adverse environmental and social risks/impacts.

For projects in which financial intermediaries (FI) are involved in forwarding funds, the risk categories are defined as follows:

FI A – the financial intermediary's portfolio for (co-) financing is expected to include substantial financial exposure to activities with potential significant adverse environmental and social risks or impacts that are diverse, irreversible or unprecedented.

FI B – the financial intermediary's portfolio for (co-) financing is expected to include financial exposure to activities with potential limited environmental and social risks or impacts that are few, site-specific and largely reversible.

FI C – the financial intermediary's portfolio for (co-) financing is expected to include financial exposure to activities with potential low environmental and social risks or impacts.

The assessment of the environmental and social risk of a (co-)financed portfolio includes aspects such as country context, sector, type of activities and the nature of the grantee or borrower. The financial intermediary's capacity and commitment to managing these risks is also assessed.

3.2 Risk categorisation

All projects are categorised according to the probability, extent, severity and complexity of their environmental and social risks and impacts on the environment and people. The stipulation of the risk category is undertaken by the responsible ministries, with advice from ZUG.

The overall risk assessment of a project is based on the Performance Standard with the highest risk level. This means that the overall risk is derived from the separate assessment of each Performance Standard (A-C, or n/a (not applicable)).

The assessment of the risk significance is informed in particular by the following criteria:

a. probability of the occurrence of adverse environmental or social impacts
b. extent of the potential adverse impacts (e.g. number of affected people, hectares etc.)
c. severity of the potential adverse impacts (e.g. sound levels of construction noise, severity of harmful health effects etc.)

d. frequency/recurrence of the potential adverse impacts (e.g. duration, point in time)
e. sensitivity/vulnerability of the persons or groups, fauna, flora, habitats and ecosystems affected, taking due account of their adaptive capacity
f. irreversibility of adverse impacts.

Classifying a project as risk category A also entails analysing whether the risks or impacts meet the following criteria:

a. Diverse: a range of risk types and impacts are identified which may hinder the efforts of the implementing organisation to adequately plan and execute safeguards measures
b. Unprecedented: risks and impacts are identified that have not previously occurred at the site of the project and that could hinder efforts to adequately plan and execute safeguards measures
c. Irreversible: risks and impacts are identified that result in permanent harm to the quality of biodiversity or ecosystem services, or that have lasting significant adverse impacts on affected communities, especially indigenous communities, marginalised or vulnerable groups.

Risk categorisation must assess what the environmental and social risks of a project would be prior to implementation of the safeguards measures. Risk categorisation should also consider potentially severe risks and impacts of project activities. Moreover, the risk analysis should cover direct, indirect, cross-border and cumulative risks and impacts.

Direct risks are potential adverse impacts arising from activities (co-)financed by the IKI.

Indirect risks are potential adverse impacts arising from facilities or activities associated with the project which are not financed directly via funding from the Initiative, but are important for the success of the project. These can be facilities or activities a) without which the project would not be possible or b) which would not be planned, built or implemented if the project did not exist.

Cross-border risks are potential adverse impacts which extend beyond the partner country to several countries but are not of a global nature.

Cumulative risks are potential adverse impacts which derive from the implementation of several projects or potential future projects which would not be expected in the case of an individual project.

If uncertainties or insufficient information prevent a clear decision on the risk category but there are indications of limited environmental and social risks or impacts, the project is categorised at least as B, in line with the precautionary principle.

The overall risk should always be categorised as at least C.[15] A Performance Standard may be assessed as n/a if it is clearly irrelevant for any of the project activities.

3.3 Changes to the risk category

The risk category is not considered final and will be reviewed regularly so that changes in the environmental and social risks can be responded to accordingly. The implementing organisations are obliged to inform ZUG in good time about a possible change in the risk category. ZUG informs the responsible ministries.

In the following cases the risk category is reviewed and where necessary amended in line with section 6.3:[16]

a. *Changes to activities:* when project activities are changed in a way that alters the risk profile of the project
b. *Changes in information status:* when new information on the risks and impacts of the activities becomes available (e.g. further studies, evaluations, complaints) that alters the risk profile of the project
c. *Changes in project context:* when the context of the project changes in a way that alters its risk profile, for instance the political situation, new laws or rules or other social, economic, political or environmental developments at national or local level.

4. REQUIREMENTS BASED ON RISK CATEGORY OR PROJECT TYPE

4.1 Requirements based on risk category

The Safeguards Policy takes a risk-based approach to managing environmental and social risks. In other words, the higher the risk category, the more stringent the requirements for the project's safeguards regime.

Requirements for projects with an overall risk category A, B, C

Projects categorised as risk A, B or C must

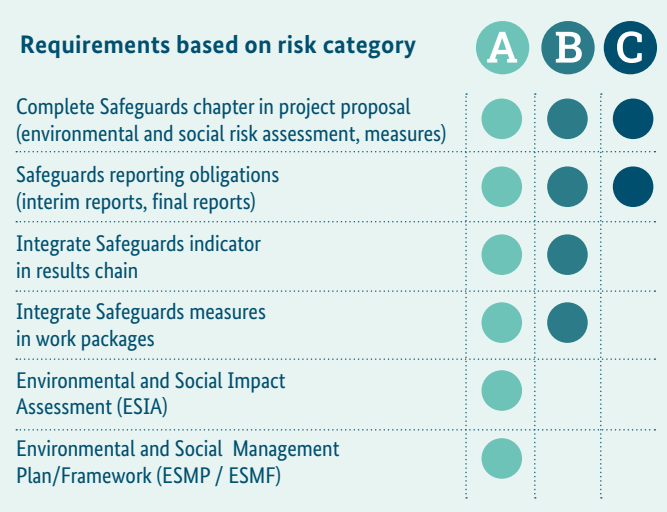
a. identify and assess environmental and social risks
b. plan and execute appropriate safeguards measures
c. report on safeguards within the regular reporting system.

Requirements for projects with an overall risk category A or B

Projects categorised as risk A or B must additionally

a. integrate safeguards measures into the work packages
b. incorporate a safeguards indicator into the impact matrix.

This would also be preferred for category C projects where appropriate.



These rules are aimed at anchoring safeguards more firmly in project management and monitoring. Safeguards measures that respond to the most significant environmental or social risk are to be incorporated into the work packages where the risk is most likely to occur. The implementation of safeguards measures which are planned in the safeguards section must also be made binding. At least one safeguards indicator is included in the impact matrix in order to integrate safeguards into monitoring.

This safeguards indicator is to be based on the most significant risk identified by the environmental or social risk analysis. The indicator should make it possible to gauge whether expected adverse impacts occurred or whether safeguards measures had a positive effect.

Furthermore, where suited to the project design, the IKI can require specific safeguards instruments[17] from the implementing organisation in the case of category B projects, including:

- Environmental and Social Impact Assessment (ESIA)
- Environmental and Social Management Framework (ESMF), Environmental and Social Management Plan (ESMP)
- specific management plans: e.g. Livelihood Restoration Plan, Resettlement Plan, Stakeholder Engagement Plan, Informed Consultation and Participation, Free Prior Informed Consent (FPIC) / Indigenous Peoples Plan, Biodiversity Action Plan, Integrated Pest Management, Integrated Vector Management
- where relevant, project-specific complaint mechanism.

Requirements for projects with an overall risk category A

Projects categorised as risk A must submit

a. Environmental and Social Impact Assessment (ESIA)
b. Environmental and Social Management Framework (ESMF) and/or Environmental and Social Management Plan (ESMP).

Additionally, they can include the following:

a. definition of termination criteria
b. twice-yearly reporting obligation.

Furthermore, where suited to the project design, specific safeguards instruments can be required from the implementing organisation, including:

- process frameworks: e.g Indigenous Peoples Process Frameworks
- specific management plans: e.g. Livelihood Restoration Plan, Resettlement Plan, Stakeholder Engagement Plan, Informed Consultation and Participation, Free Prior Informed Consent (FPIC) / Indigenous Peoples Plan, Biodiversity Action Plan, Integrated Pest Management, Integrated Vector Management
- specific risk analyses: e.g. Biodiversity Impact Assessment
- project-specific complaint mechanism
- third-party monitoring.

4.2 Requirements for financial intermediaries

Compliance with IKI safeguards standards must also be ensured in projects involving financial intermediaries. Financial intermediaries are actors that receive funds and forward them to third party actors.[18]

Many financial intermediaries are exposed to environmental or social risks arising from the activities of their grantees or borrowers. They are involved in a wide range of financing activities, including project-financing grants, loan financing, corporate finance and equity lending. These financing activities can vary in terms of the environmental and social risks and the degree of control over activities of the grantees or borrowers.

In the risk management of their (co-)financed portfolio, financial intermediaries in receipt of funding must take due account of environmental and social risks and ensure that relevant safeguards measures are planned and executed down to the sub-project level.

The sub-project level is where funding is converted into project activities and consequently where damage can occur. Financing projects, in particular, often involve several actors before the funds are translated into actual project activities. The rules outlined here should also apply to situations where the implementing organisations only decide on recipients of forwarded funds after the project has started, passing on funds for the implementation of activities which had not been specified at the time of the project application (e.g. pilot projects following competition procedures). In these cases, the implementing organisation must apply the same standards as the financial intermediary.

Financial intermediaries must undertake the following measures to ensure that their (co-)financed portfolios comply with the safeguards standards and present them in the concept note or the project proposal:

a. Commit to complying with the safeguards standards (GCF Safeguards Standards, interim IFC Performance Standards)[19]
b. Identify the risk category of the portfolio in line with section 3
c. Establish an environmental and social management system for environmental and social risks management that is in proportion to the portfolio's level of environmental and social risk. This includes a) adequate organisational capacities (personnel and financial), b) suitable processes to ensure safeguards due diligence, c) safeguards monitoring of the portfolio
d. For portfolios in risk category A or B: regular reporting to the responsible ministries and ZUG on the environmental and social risks, aggregated at portfolio level and including cases of non-compliance with the safeguards standards or adverse impacts resulting from this at sub-project level. Should this, for valid reasons, not be possible, as a minimum, a Serious Incident Report on the safeguards violations must be submitted to ZUG within 72 hours after an incident has become known, as set out in section 7. ZUG then immediately informs the responsible ministries.

Financial intermediaries with a risk category C project portfolio generally carry out, as a minimum, a sub-project level screening of the environmental and social risks.[20]

Financial intermediaries with a category A or B portfolio ensure that the following measures are implemented at sub-project level:

a. obligation of the party implementing the sub-projects to comply with the safeguards standards (GCF Safeguards Standards, interim IFC Performance Standards)[21]
b. safeguards due diligence of individual sub-projects, including
    I. environmental and social risk analysis
    II. safeguards measures to prevent, minimise, mitigate and remedy adverse impacts in harmony with the safeguards standards
    III. compliance with existing national environmental and social legislation of the partner country and obligations of the partner country under international treaties or agreements.
    The highest standard applies.
c. Agreement on monitoring of and reporting on compliance with the safeguards standards.

d. Agreement on information about IKI's complaint mechanism and, if available, the complaint mechanism of the financial intermediary or complaint mechanisms at sub-project level. All complaint mechanisms should fulfil the criteria of the UN Guiding Principles on Business and Human Rights.

Publication of the safeguards due diligence of the sub-projects is welcome.

In the safeguards review, the responsible ministries and ZUG must examine whether the above conditions are met, irrespective of whether the financial resources are received by an existing fund or a newly established financing instrument.

The responsible ministries and ZUG reserve the right to periodically review the quality of a financial intermediary's safeguards due diligence and monitoring. To this end, on request financial intermediaries must grant the responsible ministries and their authorised representatives access to its environmental and social management system, the safeguards due diligence of sub-projects and other relevant sub-project documents of the (co-)financed portfolio necessary for reviewing compliance with the safeguards standards.

The International Climate Initiative supports climate action and biodiversity conservation in developing and emerging countries. The IKI Safeguards System is designed to prevent, minimise or mitigate adverse impacts of project activities on people and the environment.

5. EXCLUSION CRITERIA

Certain activities are considered so high-risk to the environment and people that they are excluded from funding.

If it becomes apparent, subsequent to approval of a project, that project activities fall under the exclusion criteria, project termination in accordance with section 7 is considered. If it becomes apparent, subsequent to approval of a project, that project activities fall under the exclusion criteria, project termination in accordance with section 7 is considered.

The detailed list with the exclusion criteria for IKI projects is available for download on the IKI website:

Safeguards topic page

6. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS THROUGHOUT THE ENTIRE IKI PROJECT CYCLE

The individual phases of the project cycle contain different tasks aimed at ensuring compliance with the safeguards standards. These include risk analysis, development of safeguards measures, monitoring and evaluation of compliance and the effectiveness of the safeguards.

The goal is a targeted and systematic assessment and review of the safeguards standards in the projects. Expenditures for safeguards measures are generally eligible for grants. To ensure responsible management of safeguards risks, the implementing organisations must factor safeguards measures into the project budget.

6.1 Outline phase

In the outline submission phase, implementing organisations undertake to comply with the safeguards policy, the safeguards standards and the exclusion criteria. They carry out an initial screening of the environmental and social risks and present the findings in the outline.

This screening aims to (a) identify all environmental and social risks which can reasonably be known at the time, (b) outline adequate safeguards measures and (c) where possible, determine the scope and detail of further environmental and social analyses and management plans.

The BMWK can exclude a project outline from the selection process if there are legitimate doubts as to whether the implementing organisation can meet the safeguards standards or whether the exclusion criteria have been observed. ZUG can make a recommendation on this.

If it becomes apparent during the detailed review of the project outline that more comprehensive environmental and social risk analyses and management plans are needed in the proposal phase to ensure an adequate safeguards review, the responsible ministries can stipulate this in their request for an proposal submission.[22] ZUG can make a recommendation on this.

6.2 Proposal phase

6.2.1 Proposal submission

At the time the project proposal is submitted, the implementing organisation must have carried out a detailed review of possible environmental and social risks.
The goals of this review are to (a) analyse the environmental and social risks which may be connected to the proposed activities, (b) specify the risk category of the activities, (c) identify safeguards measures in order to prevent, minimise, mitigate or remedy potential adverse impacts of the activities and – if not already addressed during the outline phase – (d) where necessary determine the type and scope of further risk analyses and management plans to be drawn up, disclosed and submitted.

The implementing organisation is responsible for providing the responsible ministries and ZUG with adequate information to allow a review of compliance with the safeguards standards. Implementing organisations therefore answer the questions in the safeguards section as part of the project proposal and document the results of their analysis as accurately and thoroughly as possible.[23]

The safeguards section presents:

a. all identified risks of adverse environmental or social impacts that could arise from project activities
b. corresponding safeguards measures to prevent, minimise, mitigate or remedy adverse impacts
c. the risk category per Performance Standard
d. the overall risk category for the project.

The findings and how the implementing organisation manages the environmental and social risks can influence the decision on whether a project receives funding from the responsible ministries.

6.2.2 Proposal assessment

ZUG assesses the applicant's self-assessment concerning safeguards in the project proposal with regard to the following aspects:

a. plausibility of compliance of project activities with individual Performance Standards
b. plausibility of the measures to prevent, minimise, mitigate or remedy risks
c. plausibility of the risk category of individual Performance Standards and of the overall risk

Due diligence always takes priority over time pressure in the proposal assessment process. The ZUG Safeguards Team will act in an advisory capacity for the safeguards review. The safeguards team must be involved in the safeguards review for project proposals in risk category A or B.

Should the responsible ministries or ZUG be of the opinion that the information on safeguards in the project proposal is insufficient for a plausibility review, the implementing organisation is requested to submit necessary information and documents by realistic, ideally short deadlines. It is a prerequisite for project funding that the implementing organisation provides adequate additional information in this follow-up process.

Should the responsible ministries and the implementing organisation reach different conclusions regarding risk assessments after the follow-up questions have been clarified, the BMWK conclusion prevails. ZUG makes a recommendation on this to the responsible ministries. If necessary, the implementing organisation must adapt the project concept in accordance with section 4.1.

The findings of the environmental and social risk analysis in the project proposal also form the basis for the decision regarding whether further risk analyses or management plans are necessary (see section 4.1). The responsible ministries can demand these from the implementing organisation if this has not taken place in the outline phase. ZUG makes a recommendation on this to the responsible ministries. The letter of approval/grant agreement must contain corresponding stipulations with deadlines. The implementing organisation should satisfy the stipulations as soon as possible, ideally at the latest 12 months after receipt of the letter of approval/grant agreement, and must present the relevant documentation to the responsible ministries and ZUG without delay in order to ensure safeguards-compatible project management.

6.3 Monitoring

Proper monitoring of environmental and social risks plays a key role in successfully counteracting potential adverse impacts of project activities at an early stage.

Implementing organisations are responsible for establishing an adequate on-site monitoring system to enable a prompt response to safeguards-relevant developments. The monitoring system must also record all relevant information to facilitate reporting to the responsible ministries and ZUG on compliance with safeguards standards as part of regular reporting.

Imminent, existing or past violations of safeguards must be notified immediately (see section 7).

6.3.1 Interim reports

The regular interim reports are the key instrument for the responsible ministries and ZUG to monitor the safeguards standards in the funded projects.

The responsible ministries and ZUG use the regular reports to review compliance with the safeguards standards. The reports compile, inter alia, information on safeguards-relevant developments such as changes to the risk category, implementation and success of the planned safeguards measures, and on all adverse environmental and social impacts that have occurred or might occur as a result of project activities.

The safeguards team is notified immediately in cases of possible violations of safeguards standards. The responsible ministries or ZUG can launch a more detailed review of the situation and where necessary can initiate an amendment or termination process (see section 7).

6.3.2 Amendment applications/requests

In the case of changes in the results matrix or the planning of new activities as part of conceptual amendment applications/requests, the implementing organisation must also update the safeguards section, especially with regard to risk categorisation and the adequacy of the safeguards measures.

6.3.3 Changes to the risk category

In the case of changes to the risk category (see section 3.3), the implementing organisation must update the project proposal with regard to risk categorisation and the adequacy of the safeguards measures. Projects moved to a higher risk category must satisfy the requirements of their new risk category in accordance with section 4.1. Exceptions are possible if there are valid reasons (for example the project is nearly at an end). The amended project proposal, including the safeguards section, must be submitted to the responsible ministries and ZUG for assessment. However, a formal amendment application is not required.

6.4 Evaluation

Compliance with the safeguards standards is an integral component of evaluating individual projects. All evaluations examine the implementation and impact of the safeguards measures and potential adverse impacts on the environment and people arising from the funded project activities.

6.5 Conclusion

The implementing organisation is also accountable for compliance with the safeguards standards after the project has ended. In the final report, the implementing organisation reports on changes to the risk category, implementation and success of the planned safeguards measures and on all adverse environmental and social impacts resulting from project activities.

The responsible ministries and ZUG use the reports to review compliance with the safeguards standards. If safeguards violations are identified once a project has been completed, the safeguards team is informed immediately. The responsible ministries can require the implementing organisation to take part in minimising, mitigating or remedying adverse impacts arising from project activities even after project completion. Ideally, this takes place via an action plan agreed following consultation with all relevant stakeholders. The responsible ministries can give implementing organisations incentives for the implementation of the action plan by informing national authorities, placing conditions on future funding for the implementing organisation, or considering further measures.

7. MANAGING ADVERSE IMPACTS ON PEOPLE AND THE ENVIRONMENT

Should the IKI projects cause safeguards-relevant adverse impacts on people and the environment, countermeasures can be taken through an amendment or termination process.

7.1 Conditions for a safeguards amendment process

If, in the course of IKI project activities, there are indications or occurrence of adverse impacts on people and the environment that are categorised as at least risk category B, the project must be adapted to ensure that these adverse impacts are prevented, minimised, mitigated or remedied. An amendment process seeks a solution to the serious deficits and attempts to prevent, minimise, mitigate or remedy impacts through appropriate measures in an amendment plan.

The safeguards team must be informed about all steps in this process. It will provide expert advice.

An amendment process comprises the following steps:

1. The implementing organisation must inform ZUG without delay about anticipated or actual adverse impacts within 72 hours of becoming aware of these impacts.

   This notification occurs via the Serious Incident Reporting Form available on the IKI website. The form is sent to the contact person responsible for the project at ZUG. The situation should be described in a way that clearly illustrates the scale of the adverse impacts and their connection with project activities. Responses in the Serious Incident Reporting Form should be as detailed as possible to enable the situation to be correctly assessed.

The implementing organisation must also provide information on how the adverse impacts will be prevented, minimised, mitigated or remedied in the short term, e.g. whether the relevant project activities are being halted or changed or whether a mediation process is to be launched.

The responsible ministries or ZUG can also initiate the amendment process should the review of the interim and final reports or other information channels indicate the occurrence of relevant adverse impacts.

2. The implementing organisation must submit a proposal for an amendment plan no later than 15 working days after notifying ZUG. The proposal should be developed in close cooperation with political partners, implementing partners and relevant stakeholders.

   The amendment plan lays down in detail the concrete safeguards measures being taken to prevent or mitigate the adverse impacts. The project proposal is revised on the basis of this amendment plan and the safeguards measures that have been drawn up are integrated into the corresponding work packages and the safeguards section.

3. ZUG assesses, within 15 working days, whether the safeguards measures proposed in the amendment plan are sufficient to prevent, mitigate or remedy the adverse impacts identified.

   The responsible ministries are notified of the findings of the assessment and can comment as necessary. The amendment plan is then finalised in close cooperation between ZUG, the implementing organisation and any other project partners and stakeholders within a further 10 working days.

4. The final version of the amendment plan is submitted to the responsible ministries via ZUG for approval. The BMWK approves the amendment plan and the revised project proposal within 15 working days. Any requested changes are incorporated during this time.

   Generally speaking, the responsible ministries approve a safeguards amendment plan without a formal amendment application. The goal is to ensure swift implementation of the safeguards measures.

5. The implementing organisation begins implementing the safeguards measures immediately after approval of the amendment plan.

   Where a formal amendment application is required in addition to the amendment plan due to the provisions of the IKI funding programme (e.g. in cases of additional funding, reallocation of more than 20% of funds), this amendment application is treated as a top priority by the responsible ministries, ZUG and the implementing organisation in order to prevent further adverse impacts. The project shall begin implementing the amendment plan ahead of finalisation of the formal amendment process, if possible.

The IKI Safeguards System aims to ensure that negative impacts of projects on the environment and people are avoided and positive impacts are enhanced.

6. Progress on implementing the amendment plan is presented in the interim reports. Where necessary, more in-depth monitoring and reporting can be agreed between ZUG and the implementing organisation.

7.2 Conditions for safeguards-relevant project termination

If, in the course of project activities, there are indications or occurrences of adverse impacts on people or the environment that make continuation of the project unjustifiable from a safeguards perspective, and if the amendment process is unsuccessful, a project termination process can be launched.

Project termination is a last resort and follows the principle of the responsible exit. This means that a termination process is generally preceded by an amendment process in which the available leverage is used, possible safeguards measures are explored, and all the relevant stakeholders are consulted (see section 7.1). Potential adverse impacts on human rights resulting from a project termination are also analysed.

The safeguards team must be informed about all steps in this termination process. It will provide expert advice.

Conditions under which continuation of the project is unjustifiable from a safeguards perspective are:

a. the occurrence or indications of major adverse impacts on people or the environment categorised as risk category A. These include:
   I. major abuses of human rights, including violations of the right to life, the right to physical and psychological integrity, the right to safety, protection against torture and unlawful deprivation of liberty, crimes against humanity, genocide, war crimes
   II. massive environmental damage that cannot be reversed, e.g. extinction of a species, loss of an (ecosystem) function, shortened life expectancy
b. subsequent awareness of project activities that fall under the safeguards-relevant exclusion criteria (see section 5)
c. non-compliance with safeguards requirements in the planning and initial phase within the given deadlines without adequate justification (e.g. no Environmental and Social Impact Assessment, Environmental and Social Management Framework/ Plan).

Conditions under which a safeguards amendment process is classed as unsuccessful are:

a. unwillingness or insufficient capacities on the part of the implementing organisation or relevant project partners to implement the safeguards measures contained in the amendment plan in order to prevent adverse impacts on people or the environment or to minimise, mitigate or remedy them to an acceptable level
b. there are no possible measures for preventing, minimising, mitigating or remedying the adverse impacts on the required scale.

If one of the above conditions applies, project termination is necessary from a safeguards perspective and the entire process moves to a termination process.

In the context of the termination process, it is ensured that damage caused by the project or the project termination is removed. It is also necessary to prevent staff or members of affected communities from being exposed to the risk of retaliation. Ideally, this takes place via a Responsible Exit Action Plan agreed following consultation with all relevant stakeholders.

8. COMPLAINT MECHANISM

Persons or groups that feel adversely affected by a project need a reliable tool for making their complaints heard and for solutions to be found. The IKI funding programme has set up an independent complaint mechanism (ICM) for this purpose.

The complaint mechanism aims to help projects operate in conformity with the safeguards standards, to avoid harm to the community concerned and to the environment, and to establish effective remedies where harm could not be avoided despite best endeavours. The complaints process is outlined in the Independent Complaint Mechanism Policy.

Further information and contact

You can find more information on how the IKI ICM works on the IKI website.

There you can also subscribe to a mailing list to receive information about new developments.

IKI ICM topic page

iki-complaints@z-u-g.org

9. STAKEHOLDER ENGAGEMENT

Appropriate stakeholder engagement ensures access to information, meaningful consultation and participation in a culturally appropriate and gender responsive manner. Stakeholder engagement is a basis for identifying environmental and social risks and adequate safeguards measures and, beyond this, is a key component of successful project planning.

Implementing organisations must therefore advocate appropriate stakeholder engagement in project planning and implementation. A particular focus should be on including women, indigenous communities, marginalised or vulnerable groups and individuals (potentially) affected by planned project activities.

Should project activities require an FPIC for indigenous communities, the implementing organisations must advocate that the FPIC process meets international standards and is carried out in good time before project activities begin. It is crucial to involve affected groups in all consultations from an early stage. There should always be a genuine possibility for the outcomes of the stakeholder engagement to be considered in the project implementation.

If state partners are responsible for consultation processes or FPICs because they are subject to obligations under international law or to national obligations, implementing organisations will, within the extent of their leverage, advocate an implementation in line with international standards.

The purpose, extent, timetable and target groups of stakeholder engagement should be set out by the implementing organisation at the kick-off meeting for the preparation phase or, if a preparation phase is not envisaged, in parallel to the project approval/grant agreement. Documentation of stakeholder engagement and the outcomes can be enclosed with the project proposal. In some situations, a Stakeholder Engagement Plan can be required.

Stakeholder engagement is a key element for identifying environmental and social risks and adequate safeguards measures, as well as for the successful implementation of IKI projects.

10. FRAMEWORK CONDITIONS

10.1 Communication and capacity building

Communication and capacity building on safeguards are an important factor in the successful implementation of the Safeguards Policy and in guaranteeing compliance with the safeguards standards. This includes:

a. presenting the Safeguards Policy in the IKI steering committee or other formats of the responsible ministries
b. presenting the Safeguards Policy and safeguards practice to experts at national and international level
c. integrating safeguards into IKI public relations work through regular information about best practices, online communications (website, Twitter, newsletter etc.) and events
d. promoting exchange and learning between funded projects
e. regular training sessions and provision of handouts on safeguards for staff at the responsible ministries, ZUG and implementing organisations.

10.2 Review, learning and knowledge management

Review, learning and knowledge management are an integral part of the safeguards system. This includes:

a. Review: The first review of the Safeguards Policy and the safeguards standards will be held as an internal review two years following the entry into force of the Safeguards Policy. After this, a review of the Safeguards Policy will take place every four years on the basis of an internal review and an external stakeholder dialogue.
b. Learning: Continuous review and further development of the safeguards system through the regular assessment of all safeguards-relevant information submitted to the IKI funding programme as part of reporting, evaluations, complaint submission or through other channels.
c. Evaluation: Regular external evaluation of the Safeguards Policy and safeguards standards as part of a strategic evaluation. The first external strategic evaluation will be carried out two years after the policy becomes effective.
d. Knowledge management: Integration of safeguards into the responsible ministries' and ZUG knowledge management and processing of the above information; preparation of facts and figures and compilation of guidance and best practices.
e. Networking: National and international networking with actors from civil society, other donor institutions and implementing organisations on cross-organisational exchanges and learning initiatives regarding safeguards.

The review and evaluations help assess achievement of the policy's goals, especially regarding the effectiveness of compliance with the safeguards standards in project countries, the effectiveness and efficiency of the safeguards processes and compliance with the latest international standards and best practices.

10.3 Documentation and transparency

10.3.1 Documentation

The BMWK, ZUG and implementing organisations must document all decisions on safeguards-relevant issues and archive all such documents at a suitable location. These include project proposals, more comprehensive risk analyses and management plans (see section 4.1) and documentation on dealing with safeguards-relevant incidents (see section 7). The goal is to ensure that management of environmental and social risks by all actors can be reconstructed in retrospect in order to meet accountability obligations.

10.3.2 Transparency

The responsible ministries are committed to the greatest possible transparency regarding the environmental and social risks of funded projects, especially transparency for affected individuals, communities and stakeholders in the project region and for the public.

It is important to make sure that all individuals, communities and stakeholders affected by a planned project are given access to information from an early stage, are able to express to the IKI funding programme and the implementing organisation any concerns and can offer proposals for improvements.

Implementing organisations are encouraged to provide the affected individuals, communities and other stakeholders with the safeguards section before project approval as part of the stakeholder engagement. They are also encouraged to publish the safeguards section on their website after approval. If requested by affected individuals, communities or other stakeholders, implementing organisations must also present a summary of project activities[24], the safeguards section and additional risk analyses and safeguards management plans within five working days.

ZUG publishes the safeguards section on the project website as soon as possible after approval.[25] This information must remain publicly available on the website and kept up-to-date for the duration of the project.

10.4 Budget and resources

Implementation of the Safeguards Policy is an integral part of funding management and contributes to the quality assurance of projects. To implement the Safeguards Policy, the BMWK will secure adequate personnel and financing resources for the funding programme.

This applies in particular to

- provision of resources and sufficient personnel in ZUG for capacity building and supporting safeguards throughout the entire project cycle
- provision of resources for planning and implementing safeguards measures in projects.

11. ENTRY INTO FORCE AND REVIEW

The Safeguards Policy applies to all projects approved after the policy becomes effective, and will apply to all ongoing projects where possible.

In line with section 10.2, the first review of the Safeguards Policy will be held two years after it enters into force.

The BMWK will decide on possible amendments or additions on the basis of gathered evidence.

For more information on the IKI Safeguards, please visit the IKI website at the following link:

Safeguards topic page

If you have any questions on this topic, please do not hesitate to contact the IKI Safeguards Team at Zukunft-Umwelt-Gesellschaft gGmbH:

safeguards@z-u-g.org

12. GLOSSARY

AA
Federal Foreign Office of the Federal Republic of Germany

Associated facilities
Facilities or activities associated with the project which are not financed directly via funding from the Initiative, but are important for the success of the project. These can be facilities or activities (a) without which the project would not be possible or (b) which would not be planned, built or implemented if the project did not exist.

BMUV
Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection of the Federal Republic of Germany

BMWK
Federal Ministry for Economic Affairs and Climate Action of the Federal Republic of Germany

Environmental and social risks
Risk of unintended adverse impacts to the environment and people arising from project activities.

Environmental and social risk analysis
Tool for analysing the environmental and social risks of a project. In the IKI, the environmental and social risk analysis is presented in the safeguards section of the project proposal.

Financial intermediaries
Financial intermediaries are actors that receive funds and forward them to third party actors. They can be:

(**a**) implementing organisations which establish a fund or other financial instrument through which it forwards funds to a particular project (e.g. KfW)
(**b**) banks, private equity funds, venture capital funds, micro-finance institutions or multilateral organisations which administer a multi-donor trust fund or other financial instrument in receipt of funds.

Funding
Funds are monies provided by the public administration from the federal or Länder budgets for the purpose of achieving specific political goals.

Funding programmes
Funding programmes are the binding rules developed by the public administration to lay down the funding objective, funding requirements and funding conditions for the award of public funds. The IKI is a funding programme.

GCF
Green Climate Fund

GCF Safeguards Standards
GCF Safeguards Standards currently correspond to the IFC Performance Standards.

IFC Performance Standards
IFC Performance Standards are environmental and social standards of the International Finance Corporation (IFC) which investments abroad must comply with in order to prevent adverse impacts on people and the environment.

IKI
see International Climate Initiative

IKI safeguards
The IKI safeguards define environmental and social standards which the IKI has pledged to uphold and which implementing organisations must comply with. The IKI applies the GCF Safeguards Standards which currently correspond to the IFC Performance Standards.

IMG
IKI medium grants: IKI funding line with a focus on civil society, research institutes and non-profit companies based in Germany and a funding envelope from €300,000 to €800.000.

Implementing organisation
The term comprises all grantees and contracting parties. These include service providers active in international cooperation for the German government (e.g. GIZ), federal banks (e.g. KfW), multilateral organisations (e.g. UNEP, UNDP) and national and international NGOs.

GLOSSARY

International Climate Initiative (IKI)
Funding programme of the BMWK that implements climate action and biodiversity projects in developing and emerging economies with a funding envelope of up to €30 million together with the BMUV and the AA.

ISG
IKI small grants: IKI funding line for non-profit organisations in ODA-entitled countries with a funding envelope from €20,000 to €200,000.

Mitigation hierarchy
The mitigation hierarchy is applied as a fundamental principle for managing environmental and social risks. Safeguards measures are developed for the entire mitigation hierarchy and aim to: 1) avoid/prevent adverse impacts on people and the environment, 2) minimise/reduce adverse impacts, where avoidance/prevention is not possible, 3) mitigate any residual adverse impacts, and 4) in exceptional cases, remedy adverse impact, where avoidance/prevention, minimisation/reduction or mitigation measures are not available or not sufficient.

More comprehensive management plans
Management plans that exceed the scope of the safeguards section which may be necessary in the context of some projects. Examples are Environmental and Social Management Frameworks (ESMF), Environmental and Social Management Plans (ESMP), biodiversity action plans, consultation plans, resettlement plans, livelihood restoration plans.

More comprehensive risk analyses
Risk analyses that exceed the scope of the safeguards section. Examples are Environmental and Social Impact Assessments (ESIA) or Biodiversity Impact Assessments.

Projects
Projects are grants for covering expenditures of the grantee for individual, specified activities (project funding), in accordance with no. 2.1 of the administrative regulation on Section 23 of the Federal Budget Code (BHO). This also includes cash projects.

Project cycle
The different stages of a project, from outline submission to project completion.

Project proposal
Application for a project funding grant. The project proposal also includes the safeguards section.

Safeguards measures
Measures aimed at helping to avoid/prevent, minimise/reduce, mitigate or remedy adverse impacts of project activities. In the IKI, safeguards measures are presented in the safeguards section of the project proposal.

Safeguards standards
Safeguards standards are environmental and social standards for projects which investments abroad must comply with in order to prevent adverse impacts on people and the environment.

Sub-project
The level where funds are converted into project activities and consequently where damage can occur. Sub-project thus refers to the final, locally implemented measure or activity that is financed via funds from a financial intermediary or funds forwarded to third parties.

UNGP
United Nations Guiding Principles on Business and Human Rights

ZUG
Zukunft-Umwelt-Gesellschaft (ZUG) gGmbH, a project management agency of the Federal Republic of Germany.

13. REFERENCES

1. In the context of this policy, risks for the climate are also covered under environmental risks.

2. Addis Ababa Action Agenda states: 'We welcome efforts by new development banks to develop safeguard systems in open consultation with stakeholders on the basis of established international standards, and encourage all development banks to establish or maintain social and environmental safeguards systems, including on human rights, gender equality and women's empowerment'. Addis Ababa Action Agenda, 2015, par. 75

3. The 10 main human rights conventions of the United Nations include: the International Convention on the Elimination of all Forms of Racial Discrimination (1965), the International Covenant on Civil and Political Rights (1976), the International Covenant on Economic, Social and Cultural Rights (1967), the Convention on the Elimination of all Forms of Discrimination against Women (1981), the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (1987), the Convention on the Rights of the Child (1990), the International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (2003), the International Convention on the Protection of All Persons from Enforced Disappearance (2010), the Convention on the Rights of Persons with Disabilities (2006). Other relevant fundamental texts are the UN Declaration on the Rights of Peasants (2018) and the Voluntary Guidelines on the Responsible Governance of Tenure (VGGT) (2012).

4. The 8 ILO Core Labour Standards include: Freedom of Association and Protection of the Right to Organise Convention (1948), Right to Organise and Collective Bargaining Convention (1949), Forced Labour Convention (1930), Abolition of Forced Labour Convention (1957), Minimum Age Convention (1973), Worst Forms of Child Labour Convention (1999), Equal Remuneration Convention (1951), Discrimination (Employment and Occupation) Convention (1958). Other relevant agreements are the ILO Convention No. 169 on Indigenous and Tribal Peoples (1989).

5. UN Guiding Principles on Business and Human Rights (UNGP), A/HRC/17/31, Annex (2011), adopted by the UN Human Rights Council in Resolution 17/4 of 16 June 2011.

6. UNGP, Principle 4. The UNGP further recommends that states set out clear expectations that all businesses and organisations respect human rights abroad (UNGP, Principle 2).

7. A mitigation hierarchy to protect human rights is based on the principle of remedies and is guided by considerations of the probability, severity and frequency of impacts on human rights. 'Remedies', as a holistic concept here, includes restitution, rehabilitation, satisfaction in terms of restoration of the dignity of those affected, and guarantees of non-repetition. Financial compensation can only be made in cases in which the Federal Government is legally obliged to do so.

8. No requirement is imposed obliging every project to establish an overarching ESMS policy.

9. This particularly applies to international human rights and labour law agreements ratified by the Federal Government. See Footnote 3 on the 10 central human rights agreements of the United Nations and Footnote 4 on the 8 core labour standards of the ILO.

10. Par. 19 (b), UN Guiding Principles on Business and Human Rights.

11. Par. 19, UN Guiding Principles on Business and Human Rights.

12. Further options for influence can be found here: UN OHCHR, 2022, Remedy in International Development Finance, p. 55.

13. An exception is the IKI medium grants, where the funding decision is taken by ZUG, and the IKI small grants, where the funding decision is taken by GIZ.

14. An exception is the IKI small grants, where the funding decision is taken by GIZ.

15. If all Performance Standards are assessed as n/a, the overall risk may only be categorised as n/a if the non-applicability can be credibly demonstrated following a stringent review.

16. See also UNGP, Par. 18, p. 20.

17. The IKI's IMG and ISG funding lines impose requirements for safeguards instruments appropriate to the respective scope of the project. This also applies to projects with an overall A risk.

18. Financial intermediaries include (a) implementing organisations which forward funding via newly established funds or a different financing instrument, (b) banks, private equity funds, venture capital funds, micro-finance institutions or multilateral organisations which forward funds via multi-donor trust funds or other fund projects or financing instruments.

19. It is also acceptable for financial intermediaries to apply environmental and social standards in their due diligence which are equivalent or more stringent than the GCF Safeguards Standards.

20. See IFC Interpretation Note on Financial Intermediaries, IN 14 for financial intermediaries with FI-3 risk categories.

21. See footnote 22

22. This can for example be the case if a project is likely to fall under risk category A (submission of ESIA and ESMF/SMP), or if a project plans activities affecting indigenous groups (e.g. submission of Indigenous Peoples Plan, possibly FPIC), or marginalised / vulnerable groups (e.g. submission of Consultation Plan).

23. Financial intermediaries do not normally submit an IKI project proposal. They answer safeguards questions in the concept note.

24. The summary of project activities must contain at least (a) the goal, type and scale of activities, (b) the duration of activities and (c) an overview of consultations carried out with stakeholders and of planned future inclusion of stakeholders.

25. On the request of the implementing organisation, certain information can be removed from a publication should, for example, there be security concerns.