

December 5, 2016

**Dear Members and Alternate Members of the Board of the Green Climate Fund:**

As members of civil society following the Green Climate Fund (GCF), we are writing to express our concern about the way the Board reached some of its most important decisions during the 14<sup>th</sup> Board Meeting (B.14). We would also like to share some thoughts on how to improve upon this process in the future. We are especially referring to the practice of “package approval” that was used to approve funding proposals and new accredited entities.

**Weak process.** The Board approved 10 proposals worth \$745 million without discussing each one separately. The Board’s assessment of each of the funding proposals should be made individually and with the utmost care, to ensure that the objectives, principles, policies, and operational modalities of the Fund are respected and complied with. Furthermore, there was no opportunity for active observers to highlight individual comments for each of the funding proposals (they could merely air some concerns during the overarching discussion of all funding proposals). The same can be said with regard to the package approval of eight accredited entities. There was no public discussion of the merits and/or shortcomings of each approved applicant entity and no possibility of civil society input.

Civil society has vital contributions to make, and for our engagement to be meaningful, active observers must be given the opportunity to share important points regarding each proposal and accreditation application during Board meetings. Indeed, the Board’s way of working has actually been in conflict with the GCF’s own Governing Instrument, which states that “the Fund will operate in a transparent and accountable manner”.

**Approval despite clear failures of GCF policy compliance.** The Board repeatedly overlooked the failure of a number of proposals to comply with GCF policies and procedures. For example, public notification for a number of projects was out of compliance with the Fund’s information disclosure policy, which requires a 120-day notification period for proposals with high social and environmental risk. Mandatory gender action plans were missing from several projects, and stakeholder consultations in some cases were highly inadequate. Yet the Board approved all of the projects with one package decision.

The Board even pushed through proposals without the requisite guiding policy in place. For example, programs to be implemented via sub-projects were approved, yet the GCF does not have a policy regarding whether or not high risk sub-projects must come back to the Board for approval. We believe they should, to ensure the GCF’s accountability, and to preempt some of the serious environmental, development, and social shortcomings widely seen at other multilateral institutions that finance sub-projects via financial intermediaries<sup>1</sup>.

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<sup>1</sup> See IFC Compliance Advisor/Ombudsman (2012), CAO Audit of a Sample of IFC Investments in Third Party Financial Intermediaries, available at [http://www.cao-ombudsman.org/newsroom/documents/Audit\\_Report\\_C-I-R9-Y10-135.pdf](http://www.cao-ombudsman.org/newsroom/documents/Audit_Report_C-I-R9-Y10-135.pdf). IFC Compliance Advisor/Ombudsman (2014), Monitoring of IFC’s Response to: CAO Audit of a Sample of IFC Investments in Third-Party Financial Intermediaries, available at [http://www.cao-ombudsman.org/documents/CAOFIAuditMonitoringReport\\_October102014.pdf](http://www.cao-ombudsman.org/documents/CAOFIAuditMonitoringReport_October102014.pdf); Independent Evaluation Group

**Precedent-setting.** While the Board stated that “the approach taken to approving funding proposals at B.14 does not constitute a precedent,” we are concerned that, at this point, the Board has taken such an approach multiple times. Steps to put a stop to these modalities becoming the *de facto* modus operandi must be taken in the lead up to B.15, including:

- Timely public disclosure on the GCF’s own website that, at minimum, follows GCF rules (i.e. 120 days for ESIA’s for high risk funding proposals, 30 days for medium risk, and three weeks prior to board meetings for all other materials). All annexes and the Secretariat’s due diligence should also be disclosed for funding proposals;
- Publication of applications for accreditation as soon as they are filed, as well as operationalization of formal mechanisms for third party input (from affected communities, indigenous peoples, civil society, etc.);
- Individual consideration of each funding proposal and each applicant for accreditation during public sessions of the Board;
- Opportunities to consider civil society interventions during the debate on each individual proposal, rather than at the end of agenda items;
- Where formal (or informal) working groups are established to consider conditions to be placed on proposals, there should be a clear process to allow the consideration of civil society feedback, at a minimum in writing, but preferably through the direct participation of the CSO active observers or their alternates;
- Discussions on more complex and/or controversial proposals require several rounds of debate. In these cases, civil society observers should be given the opportunity to make further interventions responding to new proposals, conditions and amendments.

Civil society observers are committed to working with the Board to improve the accountability and transparency of Board decisions, in particular on funding and accreditation approvals. As a learning institution, the GCF needs to take the time to look at the merits of individual proposals and applicants in order to clearly elaborate how they can support the paradigm shift in recipient countries. We therefore urge the Board to better prioritize valuable time during the upcoming Board meetings to allow for meaningful discussions.

Sincerely,

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| 1 | Accountability Counsel  | USA         |
| 2 | Action Solidarité Tiers Monde (ASTM)  | Luxembourg  |
| 3 | African Women’s Network for<br>Community Management of Forests<br>(REFACOF) | Cameroon    |
| 4 | Aksi! For gender, social and ecological<br>justice                          | Indonesia   |
| 5 | Aksyon Klima Pilipinas  | Philippines |

6	Alianza Hondureña ante el Cambio Climático (AHCC)	Honduras
7	Asia Indigenous Peoples Pact	Thailand
8	Asian Peoples Movement on Debt and Development	Regional - Asia
9	Asociación Ambiente y Sociedad(AAS)	Colombia
10	Asociación Amigos de los Parques Nacionales	Argentina
11	Both ENDS	The Netherlands
12	Buliisa Initiative for Rural Development Organisation (BIRUDO)	Uganda
13	CAFOD	UK
14	Carbon Market Watch	International
15	CARE International	International
16	Center for Indigenous Peoples' Research and Development (CIPRED)	Nepal
17	Center for International Environmental Law (CIEL)	USA
18	Centre for 21st century Issues (C21st)	Nigeria
19	Centre or Research and Development for Upland Areas (CERDA)	Vietnam
20	Centro de Iniciativa en Políticas Ambientales	Nicaragua
21	Centro de los Derechos del Campesino	Nicaragua
22	Centro para la Autonomía y Desarrollo de los Pueblos Indígenas (CADPI)	Nicaragua
23	Climate and Sustainable Development Network (CSDevNet)	Nigeria
24	Comité Pro Defensa de la Fauna y Flora (CODEFF)	Chile
25	Confederación Nacional de Trabajadores Dominicanos	Dominican Republic
26	Coordinadora Civil	Nicaragua
27	Corporación para el Desarrollo de Aysén (CODESA)	Chile
28	Derecho Ambiente y Recursos Naturales DAR	Peru
29	Diverse Voices and Action (DIVA) for Equality	Fiji
30	Federation of Community Forestry Uses Nepal (FECOFUN)	Nepal
31	Forest Peoples Programme	International
32	Friends of the Earth Malaysia	Malaysia
33	Friends of the Earth U.S.	USA
34	Fundación Terram	Chile

35	Gender Action	USA
36	Gender and Community Empowerment Initiative( GECOME)	Nigeria
37	Gender and Environmental Risk Reduction Initiative(GERI)	Nigeria
38	Germanwatch	Germany
39	Grupo de Financiamiento Climático para América Latina y el Caribe (GFLAC)	Regional - Latin America and the Caribbean
40	Heinrich Böll Stiftung	USA
41	Helvetas Swiss Intercooperation	Switzerland
42	Humana People to People	Zimbabwe
43	Indigenous Livelihoods Enhancement Partners (ILEPA)	Kenya
44	Indigenous Livelihoods Enhancement Partners (ILEPA)	Kenya
45	Indigenous women and Peoples Association of Chad	Chad
46	Institute for Essential Services Reform (IESR)	Indonesia
47	Institute for Policy Studies	USA
48	Interamerican Association for Environmental Defense (AIDA)	Regional - Latin America and the Caribbean
49	International Rivers	International
50	La Federación por la Autodeterminación de los Pueblos Indígenas (FAPI)	Paraguay
51	Labour,Health and Human Rights Development Centre	Nigeria
52	Maleya Foundation	Bangladesh
53	Maudesco	Mauritius
54	Nepal Federation of Indigenous Nationalities (NEFIN)	Nepal
55	NGO Forum on ADB	Philippines
56	Observatoire d'Etudes et d'Appui à la Responsabilité Sociales et Environnementale (OEARSE)	Democratic Republic of Congo
57	Pacific Partnerships on Gender, Climate Change and Sustainable Development (PPGCCSD)	Fiji
58	PACJA - Pan African Climate Justice Alliance	Regional - Africa
59	Pakistan Fisherfolk Forum	Pakistan
60	Prakriti Resources Centre	Nepal
61	Rainforest Foundation Norway	Norway
61	Red de Organizaciones de Managua	Nicaragua
63	Sierra Club	USA

64	Sudanese Environment Conservation Society (SECS)	Sudan
65	Tebtebba (Indigenous Peoples' International Centre for Policy Research and Education)	Philippines
66	Third World Network	Malaysia
67	TI-Korea Chapter	South Korea
68	Ulu Foundation	USA
69	Worldview	The Gambia
70	WWF International	International