



Netherlands Commission for  
Environmental Assessment  
Dutch Sustainability Unit

Secretariat Green Climate Fund  
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Date: February 2017  
Subject: Call for Public Inputs: Green Climate Fund  
Environmental and Social Management System  
(ESMS)

Dear Sir/Madam,

The GCF has asked a wide group of relevant stakeholders for input to the further development of the GCF Environmental and Social Management System (ESMS). The Dutch Ministry of Foreign Affairs, representing The Netherlands on the board of the GCF, has asked the Netherlands Commission for Environmental Assessment (NCEA) to share its relevant experiences with the GCF secretariat as such input.

The NCEA is an independent public body in The Netherlands, funded by various ministries, including the Ministry of Foreign Affairs. Since 1993, the NCEA has supported developing countries to improve the quality of social and environmental assessment processes as instruments for informed, inclusive and transparent decision-making. In addition, the NCEA supports the Ministry in carrying out reviews of developing country and International Financial Institutions' systems<sup>1</sup> for social and environmental assessment. Finally, both in The Netherlands and abroad, the NCEA reviews the quality of environmental assessment reports and processes (see [www.eia.nl](http://www.eia.nl) and [www.dsu.eia.nl](http://www.dsu.eia.nl)).

Based on these experiences, we would like to share lessons learned, with some suggestions that hopefully may benefit GCF operations.

*Lesson learned: strategic assessment of alternatives to proposals deserves more attention*

The ESMS focus on 'doing things right' may, however, be inadequate to guarantee that 'the right things are done'. This is in particular the case when 'doing the right thing' implies a

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<sup>1</sup> In particular, and relevant in an international development context, is the NCEA's recent advice at the request of MFA-NL, dealing with the ESF of the World Bank; the AIIB; and, donor assessment strategies related to large dams. All documents are available at [www.dsu.eia.nl](http://www.dsu.eia.nl)



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paradigm shift, which the GCF is looking for. Even though large infrastructure proposals are developed in the public interest, they often also have adverse impacts. In some instances, and particularly when a project has been a long time in the making, the investment itself may not even have the beneficial effects it was originally designed for. Technology advances quickly, and new insights into the risks associated with large infrastructures, and into the opportunities for alternative solutions, emerge all the time. Large projects that may in the past have been an optimal way to create public value, today may have become less ideal. NCEA's Dutch Sustainability Unit elaborates on this point in its [advice on large dams](#). For example, the global energy transition has created alternative opportunities to produce power that in some situations may become more attractive than dams.

The above leads to the following suggestions:

- *Consider a stronger requirement for developers to demonstrate that their proposal is the best alternative among the available options.* Decision-making during the phase before the submission of concept notes often has not benefitted from an informed and updated comparison of a wide range of options to achieve public objectives. For this reason, when infrastructure proposals arrive at the desk of decision-makers, the developers have often insufficiently defined the public value of their proposal, and nor have they analysed alternative pathways to achieve these values, including those that may not require building the proposed infrastructure at all. In such instances, there would be great benefit in GCF requiring developers to demonstrate that their proposal is the best alternative among the available options. This may include the requirement to carry out a Strategic Environmental and Social Assessment (SEA) to secure an informed, inclusive and transparent government decision about the need for proposed infrastructure, perhaps linked to the country programme.
- *Consider building a strategic assessment requirement into a regular review of accredited entities.* For example, for an AE to continue to be accredited, the GCF could require a SESA to be undertaken every 5 years on the environmental and social consequences of its proposed GCF project portfolio. This may require explicit consideration of paradigm shifts.
- *Consider support to country capacity building for strategic assessments of infrastructure.* For example, to include this kind of capacity development in the readiness programs for NDAs, e.g. comparable to what GIZ already is doing on SEA in Mali<sup>2</sup>.
- *Strengthen mechanisms for enforcement.* If the GCF approves funding proposals under the assumption that mitigation and compensation plans will effectively reduce or compensate significant adverse impact, it will be important to review whether it also has sufficient mechanisms in place to enforce implementation of these plans. Practice

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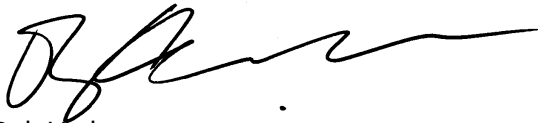
<sup>2</sup> [https://www.international-climate-initiative.com/en/news/article/launch\\_of\\_the\\_nap\\_process\\_in\\_mali/](https://www.international-climate-initiative.com/en/news/article/launch_of_the_nap_process_in_mali/)



shows that impact mitigation and compensation plans of developers are not always implemented as agreed, which may easily lead to human rights concerns.

Finally, the NCEA is aware of the fact that the development and implementation of a new ESMS is a challenging and demanding task, for which GCF of course does not have unlimited resources. If the GCF considers it to be useful, NCEA could offer to discuss with the Dutch Ministry of Foreign Affairs the extent to which it could play a supporting role as part of its current programs. For example, to provide in-kind support in the development of GCF's 'own' Environmental and Social Standards (ESSs), as the consultation document reiterates a commitment made by the Board of the GCF to develop GCF-specific ESSs within three years.

Yours faithfully,



Rob Verheem  
Director International

