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***Georgian Energy Development Fund***

*Environmental and Social Management System (ESMS)*

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## I. Definitions

The following definitions shall apply in this document

<b>Activities</b>	For the purposes of this ESMS and unless otherwise specified, refers to GEDF projects covered within the scope of this ESMS as defined herein.
<b>Cumulative impacts</b>	Result from the incremental impact, on areas or resources used or directly affected by the project, from other existing, planned or reasonably defined developments at the time the risks and impacts are identified;
<b>Due diligence</b>	In the context of environmental and social management system, means the process of investigating potential investments to confirm all facts, such as reviewing environmental and social safeguards, audits, assessments, and compliance before deciding on financing or entering into the agreement with the project counterparty
<b>E&amp;S</b>	Environmental and Social
<b>Environmental and social assessment</b>	Means the assessment of environmental and social risks, impacts and opportunities undertaken in accordance of this ESMS and referenced IFC Performance Standards.
<b>Environmental and social Management Plan</b>	Refers to a document that contains a list and description of measures that have been identified for avoiding adverse environmental and social impacts, including, or minimizing them to acceptable levels, or to mitigate and compensate them and usually the main output of the E&S due-diligence process. ESMP is same as Environmental and Social Action Plan term used within GEDF for non-GCF partners and usually part of ESIA
<b>Environmental and social management system (ESMS)”</b>	Refers to a set of management processes and procedures that allow an organization to identify, analyse, control and reduce the environmental and social impacts of its activities, in a consistent way and to improve performance in this regard over time
<b>Environmental and Social Performance Standards</b>	Refers to a set of the International Finance Corporation’s standards that specifies the desired outcomes and the specific requirements to achieve these outcomes through means that are appropriate to the nature and scale of the activity and commensurate with the level of environmental and social risks and/or impacts.
<b>Environmental and social risk</b>	Is a combination of the probability of certain hazard occurrences and the severity of impacts resulting from such an occurrence.

<b>Environmental and Social Lead</b>	Senior-level position appointed by the GEDF director with primary responsibility for operationalization and implementation of this ESMS.
<b>EPC</b>	Engineering, procurement, and construction counterparties for the project.
<b>GCF</b>	Green Climate Fund
<b>GEDF Management Board</b>	Management board undertakes the current management and coordination of the Fund activities in accordance with the strategy. It is comprised of the CEO, deputy CEO and directors of Joint Ventures.
<b>GEDF Projects</b>	All projects that are implemented directly by GEDF or through special project entities where GEDF owns a majority of shares and remains a majority shareholder until the project completion.
<b>IFC</b>	International Finance Corporation
<b>Involuntary resettlement</b>	Means physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets or access to assets, including those that lead to loss of income sources or other means of livelihood), or both, caused by project-related land acquisition or restrictions on land use. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in displacement
<b>Land acquisition</b>	Refers to all methods of obtaining land for project purposes, which may include outright purchase, expropriation of property and acquisition of access rights, such as easements or rights of way
<b>MEPA</b>	Ministry of Environmental Protection and Agriculture (MEPA)
<b>Mitigation hierarchy</b>	A process that sets prioritized steps for limiting adverse impacts through avoidance, minimization, restoration and compensation as well as opportunities for culturally appropriate and sustainable development benefits
<b>Partner</b>	A shareholder other than GEDF who co-invests funds in GEDF Projects.
<b>Project Counterparty</b>	Any entity and or person other than GEDF and Partner involved in the project development, operation, and maintenance. This may include but is not limited to key engineering, procurement, and construction contractors
<b>SEAH</b>	Means Sexual Exploitation, Sexual Abuse and Sexual Harassment
<b>Stakeholders</b>	Refers to persons or groups who are directly or indirectly affected by a project, as well as those who may have interests in a project and/or the ability to influence its outcome, either

	positively or negatively. Stakeholders may include locally affected communities or individuals and their formal and informal representatives, national or local government authorities, politicians, religious leaders, civil society organizations and groups with special interests, the academic community, or other businesses
<b>Vulnerable</b>	Refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so.
<b>Primary Responsibility</b>	For the purposes of this document, the primary responsibility is assigned to the position(s) who are ultimately accountable for the task, from planning to decision making and its completion. These position(s) drive the decision-making process, have direct interaction with the position(s) with secondary responsibilities, delegate work to other roles or team members (as needed), lead the task to completion, have final sign-off authority (if/when used), and are ultimately accountable for the outcome of the task.
<b>Secondary Responsibility</b>	For the purposes of this document, the secondary responsibility is assigned to the position(s), who are ultimately accountable to directly support the positions with primary responsibility. Those positions maybe actively involved in the decision-making process, have an active interest and participation in the outcomes, may work to complete the task, but ultimately defer final decisions to the positions with the primary responsibility.

## II. Introduction

JSC "Georgian Energy Development Fund" is a joint-stock company operating in Georgia, whose sole founder and shareholder is the Ministry of Economy and Sustainable Development of Georgia. The GEDF is mandated to promote realization of the country's energy potential, by identifying and developing projects with high energy importance, attracting necessary funding and supporting project implementation. The services provided by GEDF include: technical advisory services, project management, legal and technical due diligence, environmental and social advisory, financial advisory and other services that are related to renewable energy project development activities.

The GEDF's business model is to establish special purpose vehicles for approved projects, where GEDF assumes majority or minority shareholder role.

The GEDF's current portfolio is focused on renewable energy projects such as hydropower, wind energy, solar and thermal. GEDF plans to channel climate funding from GCF to scale up the development of renewable energy projects in Georgia that requires de-risking to catalyze private sector involvement. The accreditation modality envisioned by GEDF is the project management.

This Environmental and Social Management System provides a set of policies, procedures, tools and governance measures to identify and manage GEDF's environmental and social risks and opportunities. This document provides systemic procedures to check GEDF projects against adverse environmental and social impacts, so to ensure that negative impacts are avoided or minimized while the positive impacts are stimulated.

**Scope of ESMS:** This ESMS applies to all GEDF projects funded by the GCF and projects where GEDF is a majority shareholder. In case where GEDF is a majority shareholder and the project is financed by the donors other than the GCF, the donors ESMS and their requirements will prevail. In projects where the GEDF is a minority shareholder, the ESMS compliance will be suggested to partners, but their E&S requirements may take precedence. In all cases, all projects initiated by the GEDF will comply with the local legislative requirements.

### III. GEDF Environmental and Social Policy (ESP)

The GEDF is committed to environmental and social sustainability. Through the ESMS system it ensures that activities supported by it avoid adverse environmental and social impacts, and where avoidance is impossible mitigate them. In this context, GEDF promotes following ESP Principles:

- **Compliance with the Local Law:** All activities<sup>1</sup> financed by the GEDF shall comply with local laws, regulations and permits in Georgia relevant to environmental and social safeguards, including those that implement Georgia's obligations under international law. See Annex I for a non-exhaustive list of the relevant requirements for reference.
- **Harmonized application of best practice environmental and social standards:** The activities supported by the GEDF will be encouraged to comply with GCF Environmental and Social Policies and relevant GCF Environmental and Social Safeguards<sup>2</sup>.
- **Scaled risk-based approach.** The ESS standards will be implemented in a risk-based manner and not in a blunt, one-size-fits-all approach. This approach will require that environmental and social requirements and processes are commensurate with the level of risk and meeting the relevant ESS standards.
- **Access and Equity:** Activities financed by the GEDF shall provide fair and equitable access to resources and benefits, including ensuring that due consideration is given to vulnerable and marginalized populations, groups, and individuals, local communities, indigenous peoples, and other marginalized groups of people and individuals that are affected or potentially affected by GEDF-financed activities.
- **Labour and Working Conditions:** The GEDF Institutional and Operational Arrangements, as well as all activities supported by it shall promote decent work, fair treatment, non-discrimination and equal opportunity for workers, free of Sexual Exploitation, Sexual Abuse and Sexual Harassment and guided by the core labour standards of the International Labour Organization (ILO).
- **Gender Equity:** The GEDF Institutional and Operational Arrangements, as well as all activities supported by it shall promote Gender Equity and Inclusiveness. See the GEDF Gender Policy<sup>3</sup>.
- **Stakeholder Engagement:** As and where required, the activities financed by the GEDF shall encourage early and continuing engagement and meaningful consultation with stakeholders as per Stakeholder Engagement Plan.

This E&S Policy (and the ESMS) will be communicated to all levels of its organization; be actively endorsed by the GEDF senior management; be actively communicated to employees at all levels and all functions of the organization. In addition, the ESP policy will be externally communicated by public disclosure, presenting it in organizational reports, publishing it on the GEDF website,

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<sup>1</sup> For the purposes of this ESMS and unless otherwise specified, "activity" is defined as projects managed or invested by the GEDF.

<sup>2</sup> The interim Environmental and Social Safeguards of the GCF are the International Finance Corporation's Environmental and Social Performance Standards (Source: GCF )

<sup>3</sup> The Gender Policy includes the procedures and processes for developing the gender assessment and gender action plan. The Gender Specialist will be responsible for ensuring gender equity on an institutional level and project level, this includes performing relevant gender assessments and implementing a gender action plan.

and communicating it to affected Communities and, where appropriate, other stakeholders in meetings and through other communication tools.



## IV. ESMS Governance

### 4.1: ESMS implementation roles and responsibilities

The GEDF uses the following governance structure to oversee and implement this ESMS document:

- **Director:** The Director has an overall responsibility to approve the GEDF ESP, this ESMS document, and any updates thereto as per the GEDF's charter. The Director ensures that the necessary resources to operationalize ESMS (budget, key staff, external consultants) are available and allocated annually. The Director has ultimate responsibility for ensuring the effectiveness of the GEDF ESP Policy and ESMS implementation. The Director reports to the MOESD (Ministry of Economy and Sustainable Development) annually, including on environmental and social performance of the GEDF portfolio.
- **E&S Lead:** The GEDF has a designated E&S Lead, who has an ultimate responsibility to operationalize this ESMS across the GEDF project cycle as follows:
  - Coordinate as appropriate with the cross-divisional team (project development department, project management department, legal department and external consultants) to ensure that environmental and social safeguards as per GEDF ESMS are integrated across the project cycle.
  - Ensure that each project has been screened against the GEDF Environmental and Social Policy, Exclusion List and that the proposed project has been categorized for potential E&S risks.
  - During project due diligence, ensure the project complies with GEDF ESP. Collaborate with project development team to undertake due diligence. Prepare the ESIA as per requirements of GEDF ESMS. Collaborate with a designated HR officer to deploy external consultants in ESIA preparation as it may be required.
  - Oversee development of the project specific Environmental and Social Management Plan as it may be required.
  - Ensure in collaboration with the legal department that appropriate environmental and social clauses to ensure compliance to applicable environmental and social safeguards is integrated in the legal agreements, including respective clause to ensure timely implementation of ESMP (as applicable).
  - Oversee that project specific environmental permit as per local legislation is obtained.
  - Ensure that projects in the GEDF portfolio are supervised and monitored against on-going compliance with the GEDF ESP and project specific ESMP (as applicable). Coordinate with the project management department on monitoring efforts; ensure that E&S progress reports are submitted [by the project counterparty] on semi-annual basis.

- Provide annual training and on-going guidance to the core E&S staff, as well as project team on the GEDF E&S Policy and Procedures of this ESMS. *(Also see the resource plan below).*
- Maintain records of qualified environmental consultants and specialists who can be called upon to assist in conducting environmental reviews, audits, ESIA's and development of ESAPs.
- Take required steps to disclose project specific information as per information disclosure policy of this ESMS.
- Ensure access to the independent grievance mechanism and that any remedial actions are respected and promptly implemented.
- Take required steps to ensure that stakeholder engagement on project level is undertaken as per the Stakeholder Engagement Plan of this ESMS.
- Report to GEDF director on [annual] basis on the project compliance status with the GEDF ESP. Notify immediately of any changes in events, or circumstances that would alter significantly alter the compliance status to applicable standards or may otherwise change risk categorization of the project funded from the GEDF.
- Prepare annual environmental and social performance reports to be submitted to the GEDF Board and as it may be required, to external stakeholders.

## GEDF Project Cycle

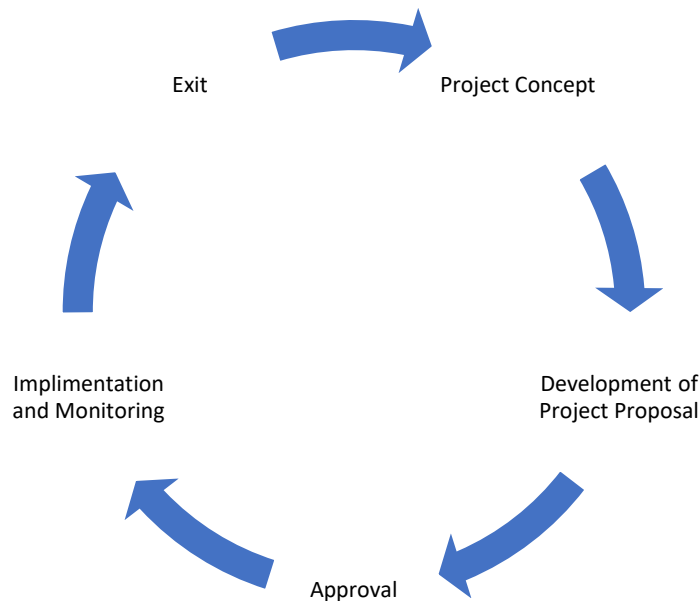
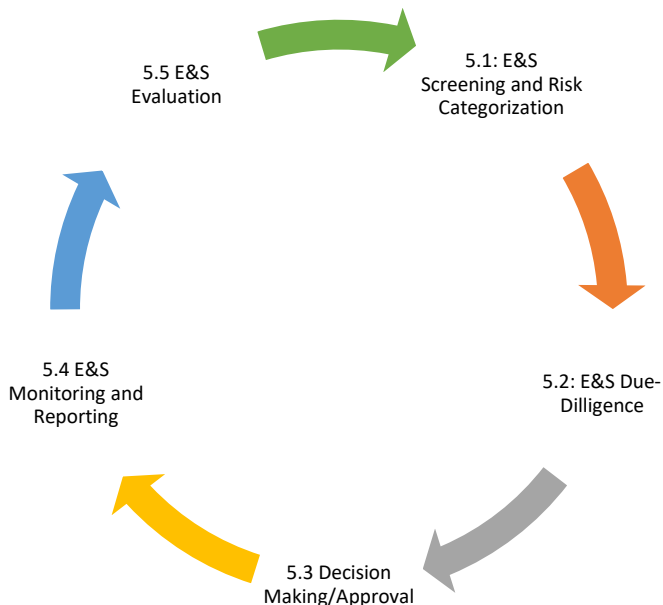


Table 1 below provides information on how the ESMS will be integrated across GEDF Project Cycle. It is worth noting that E&S screening is undertaken early during project concept stage and E&S considerations are part of the project approval decision-making. The respective capacity building activities of relevant responsible staff are envisioned to take place within 12 months of this ESMS adoption. For further information see the ESMS Action Plan in section 4.2.

<b>Table 1: ESMS integration across the GEDF Project Cycle</b>				
<b>GEDF Project Cycle</b>	<b>Description</b>	<b>ESMS Steps</b>	<b>Responsible Party for ESMS Steps ("Primary Responsibility")</b>	<b>Involved Party for ESMS Steps ("Secondary Responsibility")</b>
Project Concept	GEDF technical team together with project management department prepares the Project concept note,	E&S Screening and Risk Categorization, see sub-section 5.1 for detailed screening procedures.	E&S Lead in coordination with the Project Management Department and Technical Department.	Project Management Department Technical Department under overall guidance of the E&S Lead.
Development of Project Proposal	On this stage Fund is preparing Feasibility Study, and project implementation plan.	Due-Diligence, fit for purpose ESIA for category B projects. See detailed due-diligence procedures under section IV.	E&S Lead in coordination with the Project Management Department and Technical Department	E&S external consultants as it may be required to develop ESIA.
Approval	If the project is feasible and bankable the project manager presents all existing data (covering technical, economic, environmental and social issues) to the Board of Directors for the approval.	An E&S Summary document highlighting key E&S risks and respective ESMP.	E&S Lead in Coordination with the Project Manager prepares E&S Summary Document,  Management Board who approves the transaction.	Project Manager Legal Team
Implementation and Monitoring	The implementation stage starts once the project is approved by the Management Board.	E&S Monitoring, including site visits as it may be required during the construction stage to monitor E&S performance.	E&S Lead in coordination with the Project Manager	External Technical Consultants as it may be required
Exit	As per GEDF's practice, the Fund exits from projects before / at operational phase.	To ensure sustainable exits, the final internal evaluation report will be performed to summarize the projects performance against approved ESMP	Project Manager in coordination with E&S Lead	External E&S experts as it may be required.

GEDF ESMS steps within the integrated GEDF project cycle are illustrated below. Each element is explained in detail in section 5 below.



This ESMS also provides guidance notes on information disclosure requirements, as well as a guidance note on a grievance mechanism and stakeholder engagement plan. Those procedures are applied on a project-by-project basis based on risk categorization and E&S due-diligence findings, including a need to develop project specific grievance mechanism and stakeholder engagement plan.

## 4.2 ESMS Implementation Action Plan

This section identifies key actions to ensure implementation of this ESMS. It should be noted that it is the GEDF Director’s responsibility to ensure that there is an appropriate budget and resources to implement ESMS each year.

Table 2: ESMS Action Plan		
Activity	Timeline	Responsibility
1. Update of the job functions of the E&S Lead to match the scope in this ESMS Document <sup>4</sup>	Within 3 months from the adoption of this ESMS by GEDF Director.	[GEDF Lawyer <sup>5</sup> under supervision of the Company CEO].
2. Update the functional responsibilities of the team in the project management department and technical department to include responsibilities for E&S Screening step for ESMS, as well as coordination with E&S	Within 3 months from adoption of ESMS by GEDF Director	E&S Lead in coordination with the GEDF lawyer under the supervision of

<sup>4</sup> GEDF currently has a dedicated E&S Lead, and it is thought by GEDF that she will be responsible to operationalize and implement the ESMS.

<sup>5</sup> At GEDF, the legal team is responsible for contract update including job-function formulation under supervision of CEO.

Table 2: ESMS Action Plan		
Lead on other steps as per section 5 of this ESMS..		the Company CEO.
<p><b>3. Identification of E&amp;S Risk Management Capacity and training needs:</b> The implementation of the ESMS requires human resource development and institutional capacity building. To this end, the GEDF is encouraged to perform capacity gap assessment and planning for ESMS implementation. The scope of gap assessment to cover the GEDF Management Board and relevant departments involved in the project development and implementation as per the table 1 above. The gap assessment may further demand recruitment of additional E&amp;S team members, such as Environmental and Social Specialist thought after by the GEDF.</p> <p><u>Note:</u> The initial capacity building training to familiarize ESMS has been performed by the Consultant (see training logs), however, as ESMS is applied to the projects, the capacity gaps may become clearer and as such the periodic capacity gap assessment and trainings are recommended. The trainings can be internal performed by the E&amp;S Lead and/or external including online.</p>	Within 12 months from application of this ESMS to GEDF projects as per the scope of this ESMS.	E&S Lead under supervision of the Company Director.
4. Training based on capacity building needs identified under actionable item 3 above.	Within 6 months from capacity gap assessment.	E&S Lead
5. Identifying external consultants, that may support the ESMS implementation (e.g. transaction specific due-diligence, development of Environmental and Social Action Plan, Preparation of ESIA and other as may be deemed necessary). Collating information on dedicated file	Within 12 months of the ESMS adoption, the list updated at least annually	E&S Lead
6. Capacity building of the project counterparties (on-going) on this ESMS,	On-going, through project counterparty onboarding (pertains to projects where GEDF will be minority shareholder).	E&S Lead
7. Annual workshops with the project counterparties to share lessons learned	In-house workshops with project counterparties to ensure that ESMS knowledge is up to date and counterparties	E&S Lead

Table 2: ESMS Action Plan		
	benefit from lessons learned.	
8. Development of Standard E&S legal clauses ensuring compliance to GCF E&S Policy.	After signing of Accreditation Master Agreement between GCF and GEDF, but prior to first Funding Proposal submission for GCF funding, to ensure alignment to GCF requirements.	E&S Lead, GEDF lawyer
9. Development of Environmental and Social Review Document Depository System: GEDF is recommended to develop the ESRD repository system to keep track of key indicators to be reported on an institutional level under M&E Activities	With 12 months of this ESMS adoption	E&S Lead in coordination with the administration team at GEDF
10. Independent Audit of ESMS: To provide quality assurance, GEDF team is encouraged to undertake an independent ESMS audit to evaluate effectiveness of ESMS system	Every 5 years from implementation of this ESMS.	GEDF Director
11. Climate Impact assessment: Integrate climate risk and opportunity assessment for each project proposed for GCF funding.	For each project supported by GCF, starting from first submission of Funding Proposal if the accreditation is granted.	E&S Lead with support of external technical consultants with climate expertise.
12. Grievance Mechanism: <ul style="list-style-type: none"> <li>a. GEDF shall assign responsibilities to divisions/ departments and functions within the Company for managing grievances as per Grievance Mechanism of this ESMS (section VII).. For escalation in case of unresolved or complex grievance, establish a grievance committee.</li> <li>b. It shall establish a process for submitting a grievance through GEDF website and on a project-by-project basis communicate all relevant channels available for filing grievances.</li> <li>c. For each project cascade this ESMS grievance mechanism to develop grievance procedure at each project level, with clear timelines and responsibilities at each stage of the grievance process and reflect it in SEPs.</li> <li>d. For each project, develop a grievance register.</li> </ul>	Institution wide grievance mechanism within 12 months of this ESMS approval (steps a to b). This will include update of contractual responsibilities of GEDF Compliance Officer. Additionally, for each project to be initiated by GEDF, the GEDF may assign project specific grievance handling responsibilities.  On-going for project specific grievance (items c-e).	E&S Lead with the support of the GEDF team

Table 2: ESMS Action Plan		
e. Monitor the effectiveness of the project specific grievance management procedure to determine the need for changes to the process		
13. Develop project specific stakeholder engagement plan aligned to requirements of section VIII of this ESMS as well as local legislation requirements and ensure that respective stakeholder engagement is performed. The SEP template is included in Text Box 7 of section VIII.	Ongoing, for each project	E&S Lead with support of external consultants.
14. Disclosure projects (category A and B) as per the disclosure requirements of the Georgian legislation, for other risk categories as per the disclosure requirements of this ESMS.	On a project-by-project basis, see the Information Disclosure requirements.	E&S Lead in collaboration with the Project manager

## V. Environmental and Social Risk Management Procedures

### 5.1 GEDF E&S Screening Process

A screen of projects to assess possible environmental and social impacts is done at the concept stage before the concept is approved. The purpose of screening is to understand whether a project might pose risks that could give rise to any negative social or environmental impacts, to establish the project's risk level and - if risks have been identified – and to determine the nature and depth of the due-diligence to be undertaken during the feasibility stage. The screening protocol is detailed below:

- The GEDF Team shall screen each activity (to be funded by the GCF) against an Exclusion List to ensure that activity does not fall under excluded activities.
- In determining the appropriate risk categorization, the risks and impacts considered will include direct and indirect, induced, long-term and cumulative impacts, potential environmental and social risks to the activities, including SEAH risks, and will take into account the activities' areas of influence including associated facilities and third-party impacts. In screening activities, the environmental and social risks, and impacts, as well as the nature, magnitude, and complexity of these risks, the specific characteristics of the influence area including risks of displacement, involuntary resettlement and to vulnerable groups, and legal and policy contexts will be considered. [The E&S screening checklist is provided under table 3 below](#)
- The risk category to be assigned will be proportional to the nature, scale, and location of the activity, its environmental and social risks and impacts, including in relation to SEAH, and the vulnerability of the receiving environments and communities
- The activities that are identified as excluded according to the exclusion list, or that do not meet GEDF ESP and local legislation requirements, will not be funded. Only activities categorized as (B and C) will advance to environmental and social due-diligence stage.
- The environmental and social risk categorization (B or C) will further determine the nature and depth of environmental and social due-diligence, appropriate stakeholder engagement, and the type of information to be disclosed.

#### **Responsible Persons:**

- The E&S Lead in coordination with the project and technical teams undertakes E&S Screening and summarizes findings in the screening report. E&S Lead then reviews the screening report to determine the E&S risk categorization and level of the environmental impact assessment needed.



**Table 3: E&S Screening Checklist <sup>6</sup>**

<b>PS 1: Assessment and management of environmental and social risks and impacts</b>
<ul style="list-style-type: none"> <li>▪ Does the project comply with all requirements of national environment, health, and safety laws in Georgia?<sup>7</sup></li> <li>▪ Does the project obtained all applicable permits to allow for the project development? Or is the respective actionable timeline in place aligned to local legislation requirements (for new developments)?</li> <li>▪ Will the activities involve transboundary impacts on air, water or other natural resources?</li> <li>▪ Will the activities involve associated facilities and third-party impacts?</li> <li>▪ Are the activities likely to induce potential social conflicts?</li> <li>▪ Based on the risk categorization, is there a need to deploy project specific ESMP (category A and B projects only)? If so, is there a required capacity to implement such ESMP?</li> </ul>
<b>PS 2: Labour and working conditions</b>
<ul style="list-style-type: none"> <li>▪ Are the activities likely to affect working conditions, particularly in terms of employment, compliance with labour and other laws pertaining to non-discrimination, equal opportunity, child labour, and forced labour of direct, contracted and third-party workers?</li> <li>▪ Will the activities pose an occupational health and safety risks to workers, including supply chain workers (e.g. EPC contractors)?</li> <li>▪ If yes, is proper OHS risk identification and management procedures incorporated into ESMP?</li> <li>▪ Are activities aligned to local labor requirements, are there gaps vis a vis ILO best practice?</li> <li>▪ Are there any SEAH risks in labor and working conditions given local context<sup>8</sup>?</li> </ul>
<b>PS 3: Resource efficiency and pollution prevention</b>
<ul style="list-style-type: none"> <li>▪ Will the activities generate emissions; discharge pollution into water and land; generate activity related greenhouse gas emissions; use hazardous materials; generate noise and vibration; and/or generate waste including hazardous waste?</li> <li>▪ Are the activities likely to utilize natural resources, including water and energy?</li> <li>▪ Will there be a need to develop and implement measures to reduce pollution and promote sustainable use of resources?</li> </ul>
<b>PS 4: Community health, safety and security</b>
<ul style="list-style-type: none"> <li>▪ Will the activities potentially generate risks and impacts on the health and safety of the affected communities, including impacts on ecosystem services affecting the local community health and safety?</li> <li>▪ Will the activities increase the risk of sexual exploitation, abuse and harassment?</li> <li>▪ Will there be a need for an emergency preparedness and response plan that also outlines how the affected communities will be assisted in emergencies?</li> <li>▪ Will there be potential risks posed by the security arrangements and potential conflicts at the project site between the workers and the affected community?</li> <li>▪ Does assessment consider positive and negative SEAH and Gender Based Violence impacts on the community?</li> </ul>
<b>PS 5: Land acquisition and involuntary resettlement</b>
<ul style="list-style-type: none"> <li>▪ Are the activities likely involve the acquisition of lands, land rights or land-use rights through expropriation or other compulsory procedures in accordance with the legal system of the country?</li> </ul>

<sup>6</sup> Source: Climate4Action LLC standard E&S checklist based on GCF E&S Policy, adapted for GEDF.

<sup>7</sup> For new developments, Environmental Impact Assessment ("EIA") has been undertaken and the EIA has been disclosed to the public in accordance with national requirements. The sponsor/GEDF has obtained the required national licenses and permits to build (in case of new developments) or operate (in case of existing facilities) the Project. • For new developments the sponsor has obtained the required local planning and zoning board approvals required to build and operate the Project.

<sup>8</sup> GEDF shall take risk based, proportional approach to SEAH, where Gender Specialist will screen level of SEAH risk (high, medium, low) applicable to the funded activity. Only activities with medium to low SEAH risks will be funded.

<ul style="list-style-type: none"> <li>▪ Are the activities likely to alter existing land use and restrict access to natural resources resulting in loss of livelihoods and other economic activities?</li> </ul>
<p><b>PS 6: Biodiversity conservation and sustainable management of living natural resources</b></p> <ul style="list-style-type: none"> <li>▪ Is the project likely to be located on modified, natural and/or critical habitats or in protected or internationally recognized ecological areas?</li> <li>▪ Is the project or programme likely to introduce invasive alien species of flora and fauna, affecting the biodiversity of the area?</li> <li>▪ Is the project or programme likely to have potential impacts on biodiversity (especially critically endangered and/or endangered species, endemic or restricted-range species, and globally significant migratory or congregator species) and ecosystem services, including production of living natural resources?</li> </ul>
<p><b>PS 7: Indigenous peoples</b></p> <ul style="list-style-type: none"> <li>▪ Are the activities likely to have impacts on indigenous peoples and communities, such as impacts on lands and natural resources, land tenure and on cultural resources?</li> <li>▪ Are the activities likely to lead to physical displacement of indigenous peoples and/or restrict the access of indigenous peoples to lands and resources resulting in loss of livelihood?</li> <li>▪ Will the activities provide equitable opportunities for indigenous peoples and other vulnerable groups during stakeholder consultation and in decision-making during the preparation, implementation, monitoring and evaluation of the activities?</li> <li>▪ Will the activities need to obtain free, prior and informed consent (FPIC)? If so, has the project obtained FPIC?</li> </ul>
<p><b>PS 8: Cultural heritage</b></p> <p>Will the project or programme be located on areas that are considered to have archaeological (prehistoric), paleontological, historical, cultural, artistic and religious values or contain features considered as critical cultural heritage?</p>

The screening report will summarize the responses to the E&S Screening Checklist in Screening Report. The following guidance is provided for completion of the screening report:

- Answer the questions under each PS by selecting Yes, No, Maybe or Not applicable.
- Justify each response, by providing additional information-describing the risk, whether it will need to be further assessed, and/or how the risks will be avoided or managed (minimized or mitigated).
- If you don't have the required information, describe how you would gather the data during the due-diligence stage. If the information requested can be found in the project concept note, reference the specific section of the proposal where this stated.
- The E&S Lead will provide overall conclusion of E&S risk categorization (see below E&S risk categorization framework) and identify any negative E&S social impacts, further assessment required to understand the impacts and any mitigation measures if already identified during screening stage.

## Risk Categorization

The GEDF shall apply following E&S risk categorization framework:

<b>Table 4: E&amp;S Risk Categorization</b>	
<b>Category A</b>	Activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented;
<b>Category B</b>	Activities with potential limited adverse environmental and/or social risks and impacts that individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; and
<b>Category C</b>	Activities with minimal or no adverse environmental and/or social risks and/or impacts.
Note: The Category A activities shall be excluded activity from the GCF funding (see GCF exclusion list that will be utilized for projects considered for GCF funding). However, given the GEDF's development mandate to promote realization of country's energy potential, GEDF may consider funding of category A projects from its own funds and in collaboration with donors other than GCF for projects where it has majority and minority positions.	

The screening and categorization process of proposed investments results in classification of potential risk. This determines the level of E&S requirements to be carried out as follows:

All **Category A** projects are required to have a full and comprehensive Environmental and Social Impact Assessment (ESIA) prepared in compliance with the provisions of the Law of Georgia Environmental Assessment Code and all relevant environmental and social safeguard regulatory requirements<sup>9</sup>. The ESIA will be performed by a qualified consultancy firm and shall contain an Environmental and Social Management Plan (ESMP).

For **Category B** activities with potentially limited adverse environmental and social impacts, a fit-for-purpose ESIA and an ESMP, with a more limited focus as may be appropriate, that describes the potential impacts, as well as appropriate mitigation, monitoring and reporting measures will be required. All category B projects shall be screened for compliance with local regulatory requirements as well as [GCF E&S Policy](#) and Environmental and Social Safeguard Standards<sup>10</sup>. The GEDF E&S Lead shall collaborate with project team and on need basis, with external consultants to undertake due-diligence of category B activities and develop fit-for purpose ESIA and respective ESMP.

**Category C** activities should have no expected significant environmental and social impacts and therefore may not require further assessment, although a screening should confirm that the activities are indeed in Category C. The projects would be however monitored throughout their life to determine whether the risks remain low or whether some additional assessment is required.

#### **Responsible Persons:**

- The E&S Lead in coordination with the project team as per ESMS governance

<sup>9</sup> See Annex I for non-exhaustive list.

<sup>10</sup> The interim Environmental and Social Safeguards of the GCF are the International Finance Corporation's Environmental and Social Performance Standards (Source: [GCF](#) )

## 5.2 GEDF Due-Diligence

If the screening procedure has identified risks of negative environmental and/or social impacts and a project has been classified as category B (moderate risk), a due diligence is initiated to prepare fit for purpose Environmental and Social Impact Assessment (ESIA):

**Box 1:** The interim Environmental and Social Safeguards of the GCF mirror the International Finance Corporation’s Environmental and Social Performance Standards. Hence all projects funded by the GCF will be at minimum screened against the [IFC Environmental and Social Performance Standards](#) in addition to local legislative requirements.

Table 5: IFC Environmental and Social Performance Standards	
Performance Standard (PS)	Risk Management
PS 1:	Assessment and Management of Environmental and Social Risks and Impacts
PS 2:	Labor and Working Conditions
PS 3:	Resource Efficiency and Pollution Prevention
PS 4:	Community Health, Safety, and Security
PS 5:	Land Acquisition and Involuntary Resettlement
PS 6:	Biodiversity Conservation and Sustainable Management of Living Natural Resources
PS 7:	Indigenous Peoples
PS 8:	Cultural Heritage

The purpose of due diligence is to:

- Identify, analyse and compare feasible alternatives (including the possibility of no project).
- Predict and assess the type and scale of potential E&S impacts as per the GCF Environmental and Social Safeguard Standards, local legislation requirements<sup>11</sup>, and other industry best practices as applicable (e.g. IFC sector specific guidance notes, other standards detailed in GEDF ESP Develop suitable mitigation measures documented as an Environmental and Social Management Plan (ESMP). The aim is to arrive at a sound project strategy in which adverse impacts are avoided. Where the identified risks and impacts cannot be avoided, the GEDF E&S Lead in collaboration the project team will identify mitigation and performance measures and establish corresponding actions to ensure the project will operate in compliance with applicable laws and regulations and meet the requirements of IFC Performance Standards 1 through 8 and this ESMS ESP.

The level of detail and complexity of these measures and the priority of the identified measures and actions will be commensurate with the project’s risks and impacts and will take account of the outcome of the engagement process with affected communities as appropriate.

<sup>11</sup> The Georgian legislation “Code of Environmental Assessment” requires scoping study prior to conducting Environmental Impact Assessment. The scope of ESIA will be determined by the GEDF for each project based on project specific E&S risk assessment needs, the compliance with requirements of GEDF E&S Policy-including local legislation requirements for Environmental and Social Impact Assessment.

**Only projects that are expected to meet the requirements of the Performance Standards in line with a project specific ESMP within a reasonable period of time will be funded.**

**Responsible Persons:**

The primary responsibility for overseeing that appropriate due-diligence has been deployed as per this ESMS is with the E&S Lead (e.g. to ensure ESIA, ESMP is prepared). The secondary responsibility is with the project staff. The environmental and social due diligence maybe outsourced to the third-party consultants as deemed necessary by the E&S Lead and as per the requirements of the local legislation in Georgia. These consultants (if deployed) will also have secondary responsibility.

**5.3: Decision-Making/Approval**

- The GEDF Management Board approves the project based on the project specific documents, that shall include Environmental and Social (E&S) Summary Report section as per template in text box 2 below, summarizing the material E&S risks and opportunities found during E&S due-diligence, and will include respective ESMP and ESIA as appropriate. Therefore, E&S risk assessment is integral part of the project approval.
- The GEDF Board of Directors will review the environmental and social assessment of the activities; and make an investment decision accordingly. Only projects where risks are largely reversible and readily addressed through mitigation measures (category B and category C) projects will be approved for funding.
- The E&S Summary Report Template is provided in Box 2 below:

<p><b>Box 2: E&amp;S Summary Report Template<sup>12</sup></b></p> <p><b>Environmental and Social Review Summary</b></p> <p><b>Project Name:</b></p> <p><b>Environmental Category:</b></p> <p><b>Date:</b></p> <p><b>Prepared by:</b></p> <p>I. Project Description</p> <p>II. Rationale for Environmental and Social Categorization</p> <p>III. Applicable IFC PS Standards</p> <p><i>Guidance notes: List all applicable IFC performance standards and explain why they are applicable.</i></p> <p>IV. Key Documents prepared within the scope of E&amp;S Due diligence, attach as appropriate or provide internal link to the document.</p> <p>V. Key Issues and Mitigation Measures</p> <p><i>Guidance note: Identify key issues as per applicable IFC performance standards and propose mitigation measures as relevant. Attach ESMP, and any other supporting documents (e.g. ESIA).</i></p>
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**Responsible Persons:** The primary responsibility for preparing the “E&S Summary Report Template” and to respond to queries of the Management Board with regards to project specific E&S risk is with the E&S Lead. The responsibility to approve project is with the GEDF Management Board.

<sup>12</sup> Source: Climate4Action LLC, adapted for GEDF

**Note on Legal Clauses:**

For each project that receives Board of Director’s approval and funded by the GCF, the E&S Lead shall liaise with the project team to include the standard legal clauses in legal agreements to ensure the compliance with the GEDF ESP, relevant local legislations in Georgia and GCF E&S safeguards. The GEDF has been advised to develop standard E&S contractual clauses. See GEDF ESMS Action Plan.

**5.4 E&S Monitoring and Reporting**

This sub-chapter describes the monitoring, reporting and evaluation requirements of GEDF at the institutional level and activity level. The key objective of the monitoring and reporting is to improve environmental and social management practices of GEDF, as well as ensuring the project E&S performance compliance to GEDF Environmental and Social Policy, as well as project specific ESMP.

**5.4.1: Institutional Level Monitoring, Evaluation and Reporting:** The E&S Lead shall monitor the aggregate E&S performance across the GEDF portfolio based on the project specific monitoring and reporting process detailed under 5.4.2 below. In addition to the portfolio performance summary report, the GEDF E&S Lead will monitoring following indicators at GEDF level to the director:

Table 6: Indicators for Institutional level E&S Monitoring Template <sup>13</sup>	Responsible Party for Data Tracking	Reporting Frequency
Number of projects screened	Project Management Unit under guidance of E&S Lead	Annual
Number of screened projects that advanced to the due-diligence phase	E&S Lead	
Number of fit for purpose ESIA performed, out of which # of ESIA sub-contracted to external consultants	E&S Lead in coordination with external consultants as required.	
Number of projects presented to the GEDF Director as per approval stage of this ESMS	E&S Manager in coordination with Project Director	
Number of Environmental and Social Scoping report and EIA submitted to MEPA as per the local legislation requirements.	E&S Lead in coordination with the project management unit.	
# of Environmental Permit applied and obtained as per the local legislation requirements, out of total application, # of permits rejected.		
Number of legal agreements with E&S clauses	GEDF Legal team	
Number of training and type of actors trained	E&S Lead	
Number of grievances received and responded, out of which # of grievances satisfied.	Grievance Officer	
Number of stakeholder engagement plan developed and stakeholder engagements performed	E&S Lead	
Number of project specific incidents reported		
Number of ESMS environmental audit performed		

<sup>13</sup> Source: Climate4Action LLC, adapted for GEDF.

**Institutional Level E&S Reporting (aggregate portfolio basis):** The periodicity of the annual reporting to the GEDF Director is provided below:

<b>Table 7: The timelines for GEDF portfolio level monitoring</b>	
Annual report to the GEDF Director	90 days from the end of the fiscal year
Immediate report on any major E&S issues and incidences related to GEDF Portfolio	Within 3 days, with the summary action plan submitted.

**Responsibility for institutional level monitoring and reporting:** The primary responsibility for preparing an Annual E&S report for the Company director is with the E&S Manager, who may coordinate with respective project management team and legal team to collect respective data.

#### 5.4.2: Project Level Monitoring, Reporting and Evaluation

- The projects supported by GEDF shall be monitored on quarterly basis by the E&S Lead in coordination with the Project Manager and project counterparty (as applicable, e.g. ECPs) on compliance to project specific ESMP<sup>14</sup> as well as compliance to the GEDF ESMS.
- Any major non-compliance will be reported to the Company director with respective corrective actions within 3 days of occurrence of such major event.
- The monitoring activity undertaken by the E&S Lead may include the site visit on the project site, meetings with the project manager and/or contractors with responsibility for the ESMP implementation, receipt of reports from counterparty's as to be decided in the project specific ESMP.
- The results of the E&S project level monitoring will be aggregated on portfolio basis and reported to the Company director on an annual basis as per reporting timeline presented under 5.4.1 above. See also reporting requirements of the Green Climate Fund.

#### Note on Reporting to the Green Climate Fund:

- The GEDF as a potential Accredited Entity to the GCF will oversee the Environmental and Social Performance of each project/programme submitted to the GCF. The Annual Performance Reports to GCF submitted within **120 days** of the year end will also include updates on the environmental and social performance, prepared in a reporting format acceptable to Green Climate Fund.
- The interim and final evaluation reports will also assess the E&S performance and compliance to intended outcomes as per the GCF requirements.

<sup>14</sup> Project specific ESMP is developed for Category A and B projects during due-diligence stage. It shall include all relevant management plans to manage identified project specific E&S risks during due-diligence stage in ESIA.

## **5.5 E&S Evaluation**

The GEDF deploys a two-tier E&S evaluation framework - at project and corporate levels.

### **5.5.1 Project level E&S Evaluation:**

Upon exit from each project, the GEDF will perform an internal evaluation by preparing a completion report, in which the E&S Lead in coordination with the Project Manager shall summarize the status of ESMP implementation upon the date of exit, highlight any underperformance issues and lessons learned through ESMP monitoring. The timelines for evaluation as well as responsibilities are to be agreed in project specific ESMP.

### **5.5.2 Corporate Level E&S Evaluation:**

Every 5 years from the date of approval of this ESMS, the GEDF will perform independent review of the activities against ESMS to assess the effectiveness of the ESMS system and its application on an activity (project) level (hereinafter, ESMS Audit). The objectives of the ESMS audit is to:

- Evaluate any areas of improvement in this ESMS-including ESP and procedures presented therein.
- Assess institutional capacity of the GEDF to identify and manage relevant social and environmental risks as per local legislation requirements of Georgia and international best practices references in ESP (including that of IFC PS) to the projects financed by GEDF that is covered within scope of this ESMS.
- Identify effectiveness of the stakeholder engagements undertaken for projects covered under this ESMS, according its compliance to Stakeholder Engagement Plan
- Assess effectiveness of grievance mechanism of GEDF
- Identify correction actions and agree timeline for implementation.

### **Responsible Persons:**

- The GEDF Director is responsible for commissioning independent ESMS audits. The selection of an auditor should be made according to the Procurement Policy of the GEDF.



## VI. Information Disclosure

The GEDF will operate in a transparent and accountable manner, ensuring public access to information and stakeholder participation in financing activities.

Any projects financed by GEDF, it will follow disclosure requirements set forth in the Environmental Impact Assessment Code (revised, 2017 version). In addition, for the GEDF projects supported by the Green Climate Fund, this ESMS will comply with the following information disclosure requirements, in line with the GCF Information Disclosure Policy (IDP):

- In the case of the Category B projects to be funded by the GEDF, the E&S Environmental and social safeguards reports prepared in form acceptable to GCF ([as per paragraph 17 of IDP](#) that requires ESIA and ESMP) will be disclosed at least 30 days in advance of the Board of Director's decision, whichever is earlier;
- The information will be disclosed on the GEDF website/ Locations convenient to affected peoples / Posted on GCF website together with funding proposal.

### Responsible Persons:

- E&S Lead in coordination with the Project Manager

## VII. Grievance Redress Mechanism

The ESMS grievance mechanism addresses stakeholders' complaints related to issues where GEDF projects have failed to respect ESMS principles, standards, and procedures. The mechanism applies to all projects covered under the scope of the ESMS and provides guidance to Project Manager and E&S Lead on project specific grievances mechanism.

### 6.1 Eligibility

Any community, organization, project stakeholder or affected group (consisting of two or more individuals) who believes that it may be negatively affected by the executing entity's failure to respect GEDF ESMS principles, standards, or procedures may submit a complaint. Representatives (a person or a local organization) can submit a complaint on behalf of a community, project stakeholder or affected group. Anonymous complaints will not be considered, however, complainants' identities will be kept confidential upon their written request

Note: A project stakeholder may be project staff including contractors. The GEDF will ensure that contractor(s) use or establish their own Grievance Mechanism for all workers. Where this is not feasible, this Grievance Mechanism should be made available to all the contractor's personnel. This will be included in all contracts and agreements that the GEDF enters with contractor(s) for projects that fall within the scope of this ESMS. All workers will be informed of the grievance procedures and new workers will be informed when they join the project.

If the grievance submitted is determined to be eligible, a process is then followed to identify the root cause of the grievance and ensure that issues of non-compliance with the ESMS are rectified. Some grievance cases may require remedial actions to redress potential harm resulting from failure to respect the ESMS provisions or preventative measures to avoid repetition of non-compliance.

### 6.2 Process

A process identifies the root causes of the subject of the grievance and ensures that issues of non-compliance with the ESMS are corrected. Some cases may also require remedial actions to redress potential harm resulting from a failure to respect the ESMS provisions or preventive measures to avoid repetition of non-compliance.

1. **Submission of a grievance:** Stakeholders/ Project Affected Parties shall be able to use the following methods to submit a grievance:
  - a. Fill out the Grievance Form online on the GEDF website
  - b. Verbally (via telephone) via project information hotline to be assigned for each project.
  - c. In writing via the Grievance Boxes to be provided for each project (location to be determined, based on project affected location and cultural context) or by email to be assigned for each project.
2. When submitting a grievance, the **complaint should include the following information**
  - a. Complainant's name and contact information.
  - b. If not filed directly by the complainant, proof that those representing the affected people have authority to do so.
  - c. The specific project or program of concern including location.
  - d. The harm that is or may be resulting from it.
  - e. The relevant social policy or provision (if known).
  - f. Any other relevant information or documents (e.g., date of event).

- g. Any actions taken so far (if any) to resolve the problem.
  - h. Proposed solution.
  - i. Whether confidentiality is requested (stating a reason).
3. The complaint **can be filed either in English or in Georgian**. If the grievance has not been submitted anonymously and regardless as to whether confidentiality is requested, the identity of the complainant(s) will be maintained only by the Compliance Officer or the project staff member working in the field site who has handled the case directly. When working to resolve the case, the identity of the complainants will be maintained within as smaller group as possible to assure protection against retaliation.
  4. **Grievance Register:** The received Grievance is then recorded and classified in Grievance Register (written and/ or electronic) by the responsible staff at GEDF.

Note: For the purposes of this ESMS, GEDF shall assign overall responsibility to manage grievances on a corporate level to the "Compliance Officer". Furthermore, for each project supported by this ESMS, GEDF shall i) specify all the relevant channels available for filing grievances ii) clearly assign responsibilities within the project for managing grievances and iii) develop project specific grievance procedures aligned to this Grievance Redress Mechanism.

#### **5. Acknowledgement and addressing the grievance:**

- a) A grievance is formally acknowledged through a personal meeting, phone call, e-mail or letter as appropriate given local context, within <14 working days> of submission. If the grievance is not well understood or if additional information is required, clarification should be sought from the complainant during this step.
  - b) The appointed person to handle GEDF grievances will investigate the validity of the grievance, including whether it is related to a contractor. They will then refer the grievance to the appropriate 'responsible staff member'. The root cause will be investigated and the risk category (i.e., the risk that the grievance poses to the Project Affected Person and to the Project is ranked as high, medium or low) identified.
  - c) A response is developed by the responsible staff with input from others, as necessary. Projects should consider the use of existing customary conflict resolution mechanisms, which would be identified during stakeholder engagement stage. This can include working with existing customary mechanisms (including any customary dispute settlement mechanisms among local communities) or establishing a project conflict resolution "committee" for the management of complex grievance issues. This can include project staff, local authorities, and traditional leaders/ community representatives.
6. Required **actions implemented to deal with the issue, and completion of these, is recorded in the grievance register.**
  7. The **response is signed-off** by the responsible staff.

8. The **response is communicated to the affected party**; The responsible staff ensures that a suitable approach to communicating the response to the affected party is agreed and implemented. The response to a grievance will be provided 20 working days after acknowledgment of the grievance submission as per stage (a).
  
9. The responsible party will then seek a response of the complainant to help **assess whether the grievance is closed or whether further action is needed**. The responsible staff should use appropriate communication channels to confirm whether the complainant has understood and is satisfied with the response. The complainants' response should be recorded in the Grievance Register. Ideally, both parties should sign off the grievance to confirm closure. Or, alternatively, a written confirmation that the grievance has been closed satisfactorily should be obtained.
  
10. The grievance is closed with sign-off from the responsible staff, who determines whether the grievance can be closed or whether further attention and action is required. If further attention is required, the responsible staff should return to Step 2 to re-assess the grievance and then take appropriate action. Once the responsible **staff has assessed whether the grievance can be closed, he/she will sign off to approve closure of the grievance on the Grievance Register or by written communication**.

A Summary of Grievance timelines and Grievance responsibilities based on each stage above is provided below:

<b>Table 8</b>		<b>Grievance Timeline and Responsibilities</b>	
Grievance timelines		<ul style="list-style-type: none"> <li>▪ Acknowledgement of grievance receipt within 14 days of grievance submission from a stakeholder</li> <li>▪ Grievance response: 20 working days after acknowledgment of the grievance submission as per stage (a).</li> </ul>	
Grievance responsibilities		<ul style="list-style-type: none"> <li>▪ GEDF Corporate Level: Compliance Officer</li> <li>▪ Assigned grievance handling responsibilities at each project level</li> </ul>	

### **Responsible Persons:**

The primary responsibility to handle grievance at the corporate level is with the GEDF Compliance Officer. Additionally, for each project, the GEDF may assign project specific grievance handling responsibilities as outlined in the above procedures.

## VIII. Stakeholder Engagement Plan (SEP)

### Key Considerations:

- Each GEDF Project funded by the GCF shall require a Stakeholder Engagement Plan (SEP) tailored to the Project supported by the GEDF.
- This SEP serves as a template for a Stakeholder Engagement Plan (SEP).
- This SEP does not aim to be prescriptive but rather serves as a template. Therefore, it can be adapted to project type and context as needed.
- The guidance provided is focused on what to include in the SEP and is not intended as how to guidance.
- This SEP can be presented as Annex of the **Project specific** Environmental and Social Management Plan (ESMP).

### The purpose of the SEP:

The overall aim of the SEP is to ensure that a timely and appropriate approach is taken to engagement with stakeholders. The SEP outlines how the Project will further engage the various stakeholder groups throughout project design and implementation in order to ensure that their views and concerns are heard and taken into account. The purpose of having a SEP is to ensure a successful and sustainable project, and alignment of the project with international good practice approaches to stakeholder engagement, including that of GCF.

*The objectives of the SEP are to:*

1. Identify and analyse stakeholders during the project design, listing all relevant stakeholders and analysing each in relation to their potential interest in and influence on the project, as well as the project's potential impact (positive and negative) on them;
2. Actively obtain input from a broad spectrum of stakeholders at local, regional, national and international levels, with particular emphasis on Project Affected Peoples, through meaningful consultation;
3. Provide stakeholders with adequate, clear, timely and consistent information regarding the Project and project activities, including impacts and opportunities that may arise and proposed management measures/ solutions, as well as the manner in which they can participate in this process;
4. Provide sufficient opportunity for stakeholders to raise issues, make suggestions and voice their concerns and expectations with regard to the Project;
5. Build capacity among stakeholders to enhance their ability to interpret the information, as well as to contribute their issues of concern and suggestions for enhanced benefits;
6. Working directly with the stakeholders and in particular, the Project Affected Peoples, throughout project implementation to ensure that public concerns and aspirations are consistently understood and considered; and
7. Provide stakeholders with timely feedback on whether and how their inputs were incorporated into project decisions particularly relating to management measures and strategies for enhancing *benefits and including the effective and timely management of any grievances related to the project.*

### Box 3: The Stakeholder Engagement Plan Template

- a. **Project Description**
- b. **The regulatory requirements and good practices consulted to develop the SEP, including this ESMS.**
- c. **Stakeholder Identification** (The identified stakeholders, their relevant interests, and analyses, including vulnerable groups and gender considerations).
- d. **Information Disclosure** (Methods and actions to achieve meaningful consultation and inclusive participation, including information disclosure)
- e. **Grievance Management**
- f. **Monitoring and Reporting**
  - Information whether the stakeholders will be included in the project monitoring, as well as the level of the reporting to stakeholders
  - Key performance indicators of stakeholder engagement during project implementation, and steps that will be taken to monitor and report on progress and issues that arise. The KPIs shall also include quota on gender inclusiveness.
- g. **Roles and responsibilities for implementation of the Stakeholder Engagement Plan**
- h. **The timing of the engagement throughout the project cycle**
- i. **Agreed periodicity of reporting to GEDF**

#### Responsible Persons:

- The GEDF **E&S Lead** is responsible for developing the SEP.

## Annex I: Exclusion List (for projects to be supported by GCF)

GEDF shall not finance through GCF funds, directly or indirectly, projects involving the following:

1. **Category A Projects** with significant adverse environmental and social risks as per definition of this ESMS
2. Projects involving destruction of high conservation value areas
3. Projects involving large physical resettlement (more than 200 persons affected) or involuntary resettlements
4. Activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources or cultural heritage
5. Projects affecting negatively Indigenous People (IP)
6. Projects impacting critical cultural heritage, including use of commercial purposes involving non-IP affected communities.
7. Projects which result in limiting people's individual rights and freedom, or violation of human rights;
8. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.
9. Production or trade in weapons and munitions<sup>15</sup>
10. Production or trade in alcoholic beverages (excluding beer and wine)<sup>16</sup>.
11. Production or trade in tobacco<sup>17</sup>
12. Gambling, casinos and equivalent enterprises<sup>18</sup>
13. Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
14. Production or trade in unbounded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
15. Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.
16. Production or activities involving harmful or exploitative forms of forced labour<sup>19</sup> or child labour<sup>20</sup> as defined in the ILO core labour standards
17. Commercial logging operations for use in primary tropical moist forest.
18. Production or trade in wood or other forestry products other than from sustainably managed forests

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<sup>15</sup>This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

<sup>16</sup> This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

<sup>17</sup> This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

<sup>18</sup> This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

<sup>19</sup> Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

<sup>20</sup> Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

## Annex 2: Environmental and Social Management Plan Indicative Outline (“ESMP Template<sup>21</sup>”)

This annex provides a key outline of the Environmental and Social Management Plan to be developed at a project level during E&S due-diligence stage as per section [XX] of this ESMS.

An environmental and social management plan (ESMP) consists of the mitigation, monitoring and institutional measures and the actions to be taken during implementation and operation to eliminate adverse environmental and social impacts or reduce them to acceptable levels. The ESMP must be consistent with GEDF Environmental and Social Policy (ESP) and applicable local legislation.

The project specific ESMP is recommended to cover following key points:

- a) **Mitigation:** Identifies feasible and effective measures that when implemented may reduce potentially significant adverse environmental and social impacts to acceptable levels. Specifically, the ESMP: (i) identifies and summarizes all anticipated adverse and positive environmental and social impacts; (ii) describes in detail the mitigation measures for each, including the type of impact to which it relates and the conditions under which it is required (e.g. continuously or in the event of contingencies), together with designs, equipment descriptions, and operating procedures, as appropriate; (iii) estimates any potential environmental and social impacts of these measures; and (iv) provides linkage with any other mitigation plans required for the project (e.g. Occupational Health and Safety Plan, Waste Management Plan).
- b) **Monitoring:** Includes details of the environmental and social monitoring to be undertaken during project implementation. Provides information on the expected environmental and social outcomes, risks and impacts of the project and how the effectiveness of the mitigation measures are assessed. Such information enables the evaluation of the success of mitigation and allows corrective action to be taken when needed.
- c) **Implementation arrangements.** Describes how the ESMP will be implemented including the roles and responsibilities required to implemented measures identified in the ESMP.
- d) **Capacity development and training:** To allow for effective implementation of ESMP, this section should identify any institutional capacity development and training needs. Specifically, the ESMP provides a specific description of institutional arrangements for activities designed to build the capacity of the implementing institutions.
- e) **Implementation schedule and cost estimates.** The ESMP provides an implementation schedule for measures that must be carried out as part of the project and the capital and recurrent cost estimates and sources of funds for implementing and monitoring the ESMP.
- f) **Stakeholder engagement plan.** The ESMP will include the stakeholder engagement plan aligned to section [XX] of this ESMS. This will also include strategies and mechanism for external communication, information disclosure and reporting to the communities.
- g) **Grievance redress mechanism.** The ESMP will also describe the project specific grievance redress mechanism, its processes for receiving and resolving grievances, and

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<sup>21</sup> Source: Adapted for GEDF from ESMP Outline included in the GCF FP “Peruvian Amazon Eco Bio Business Facility”.



reporting to the communities and stakeholders. This will include specific procedures for SEAH.

### **Annex 3: ESIA Outline/Terms of Reference<sup>22</sup>**

This Annex provides a guidance on project specific Environmental and Social Impact Assessment (ESIA). As per this ESMS mitigation hierarchy, the scope and depth of the ESIA should be commensurate to projects potential E&S risks and impacts. However, ESIA is a comprehensive document of a project's potential environmental and social risks and impacts which is developed based on key process elements generally consisting of

- a. Initial screening of the project and scoping of the assessment process.
- b. Examination of alternatives.
- c. Stakeholder identification (focusing on those directly affected and other stakeholders) and gathering of environmental and social baseline data.
- d. Impact identification, prediction, and analysis.
- e. Generation of mitigation or management measures and actions.
- f. Significance of impacts and evaluation of residual impacts.
- g. Consultation with and disclosure to project affected people including setting up a grievance mechanism; and
- h. and documenting the assessment process in form of an ESIA report.

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<sup>22</sup> Source: GCF approved FP and IDP Policy (paragraph 17).

#### Annex 4: Indicative description of trainings and development programs for E&S

This Annex provides indicative outline of topics for training and development program for E&S as follows:

##### I. Introduction to Environmental and Social Management System (Day 1)

- GEDF ESMS Scope
- GEDF ESMS Governance
- GEDF E&S Policy
- GEDF E&S Procedures (focus on screening and risk categorization, including on exclusion list)

##### II. GEDF Environmental and Social Management System (Day 2)

- GEDF E&S Procedures (focus on the E&S due-diligence, decision-approval, monitoring and evaluation procedures)
- GEDF E&S Information Disclosure
- GEDF Grievance Mechanism
- GEDF Stakeholder Engagement Procedures (inc. SEP)

GEDF understands, that the implementation of the ESMS requires human resource development and institutional capacity building. To this end, the GEDF shall perform capacity gap assessment and planning for ESMS implementation and hence this Annex key themes is subject to periodic update. It should be also highlighted, that first training on above topics was already performed.

#### Training Log Template<sup>23</sup>

Title of Training	<b>GEDF Environmental and Social Management System (Day 1)</b>
Topics Covered:	<ul style="list-style-type: none"> <li>▪ Introduction to Environmental and Social Management System</li> <li>▪ GEDF ESMS Scope</li> <li>▪ GEDF ESMS Governance</li> <li>▪ GEDF E&amp;S Policy</li> <li>▪ GEDF E&amp;S Procedures (focus on screening and risk categorization, including on exclusion list)</li> </ul>
Dates of Training:	
Performed by:	

Title of Training	<b>GEDF Environmental and Social Management System (Day 2)</b>
Topics Covered:	<ul style="list-style-type: none"> <li>▪ GEDF E&amp;S Procedures (continued, focus on the E&amp;S due-diligence, decision-approval, monitoring and evaluation procedures)</li> <li>▪ GEDF E&amp;S Information Disclosure</li> <li>▪ GEDF Grievance Mechanism</li> <li>▪ GEDF Stakeholder Engagement Procedures (inc. SEP)</li> </ul>
Dates of Training:	
Performed by:	

<sup>23</sup> Source: Climate4Action LLC

Participants

Employee (Insert Name/Last Name)	Position	Department	Signature

## Annex 5: Local Environmental Policies And Legislation

Note: Where applicable we provide links or # of decree

### Applicable Environmental Laws

1. [Law Of Georgia „Environmental Assessment Code](#)
2. [Law Of Georgia On Environmental Protection](#)
3. [Law Of Georgia On Licences And Permits](#)
4. [Law of Georgia On Technical Threat Control](#)
5. [Law Of Georgia On Ambient Air Protection](#)
6. [Law Of Georgia On Nuclear And Radiation Safety](#)
7. [Law of Georgia On Soil Protection](#)
8. [Law Of Georgia On Subsoil](#)
9. [Law Of Georgia On Regulation And Engineering Protection Of The Sea, Reservoirs And River Banks Of Georgia\)](#)
10. [Law Of Georgia On Water](#)
11. [Law Of Georgia Forest Code Of Georgia](#)
12. [Law Of Georgia On IUCN Red List And Red Data Book Of Georgia](#)
13. [Law Of Georgia On The System Of Protected Areas](#)
14. [Law Of Georgia On The Status Of Protected Areas](#)
15. [Law Of Georgia On Cultural Heritage](#)
16. [Law Of Georgia On Determination Of The Designated Purpose Of Land And On Sustainable Management Of Agricultural Land\)](#)

### Social Laws

- [ORGANIC LAW OF GEORGIA – LABOUR CODE OF GEORGIA | სსიპ „საქართველოს საკანონმდებლო მაცნე” \(matsne.gov.ge\)](#)
- Law of Georgia on Occupational Safety
- Law of Georgia on Payment of Substitute Land Reclamation Cost and Damages in Allocating Farmland for Non-Farming Purposes

Upon need following standards are applied:

- [Law Of Georgia On The Procedure For The Expropriation Of Property For Pressing Social Needs](#)
- [Law of Georgia On the creation and management of the Colchis Protected Areas](#)
- [Law Of Georgia on Mtirala National Park](#)

**კანონქვემდებარე ნორმატიული აქტები (Sub-decrees, in Georgian with approximated translations)**

1. [Law of Georgia on Red List and Red Book of Georgia 2014, decree №190](#)
2. „გარემოს ხარისხობრივი მდგომარეობის ნორმების დამტკიცების შესახებ“ საქართველოს შრომის, ჯანმრთელობისა და სოციალური დაცვის მინისტრის 2001 წლის 16 აგვისტოს ბრძანება №297/6  
<https://matsne.gov.ge/ka/document/view/52384?publication=0>
3. Air Pollution Index Calculation approved by the Decree #89 of the government of Georgia on 23<sup>rd</sup> of October, 2001 „ატმოსფერული ჰაერის მავნე ნივთიერებებით დაბინძურების ინდექსის გამოთვლის წესის დამტკიცების შესახებ“ გარემოს დაცვისა და ბუნებრივი რესურსების მინისტრის 2001 წლის 23 ოქტომბრის ბრძანება №89  
<https://matsne.gov.ge/ka/document/view/52948?publication=0>
4. [Technical Regulation – “methods of calculating maximum permissible discharges of pollutants” approved by the decree №408 of the Government of Georgia in 2013](#)
5. Technical Regulation – “Protection of Surface Water Contamination”, approved by the decree №425 of the Government of Georgia
6. Technical Regulation - "The unfavorable weather conditions for Protection of Environment", approved by the decree №8 of the Government of Georgia in the year 2014
7. Technical Regulation - "Method for inventory of Stationary Sources of Air Pollution", approved by the decree №42 of the Government of Georgia in 06/01/2014
8. Technical Regulation - "Environmental Damage Determination (calculation) Method", approved by the decree №54 of the Government of Georgia 14/01/2014
9. Technical Regulation – “Methods of calculating the actual amount of emissions according to instrumental methods for determining the actual amount of emissions in ambient air from stationary sources of pollution, list of special measuring and controlling equipment for determining the actual amount of emissions in ambient air from stationary sources of pollution and technological processes from stationary pollution sources,” approved by the order №435 of the Government of Georgia in 31/12/2014
10. Technical Regulation – “Fishing and protection of fish stock”, approved by the order №423 of the Government of Georgia in 31/12/2014
11. Technical Regulation - provisions on "Determining Levels of Soil Fertility " and "Soil Conservation and Fertility Monitoring", approved by the decree №415 of the Government of Georgia dated 31/12/2013
12. Technical Regulation - "Topsoil Removal, Storage, Use and Cultivation", approved by the decree №424 of the Government of Georgia in 31/12/2013
13. Technical Regulation – “Maximum Allowed Concentrations of harmful substances at work places”, approved by the order №70 of the Government of Georgia
14. Technical Regulation on “Drinking Water”, approved by the decree №58 of the Government of Georgia
15. Technical Regulation - "water protection zones of small rivers in Georgia", approved by the decree №445 of the Government of Georgia.
16. Technical Regulation - "Radiation safety standards within the territory of Georgia", approved by the decree №28 of the Government of Georgia
17. Technical Regulation - "water protection zones”, approved by the decree №440 of the Government of Georgia.
18. Technical Regulation - "sanitary rules of water sampling”, approved by the decree №26 of the Government of Georgia

19. Technical Regulation - "sanitary norms and rules for the collection, storage and treatment of waste from therapeutic and prophylactic institutions." Approved by the decree №64 of the Government of Georgia on January 15, 2014
20. "Rules of reviewing and coordinating the company's waste management plan". Approved by the decree №211 of the Minister of Environment and Natural Resources Protection of Georgia

## Annex 6: Further resources:

**Georgia is signatory to many international conventions and agreements, as provided below for further resource reference:**

1. Protection of Nature and Biodiversity: The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES 1975; universal);
2. Convention on Biological Diversity 1992; universal);
3. EU Directive on Habitats (European Union Habitats Directives 1992; Regional);
4. Ramsar Convention on Wetlands of International Importance Especially as Waterfowl Habitat-Ramsar Convention (1975; universal);
5. World Heritage Convention (1972; universal);
6. United Nations Framework Convention on Climate Change (1994; Universal) and Kyoto Protocol (adopted in 1997, not yet in force);
7. Convention on the conservation of European Wildlife and natural Habitats 1979;
8. European Landscape Convention, 2000. 2. Climate Change:
9. The UN Framework Convention on Climate Change, New York, 1994;
10. The Montreal Protocol on Substances that Deplete the Ozone Layer, Montreal, 1987.
11. The Vienna Convention for the Protection of the Ozone Layer, 1985;
12. Kyoto Protocol, Kyoto, 1997;
13. The United Nations Convention to Combat Desertification, Paris, 1994. 3 Pollution and Environmental Hazards:
14. The European and Mediterranean Major Hazards Agreement, 1987.
15. Cultural Heritage: Convention for the Protection of the Cultural Heritage of Europe;
16. Convention for the Protection of the Architectural Heritage of Europe.
17. Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters (Aarhus Convention, 1998).

## Other Relevant resources for ESMS Implementation

- GCF E&S Policy
- IFC Performance Standards: [Performance Standards \(ifc.org\)](http://www.ifc.org/performance-standards)
- IFC EHS Industry Guidelines: [Environmental, Health, and Safety Guidelines \(ifc.org\)](http://www.ifc.org/environmental-health-and-safety-guidelines)
- ILO Labour Standards: [Labour standards \(ilo.org\)](http://www.ilo.org/labour-standards), including but not limited to:
  - Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
  - Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
  - Forced Labour Convention, 1930 (No. 29) (and its 2014 Protocol)
  - Abolition of Forced Labour Convention, 1957 (No. 105)
  - Minimum Age Convention, 1973 (No. 138)
  - Worst Forms of Child Labour Convention, 1999 (No. 182)
  - Equal Remuneration Convention, 1951 (No. 100)
  - Discrimination (Employment and Occupation) Convention, 1958 (No. 111).

- IFC Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets: [Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets \(ifc.org\)](#)
- Convention on Biological Diversity (CBD). National Biodiversity Strategies and Action Plans (NBSAP) Search <http://www.cbd.int/nbsap/search/default.shtml>.
- IFC “Good Practice Handbook on Cumulative Impact Assessment and Management: Guidance for the Private Sector in Emerging Markets”