

# Annex 6. bis – Indigenous Peoples Policy Framework (IPPF)

September 2025

## 1. Principles and objectives of the framework:

The Indigenous Peoples Policy for Kualu Fund-GCF (or the Funded Activity) intends to be consistent with international human rights instruments including binding treaties and the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). Article 31 of the UN Declaration recognizes “that respect for indigenous knowledge, cultures and traditional practices contributes to sustainable and equitable development and proper management of the environment”, which Kualu Fund-GCF fully supports and is committed to.

The purpose of the IPPF for Kualu Fund-GCF is to clarify the principles, organizational arrangements and design criteria to be applied to projects (direct investees of Kualu Fund-GCF) or subprojects (activities or actions undertaken by the projects) to be prepared during project implementation when indigenous peoples may be present in or have a collective attachment to the project area or are indirectly impacted, positively or negatively by the initiatives funded by Kualu Fund-GCF. Upon the identification of the Financial Services Providers (FSPs) and Innovative Companies (ICs) and projects or subproject in the in the Funded Activity, and once confirmed that indigenous peoples are present in or have a collective attachment to the project area, or are indirectly impacted, positively or negatively by the initiatives funded by Kualu Fund-GCF, a specific Indigenous Peoples Plan (IPP) proportionate to potential risks and impacts, needs to be developed.

The purpose of the framework is to:

- Describe and ensure compliance with safeguards and requirements related to Indigenous Peoples.
- Manage the impacts (positive and negative) of projects and identify potential development benefits.
- Protect and establish the land rights or entitlements of IP potentially affected by the Fund.
- Provide a guidance to convene with indigenous peoples appropriate compensation measures and document them.
- Establish procedures to guarantee fair, culturally appropriate process<sup>1</sup> to the indigenous peoples.
- Establish procedures to monitor and evaluate the implementation of IPP and take corrective action as necessary.
- Guide the establishment and the design of mechanisms to ensure ongoing meaningful consultation in the framework of free, prior and informed consent.

The main principles of the framework are:

- Indigenous peoples’ communities should not be negatively affected by the activities undertaken by the initiatives of the Fund.
- When this is not possible the communities affected should be compensated fully and fairly for lost assets, in the terms indigenous peoples consider more appropriate.

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<sup>1</sup> "Fair processes to the indigenous peoples" refers to fair and equitable procedures applied to indigenous communities. This involves ensuring that practices and decisions affecting these communities are carried out transparently, inclusively, and respecting their rights, customary laws and traditional knowledge. This approach seeks to prevent discrimination, exploitation, and marginalization of indigenous peoples, promoting instead active participation, respect for cultural diversity, and proper consideration of their perspectives and needs in processes that concern them.

- All indigenous peoples communities affected should be consulted in a process consistent with the principle of free, prior and informed consent and involved in the projects at all stages to ensure that the mitigation of adverse effects as well as the benefits are appropriate and sustainable.

These investees (FSP and ICs) that may have any impact on indigenous communities will be required to elaborate an IPP from the project design phase until the last phase. The potential impacts and risks are to be consulted and agreed to with Indigenous Peoples through a meaningful consultation. The level of detail and comprehensiveness of the IPP is commensurate with the significance of potential impacts and risks. The substantive aspects of the framework will guide the preparation of the IPP.

## 2. Safeguards and requirements

The following safeguards related to Indigenous Peoples shall be applied for each project.

- Recognize and foster full respect for indigenous peoples' human rights as recognized under Applicable Law, including but not limited to the UNDRIP and other relevant international standards, their rights to self-determination, their lands, resources and territories, traditional livelihoods and cultures.
- Ensure that Projects that may impact indigenous peoples are designed in a spirit of partnership with them and in the framework of ongoing meaningful consultation all through all the stages of the project, with their full and effective participation, with the objective of securing their free, prior, and informed consent, including where their rights, lands, territories, traditional livelihoods may be affected.
- Indigenous Peoples' Requirements<sup>2</sup>.
- The IPP shall identify all communities of Indigenous Peoples within the potential project influence who may be affected directly or indirectly, whether the impact may be negative or positive.
- The IPP shall recognize and respect the indigenous peoples' collective rights to own, use, develop and control the lands, resources and territories that they have traditionally owned, occupied or otherwise used or acquired, including lands and territories for which they do not yet possess title.
- The IPP shall respect, protect, conserve and shall not take the cultural, intellectual, religious and spiritual property of indigenous peoples without their free, prior and informed consent (FPIC).
- The IPP shall ensure that the indigenous people are provided with the equitable sharing of benefits to be derived from utilization and/or commercial development of natural resources on lands and territories or use of their traditional knowledge and practices by the Project. This shall be done in a manner that is culturally appropriate and inclusive and that does not impede land rights or equal access to basic services including health services, clean water, energy, education, safe and decent working conditions and housing.

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<sup>2</sup> In this Policy, the term indigenous peoples according to the GCF Indigenous Peoples Policy is used in a generic sense to refer to a distinct social and cultural group possessing the following characteristics in varying degrees: (a) Self-identification as members of a distinct indigenous social and cultural group and recognition of this identity by others; (b) Collective attachment to geographically distinct habitats, ancestral territories, or areas of seasonal use or occupation as well as to the natural resources in these areas; (c) Customary cultural, economic, social, or political systems that are distinct or separate from those of the mainstream society or culture; and (d) A distinct language or dialect, often different from the official language or languages of the country or region in which they reside. This includes a language or dialect that has existed but does not exist now due to impacts that have made it difficult for a community or group to maintain a distinct language or dialect.

The application of this Policy will not be limited by the absence of legal recognition or identification of indigenous peoples by a state. It will also not be limited by the legal status of titling of indigenous lands, resources and territories. Please refer to the GCF Indigenous Peoples Policy for further details: <https://www.greenclimate.fund/document/indigenous-peoples-policy>

- The opinions and recommendations of Expert Stakeholder(s) shall be sought and demonstrated as being included in the project design.

### **3. Process for the IPP preparation and approval**

An IPP will be required for all projects involving indigenous communities where impacts are identified, whether they are direct or indirect, negative or positive. The action plan is developed during project preparation. To fully assess the impact of the project, a technical team with the appropriate qualifications and experience will work on the IPP. The final IPP must be submitted to the Accredited Entity for approval.

According to the GCF Indigenous Peoples Policy, the IPP requested to the investees must take into consideration the following aspects:

- a) Baseline information (from independent and participatory environmental and social risks and impacts assessment processes);
- b) Key findings and analyses of impacts, risks and opportunities;
- c) Measures to avoid, minimize and mitigate negative impacts, and enhance positive impacts and opportunities;
- d) Community-based natural resource management;
- e) Results of consultations (during environmental and social risks and impacts assessment processes), including a list of people and organizations that participated, a timetable, who was responsible for each activity, the free, prior and informed consent, and future engagement plans;
- f) Gender assessment and action plans;
- g) Benefit sharing plans;
- h) Tenure arrangements;
- i) Grievance Redress Mechanism;
- j) Costs, budgets, timetables, organizational responsibilities; and (k) Monitoring, evaluation and reporting.

### **4. Consideration of national legal frameworks**

Kuali Fund-GCF fully supports the applicable international standards relevant to Indigenous Peoples (including the UNDRIP and ILO 169), which means there is a recognition of the rights of indigenous peoples which include their right of self-determination, lands, resources and territories, traditional livelihoods, and cultures. Also, all laws, decrees, policies and regulations relevant to indigenous peoples associated with a project shall be considered. To ensure compliance with national and international legal frameworks, the IPP shall include:

- Description of the international framework national and local laws and regulations that apply to the project and identify gaps between local laws and policy requirements; and discuss how any gaps will be addressed.
- Description of the legal and policy commitments that apply to indigenous peoples.

### **5. Consultations, free prior and informed consent and stakeholder engagement concerning Indigenous peoples**

Effective IPP requires consultation with the relevant stakeholders and legitimate representatives of affected groups since the very inception of the process. Early consultation helps to manage expectations concerning the impact of a project and its expected benefits. Ongoing consultations all through the stages of the project provide the framework for the sponsor and representatives of people affected by the project to negotiate possible initiatives.

Kuali Fund-GCF is fully committed to ensuring the projects by it funded will count with ongoing meaningful consultation from the Indigenous Community to ensure they consent to potential impacts it might have. Project consultation with indigenous peoples affected is mandatory. The objective of these consultations

should be to secure the participation of all people affected by the project implementation, particularly in the following areas:

- Project design.
- Identification of project stakeholders, especially primary stakeholders.
- Assessment of project impacts.
- Development opportunities and initiatives.
- Development of procedures for redressing grievances and resolving disputes.
- Mechanisms for monitoring and evaluation and for implementing corrective actions.

The consultation process and disclosure shall include:

- Description of the consultation and participation mechanisms to be used during the different stages of the project cycle.
- Description the activities undertaken to reduce the impact of the Project on the communities.
- Summary of the results of consultations with affected Indigenous communities, and discussion of how concerns raised and recommendations made were addressed in the IPP.
- Confirmation of disclosure of the draft IPP to affected indigenous people and inclusion of arrangements to disclose any subsequent plans.
- Description of the planned information disclosure measures (including the type of information to be disseminated and the method of dissemination) and the process for consultation with affected persons during project implementation.

#### **6. Preservation of Indigenous communities**

The following activities will be put into place to ensure the local culture of Indigenous communities is preserved:

- If Indigenous Peoples considers it appropriate through the framework of consultations, sustainable agriculture technique workshops will be put into place which will be specifically adapted to indigenous peoples' social and cultural necessities.
- If Indigenous Peoples considers it appropriate through the framework of consultations, capacity building workshops will be put into place. The idea behind them is to encourage local decision-making processes to generate a more organized and resilient local indigenous communities.
- In case the project decides to, at any given point, utilize Cultural Heritage, including knowledge or practices of local communities, their FPIC shall be obtained.
- Active steps will be taken to help strengthen local legislation with the purpose of establishing the recognition of customary or traditional land tenure arrangements.

#### **7. Measures to address the impact of the Project**

The measures that will be used to address the impact of the project need to be agreed together with the Indigenous Peoples impacted by it and have to be proportional to the level of the risk involved. The assessment of the nature and size of the impact of the risk will be done together with the community in the framework of a meaningful consultation.

If the initial social assessment and meaningful consultation processes with affected communities reveal negative impacts, the executive entity will describe the risks, assess nature and level with Indigenous Peoples.

After having assessed the risks involved, the Executive Entity, together with the involved Indigenous peoples, will attempt to find measures to adopt a mitigation hierarchy approach to avoid relocation, including economic displacement, and minimize, mitigate or compensate the impacts identified.

Ensuring continued access to natural resources, identifying the equivalent replacement resources, or, as a last option, providing compensation and identifying alternative livelihoods if project development results in the loss of access to or the loss of natural resources independent of project land acquisition.

Only if the outcome of free, prior and informed consent processes is that the affected Indigenous Peoples affected by the project agree to the measures and compensation to be delivered, then procedures for compensation explained in the next section can be implemented.

## **8. Methods for valuation of assets and how potential compensation will be carried out**

As the Kualu Fund-GCF's ESMS states, the Funded Activity's investments will normally fall into the C (I-3) category (low risk) and occasionally in the B (I-2) category (medium risk). Potential investments that fall on the A(I-1) category will be screened out in the earliest commercial stage and will not be considered for further analysis and investment. Therefore, in line with the Exclusion list developed in the ESMF of the project, involuntary resettlement will not be considered in the Funded Activity. Kualu Fund Manager will ensure that investments do not involve land acquisition and involuntary resettlement (physical or economic).

In cases where avoidance is not possible, adverse social and/or economic impacts to indigenous people must be minimized by developing a fair and adequate way to compensate communities for livelihood losses.

For the compensation, international standards and guidelines established by the host government shall be considered. In the absence of established guidelines, the methodology that the investees will use to value losses needs to be agreed with the communities in the framework of consultation and shall be described in the IPP. This also applies to the proposed types and levels of compensation to be paid as well as the compensation and assistance eligibility criteria and how and when compensation will be paid must be explained.

In general, compensation is determined with the communities in the framework of consultation and free, prior and informed consent and must be calculated based on full replacement costs. This method establishes the amount of compensation based on the amount necessary to replace the lost assets or lost access to assets using the market value plus transaction costs. If losses cannot be valued through replacement cost (e.g., traditional crop land in regions without a 'land market', access to public services, to customers, and to suppliers or access to assets such as fishing, grazing, or forest areas) an estimation of the loss will be made with the communities in the framework of consultation based on the value of goods and services generated. All losses must be considered as legitimate for compensation, including those based on customary and nonlegal tenure and resource use regimes, but excluding those that involve illegal activity.

Compensation mechanisms must be developed in consultation with relevant stakeholders and legitimate representatives of affected groups and designed to be socioeconomically and culturally suitable. The IPP should also establish a method for delivering compensation, considering a range of options for in-kind, non-monetary and monetary compensation (cash payments), as appropriate. For affected households whose livelihoods are land or subsistence-based priority should be given to land-based compensation approaches (e.g., offering alternative land or access to resources of at least equal value). Forms of in-kind compensation might include supporting communities with culturally appropriate alternative livelihoods or income-earning opportunities.

Outline, in the framework of an ongoing meaningful consultation seeking their FPIC, the principles and methodologies used for determining valuations and compensation rates in case they agreed in the framework of a free prior and informed consent to have a compensation after other measures have been exhausted, has been agreed by the Indigenous Peoples affected by the project; and set out the

compensation and assistance eligibility criteria and how and when compensation and assistance will be provided.

Since involuntary resettlement is not permitted under Category B projects. FPIC procedures need to be carefully defined following the next conditions:

- i. After meaningful consultation processes with affected communities.
- ii. After attempting to find measures that avoid relocation, including economic displacement.
- iii. Then, after FPIC processes, where the outcome is that the affected communities agree to the measures and compensation to be delivered.
- iv. can the following procedures be implemented.

## **9. Provisions for economic displacement**

If a project causes loss of income or livelihood, through for example interruption or elimination of a person's access to his/her employment or productive assets, traditional natural resources territories or lands, regardless of whether or not the affected people are physically displaced, the project developer will undertake a free, prior and informed consent process agreed together with the Indigenous Peoples to:

- Promptly compensate economically displaced persons for loss of assets or access to assets at full replacement cost. Where prompt compensation payments cannot be made due to government policy or practice, the project developer shall explore resettlement assistance options to help the displaced people with temporary loss of income.
- Compensate, in cases where land acquisition affects commercial structures, the affected business owner for (i) the cost of reestablishing commercial activities elsewhere, (ii) lost net income during the period of transition, and (iii) the costs of the transfer and reinstallation of the plant, machinery or other equipment, as applicable.
- Provide replacement property (for example, agricultural or commercial sites) of equal or greater value, or cash compensation at full replacement cost where appropriate, to persons with legal rights or claims to land which are recognized or recognizable under the national laws.
- Provide assistance that will off-set any loss of a community's commonly held resources. This could take the form of initiatives that enhance the productivity of the remaining resources to which the community has access, in-kind or cash compensation for loss of access or provision of access to alternative sources of the lost resource.
- Compensate economically displaced persons who are without legally recognizable claims to land for lost as-sets (such as crops, irrigation infrastructure and other improvements made to the land) other than land, at full replacement cost. The project developer is not required to compensate or assist opportunistic settlers who encroach on the project area after the cut-off date.
- Provide additional targeted assistance (for example, credit facilities, training, or job opportunities) and opportunities to improve or at least restore their income-earning capacity, production levels, and standards of living to economically displaced persons whose livelihoods or income levels are adversely affected. In case of businesses experiencing downtime or having to close because of project-related displacement, both the owner of the business and employees losing pay or employment are eligible for such assistance.
- Provide transitional support to economically displaced persons, as necessary, based on a reasonable estimate of the time required to restore their income-earning capacity, production levels, and standards of living.

## **10. Organizational procedures for land entitlement delivery**

The IPP will establish the land entitlements of affected people or communities and will ensure the legal recognition of such property rights in accordance is transparent, and consistent with applicable law and obligations of the state directly applicable to the activities under relevant international treaties and agreements, customs, traditions and land tenure systems of the indigenous peoples, and guided by the principle of free, prior and informed consent (incl. the Accredited Entity). The IPP should document the procedures for determining, awarding, and delivering land entitlements.

Host governments may reserve the right to manage land acquisition, compensation payments, and resettlement associated with a project. Then, IPP will need to include a formal agreement from the government to implement resettlement in accordance with the resettlement framework and resettlement action plan.

Upon obtaining the free, prior and informed consent of the affected people, if the IPP assumes direct responsibility for the resettlement of affected people, it will normally establish a resettlement unit within the overall management structure of the project to coordinate, manage, and monitor the practical day-to-day implementation of all resettlement activities. The head of this unit supervises all project staff members responsible for activities related to resettlement as well as any contractors or NGOs responsible for resettlement services such as the implementation of socioeconomic surveys, construction of resettlement housing, promotion of development initiatives, or the monitoring implementation.

### **11. Implementation process of resettlement**

After alternative measures were explored with the Indigenous Peoples affected by the project in a free, prior and informed consent process, when a project entails voluntary physical or economic displacement of people, the resettlement action plan becomes an essential component of that project's environmental and social impact assessment and action plan. Likewise, activities that may involve physical displacement (i.e. relocation, including relocation needed as a result of loss of shelter), whether full or partial and permanent or temporary, or economic and occupational displacement (i.e. loss of assets or access to assets that leads to loss of income sources or means of livelihood) will be avoided.

The IPP needs to include a sequence of actions to satisfy applicable environmental and social safeguard policies. Technical specialists may be engaged to consult with the investees during different stages of the project: prefeasibility, feasibility, technical design, implementation, monitoring and evaluation. The IPP needs to detail a resettlement implementation plan and linkages with work plan of the project. Implementation arrangements include:

- Current institutional arrangements related to the resettlement process, strengths and weaknesses.
- Roles and responsibilities in resettlement process and for implementing agreed measures for compensation and livelihood restoration and enhancement.
- Schedule of and responsibilities for compensation payments, and methods to effect, receive, document, verify and audit payment.
- Arrangements for sustainability and implementation beyond project time frame.

The investees shall set up necessary systems (i.e. resources, staff, and procedures) to monitor the implementation of a IPP on a regular basis and take corrective action as necessary. Affected persons will be consulted as part of the monitoring activities. The implementation and effectiveness of the plan shall be subject to monitoring and review by qualified specialists and/or other independent third parties as appropriate and commensurate to the scale and risks involved. Implementation of a IPP will be considered completed when the adverse impacts of the project have been addressed in a manner that is consistent with the IPP.

The relocation of Indigenous Peoples will be aligned with the Paragraph 7.2.2 of the GCF Indigenous Peoples Policy.

### **12. Grievance Redress Mechanism**

The impact of the project to Indigenous peoples may rise to grievances. For instance, in case voluntary resettlement is undertaken, it inevitably gives rise to grievances among the affected population over issues ranging from rates of compensation and eligibility criteria to the location of resettlement sites and the quality of services at those sites. Timely redress of such grievances is vital to the satisfactory implementation of resettlement and to completion of the project on schedule.

In case Kualu Fund-GCF has any positive or negative impact on indigenous communities, a Grievance Redress Mechanism will be designed as early as possible in consultation with the affected or potentially affected communities of indigenous peoples and will facilitate the resolution of grievances promptly through an accessible, fair, transparent and constructive process<sup>3</sup> to make ensure that procedures are in place to allow affected Indigenous Peoples to lodge a complaint or a claim (including claims that derive from customary law and usage) without cost and with the assurance of a timely and satisfactory resolution of that complaint or claim. In addition, the project developer must ensure that women and members of vulnerable groups have equal access to grievance redress procedures.

The investees must ensure that grievance redress procedures are in place and to monitor those procedures to ensure that grievances are being handled properly. The IPP should describe the grievance redress framework that will be put in place by the host government or project sponsor. It should include:

- Different ways in which indigenous peoples can submit their grievances, and taking into account language barriers/limitations and the need for anonymity if a complainant fears retaliation or submission by an authorized representative or civil society organization.
- Provision to keep complainants' identities confidential, especially in instances where the complainants fear retaliation.
- Provision for interpretation/translation to overcome language barriers/limitations.
- A log where grievances are registered in writing and maintained as a publicly available database. The database should include information about the complaint and the resolution of the complaint, including the remedy provided, taking into consideration that complainants' identities can be kept anonymous if requested. This database should also be shared with the GCF independent Redress Mechanism.
- Publicly advertised procedures, identifying the means for submitting grievances, setting out the length of time users can expect to wait for acknowledgment, response, and resolution of their grievances, descriptions of the transparency of the procedures, and the governing and decision-making structures.
- An appeals process to which unsatisfied grievances may be referred when the resolution of grievance has not been achieved.
- Information about other available grievance mechanisms, including the GCF independent Redress Mechanism and the accredited and implementing entities' grievance mechanisms; and
- Measures in place to protect complainants from retaliation.

The Grievance Redress Mechanism of Kualu Fund-GCF for the IPP will be aligned with the Paragraph 7.3 of the GCF Indigenous Peoples Policy.

The GCF independent Redress Mechanism and the Secretariat's indigenous peoples focal point will be available for assistance at any stage, including before a claim has been made.

### **13. Funding arrangements**

It is essential that all costs be estimated carefully and included in a detailed IPP budget. Without an accurate assessment of the costs of ongoing consultations mechanisms, land acquisition, compensation for lost assets, and physical displacement, project planners cannot determine the real cost of project design alternatives. The sponsor should detail resettlement costs by categories.

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<sup>3</sup> The Mechanism will be culturally appropriate and readily accessible at no cost to the affected communities, and without retribution to the individuals, groups, or communities that raised issues or concerns.

All costs of consultation, compensation, resettlement, and livelihood rehabilitation will be considered Budget costs. The IPP should include the source of funding for the budget. In situations where the host government assumes responsibility for the payment of compensation and resettlement assistance allowances, the investees should collaborate with the responsible government agency to ensure that payments are made on schedule. Where the investees assume sole responsibility for resettlement funding, it must describe its arrangements for the timely disbursement of funds.

#### **14. Monitoring and evaluation arrangements**

In those cases where Indigenous People are affected by any activity funded by Kuali Fund-GCF, the investees are required to monitor and report, in the framework of consultation, on the effectiveness of IPP implementation, including the physical progress of resettlement and rehabilitation activities, the disbursement of compensation, the effectiveness of public consultation and participation activities, and the sustainability of income restoration and development efforts among affected communities. IPP monitoring and evaluation activities should be adequately funded, implemented by qualified specialists, and integrated into the overall project management process.

The IPP must provide a coherent monitoring plan that identifies the organizational responsibilities, the methodology, and the schedule for monitoring and reporting. It will address the following aspects:

- Stakeholder participation in monitoring and evaluation.
- Follow up on the activities assigned under the IPP (valuation, awareness raising events, disclosure, dissemination activities).
- Follow-up on the status of the Project affected persons.
- Follow up on the process of grievances in order to identify the efficiency of livelihood restoration.
- Provision of all data needed to apply the mid-term evaluation and final assessment.

For those cases with impact on Indigenous People, the investees will prepare monitoring reports to ensure that the implementation of the IPP has produced the desired outcomes. For projects with significant involuntary impacts, the investees will retain qualified and experienced external experts or qualified NGOs to verify monitoring information. The external experts engaged by the investees will advise on safeguard compliance issues, and if any significant involuntary resettlement issues are identified, a corrective action plan will be prepared to address such issues. The investees will prepare semi-annual monitoring reports that describe the progress of the implementation of activities and any compliance issues and corrective actions. These reports will closely follow the IPP monitoring indicators agreed at the time of plan approval.

A committee will be established which will meet at least once a year. Stakeholders from the indigenous community should actively participate to these meetings to ensure their rights are being preserved and their voice is heard on the IPP. Members of the committee should have full knowledge of the dimensions of the project and will be thoroughly explained both the positive and negative effects of the program.

The evaluation should ensure that policies have been complied with in addition to providing the needed feedback for adjusting strategic directions.

*In the event of any discrepancy between the meanings of any translated versions of this Document and the English language version, the meaning of this English language version shall prevail.*