



Submission to the Green Climate Fund Board

Jubilee South – Asia/Pacific Movement on Debt and Development
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Climate change is a grave and urgent threat to life on earth on a global scale. The challenge is greater still for developing countries and the majority of their citizens who stand to bear the brunt of its most harmful consequences because of accumulated economic and social vulnerabilities throughout history until the present time.

A critical piece of immediate as well as strategic response to the climate crisis is **Finance**. The mobilization of unprecedented levels of finance is needed- on the one hand to enable people, communities and nations to deal with present and as well as already unavoidable future impacts of climate change, much of which are irreversible, and on the other hand to make the systemic and technological transformation necessary to prevent worst catastrophes, solve global warming and heal the planet.

It is in this context that we consider the role and function that the Green Climate Fund (GCF) should be playing in ensuring the timely delivery and equitable disbursement of adequate, additional and non-debt creating climate finance for developing countries as extremely vital. And we embrace the opportunity and challenge to continue to actively participate in shaping the paradigm, principles, framework, structure, rules and policies that will define its operations.

The recognition of **common but differentiated responsibilities** for the climate crisis among nations and the fulfillment of their corresponding obligations is central to our perspective on the essential purpose of the (GCF) and constitute part of the basis for our proposals. Those who are responsible for climate change have the obligation to provide the finance necessary so that people are able to deal with the impacts and consequences of climate change, build resilience and shift to more sustainable, equitable and low carbon development pathways.

The other important basis of our proposals is the notion of ethical, moral, political and legal **obligations of all states to their own citizens** – many of which are enshrined in national constitutions, and international covenants, declarations and conventions – and by extension, the obligations of public institutions created by states.

States have the obligation to enable their citizens to meet the challenges of climate change and see to it that national development plans, programs and actions are sustainable, equitable and people-centered. States have the obligation to their citizens and all peoples to use climate funds for these purposes effectively and responsibly. These obligations include using the funds in a manner that is democratic, accountable and transparent and does not violate human rights nor harm the environment.

PRINCIPLES, OBLIGATIONS and STANDARDS to be UPHeld by the GCF, ITS CONTRIBUTORS and ITS RECIPIENTS

We see the following as **Principles, Obligations and Standards** that must be upheld by the (GCF) - a public institution jointly created by states that are party to the UN Framework Convention on Climate Change – as well as all governments involved in its functions, whether as contributors to the Fund, as recipients of the Fund, or as members of its Board.

Further, we insist that non-state actors who receive funds from in the GCF and/or are involved in the implementation of GCF financed projects and programs must also be held accountable to these same principles, standards and obligations.

I. The “do no harm” principle

GCF activities must not have harmful impacts and effects – whether social, gender, economic, environmental. This principle should apply to all the activities of the GCF – its operations, the mode of financing, the terms of the financing arrangements, and the financial instruments it uses. Activities referred to include investment projects and/or grants and/or other modalities, such as equity and/or guarantees.

This principle must apply to all projects and programs the GCF finances. The responsibility to ensure this is both that of the GCF’s as well as the governments and other entities including non-state actors submitting the projects and programs to the GCF for funding. The GCF must not approve any financing proposal that does not fulfill all aspects of the do-no-harm principle.

Note: Relevant to “Safeguards” topic

Further – this principle should also apply to the contributions to the GCF. Contributions must not have harmful impacts – e.g., contributions must not be at the expense of marginalized citizens of the contributing country, the allocation of funds must not result in reduction of development cooperation finance.

Note: Relevant to the GCF agenda item on resource mobilization.

This principle forms an important part of the mutual obligations and roles which must be

Some Specific Proposals:

Proponents must provide Environment, Gender and Social Assessments

- Gender segregated baseline information and data
- Environmental impacts and risk assessments
- Assessments of direct, indirect, induced, cumulative and long term social, gender, environmental impacts and risks associated with the projects - e.g., due to the changing landscape, natural resources and livelihoods
- Develop plans together with affected communities –men and women- to ensure no harm (i.e., no negative environment, gender and social impacts and risks)

Safety for affected peoples

- People have the right to object to a financing proposal affecting them, their livelihoods and environments.
- People who object to any financing proposal have to be protected from coercion by project proponents and their supporters.

Due diligence

The GCF must develop and implement strict mandatory due diligence procedures to ensure that the proposed projects comply with the “do no harm” principle.

Displacements

The project must not trigger displacements. If the impact and risk assessments indicate the need for or the possibility of displacement (shelter and/or livelihoods), the proposal has to be rejected.

upheld by contributors, recipients and the GCF, itself, during the implementation of measures, components and sub-components, and/or facilities or frameworks financed or administered through the GCF. –

Note: Relevant to the agenda on Results Monitoring Framework

The difficulty of ensuring adherence to the “do no harm” principle in the case of indirect finance is one of the reasons we oppose the use of financial intermediaries and other complex or non-transparent financial instruments.

For example, a 2013 audit of the International Finance Corporation’s support for financial intermediaries¹ found the IFC unable to trace, understand or document the environmental or social impacts of its FI portfolio, presenting a dangerous risk to the environment and to women and men in marginalized communities impacted by these financial intermediaries. The audit found a not only a lack of disclosure by FIs but a lack of accountability for environmental, social and gender impacts.

Should there be rare cases of “indirect finance” where financial intermediaries (FI) are utilized -- the GCF has the responsibility to ensure that FI activities, investments, and subprojects meet the “do no harm” standard. The GCF must conduct due diligence to assess the potential environmental and social impacts and risks associated with the FI’s existing and likely future portfolio and continue monitoring throughout the lifetime of the project.

Note: Relevant to “Private Sector Facility”

The GCF maintains responsibility for ensuring binding language pertaining to “do no harm” standards and obligations is found in all contracts, sub-contracts and agreements.

In order to ensure “no harm”, the GCF must have the responsibility to exercise due diligence and review, for ensuring full public disclosure, consultation and participation by affected communities and for rigorous monitoring and supervision over both directly financed and indirectly financed activities throughout the lifetime of these activities.

II. Maximum transparency

The mandate, governance and management of the GCF should recognize, respect and foster the common and mutual obligations of both the Global Climate Fund and the recipients of fund transfers to be transparent to the public and citizens of all countries, but especially to the peoples and communities who are most affected by the climate crisis.

As stated before, transparency is a fundamental to implementing the “do no harm” principle. Transparency is also a vital requirement to ensuring full accountability and democratic process (see next section).

¹ CAO Audit of a Sample of IFC Investments in Third-Party Financial Intermediaries. Office of the Compliance Advisor-Ombudsman, World Bank Group, February 2013.

The GCF should have a clear information disclosure policy premised on the public and citizens' right to information to all GCF activities -- including contributions to the fund, fund allocation and disbursements, use of the funds, directly and indirectly financed activities, all decision-making, policies, operations, evaluation and reporting. It must have a presumption of maximum transparency and full disclosure of information with only exceptional and rare use made of a "confidentiality" provision.

Confidentiality should be defined and applied only to strictly limited and specific data contained in project documents (e.g., home addresses of project proponents, a specific formula calculated for a specific project).

Specific Proposals

Board and other major GCF Structures

- All documents of the Board and other major structures of the GCF should be accessible to the public at the time those documents are sent to the members.
- Documents for decision making on proposed projects for financing have to be provided to affected communities through means that they can access and in languages they understand.
- The GCF should ensure webcasts of the meetings of the Board and other major structures of the GCF, public access to the full minutes of these meetings, and publication of detailed annual reports.

Projects and Programs Financed by the GCF

- The GCF and financing proponents both have the responsibility to develop information management plan with regard to the proposed projects and programs for financing.
- Information on financing proposals should be disclosed as early as possible -- i.e., at the time the concept note is finalized -- directly to affected peoples and via the GCF Website to the general public.
- Information should include name, proposed location(s) of projects or subprojects, type of financing, amount, sources, potential social and/or environmental impacts, status of the proposal.
- The terms of reference of environment, gender and social assessment of the proposed projects and programs for financing should also be posted at the GCF web-page and provided to potential affected communities as one of the consultation documents.
- Report on the environment, gender and social impacts and risks assessment should be posted on the GCF webpage and to the affected communities in methods, forms and languages accessible to and understood by them at least 120 days before a decision is made.
- The GCF should prepare a translation strategy to ensure that the peoples and communities of developing countries understand the financing proposal.

Procurement

- There should be rigorous and transparent bidding and procurement processes for Institutions that seek to be contracted for services or products as part of a climate program

Contracts

All contracts entered into by the GCF are of a public nature and should be accessible to the public.

III. Democratic process and accountability mechanisms to the citizens and the public

Refers to section XI and Section XIII in the Governing Instrument

The governance and management structures of the Fund should be democratic and accountable.

Developing countries should have strong and equitable representation in all decision-making and technical bodies. Affected communities and sectors/classes, peoples' movements, and civil society groups must be formally represented in all governance and decision-making structures, including strong representation for women and indigenous peoples. The GCF should contribute to the empowerment of affected communities, peoples' organizations and movements.

There should be guidelines and standards to ensure that powers and functions are exercised responsibly by GCF board, others bodies, management and staff -- including the fulfillment of fiduciary, management and reporting duties, performance and financial monitoring and audits.

The GCF and recipients have the responsibility to ensure that programs to be supported by climate reparations should be fully accountable to the public, and designed, managed and implemented with full participation of people and communities,

Mechanisms to enable individuals and groups to meaningfully participate in all the important discussions relating to the sourcing, allocation and use of climate finance should be set up at all levels. These are vital to ensuring that allocation and spending is fully responsive and appropriate to the needs and concerns of affected groups and communities, and harnesses invaluable local and indigenous knowledge.

Information is essential to empowering people for effective participation - developing critical understanding, enhancing strategizing processes and expanding courses of action. Information must be adequate and readily accessed by peoples for quality participation to be realized.

The GCF should carry out regular **Public Consultations** about its operations, programs and projects financed using the resources of the GCF.

It should also carry out **Consultations with Affected Communities** about proposed projects and programs, upholding their right to make decisions about matters affecting their lives and livelihoods. This means that affected people – women and men – have the right to object to the proposed projects and programs. Affected communities should choose their own representatives but Specific measures have to be developed to facilitate the involvement of women (single women, married women, women as heads of the household) and other marginalized groups in the communities and encourage them to attend and make decisions about the project. GCF activities should be implemented only with the fully documented consent of affected communities.

All consultations should be conducted in a manner that is transparent, inclusive and responsive. Consultations must be conducted free of coercion and any undue influence.

Specific Proposals

Consultation with people affected directly and indirectly by GCF projects and programs

- Consultations should be carried out throughout the financing period; these consultations should cover the concept and design of the projects and programs, the assumptions, objectives and methodologies, and the impacts and risks (economic, environment, gender and social), as well as monitoring and evaluation reports.
- Invitations to and information about consultations should be provided as early as possible. Information and all documents for the consultation should be provided to affected communities in languages they understand, and in methods and places that can reach out to all members of the communities particularly invisible groups in the communities such as women, people with disability, single women and women as the head of the family;
- Recognizing that adaptation may include relocation with the free, prior and informed consent of climate impacted communities, the relocation process (from planning to implementation) has to be developed jointly with the affected communities, with particular attention given to women and other marginalized groups in those communities.

Reporting

There should be a reporting system which tracks the sources and contributions to the funds as well as the distribution and use of funds. The reporting system should make public all major decisions, allocations, financial agreements, transfers, progress and outcomes, expenditures and post program evaluations. It should enable climate change interventions to be funded as part of other projects, but require that contributions to climate goals are separately reported.

Audit and Evaluation

There must be independent audits and scrutiny of the GCF to ensure its effectiveness in serving its stated purpose, and to the greatest benefit of affected countries, communities and sectors/classes.

Grievance and redress

Section XI of the Governing Instrument

The GCF should provide a regular forum for civil society groups and affected communities and sectors. Further, an easily accessible, independent complaints or grievance mechanism with civil society oversight should be established, upholding the right to redress for communities, sectors, women and indigenous peoples affected by the projects and programs supported by the GCF. It should have a program for outreach that enables affected communities to seek redress for their complaints and grievances. It should be compliant with UN standards of Access to Justice of requiring an enabling context of financial, linguistic, legal, physical and information accessibility.

The grievance and redress mechanism has to be gender sensitive and responsive particularly to the needs of marginalized groups in the community. Information about this mechanism should be provided to affected communities at the same time that any proposed project is introduced to them.

Fiduciary Accountability; Adherence to financial integrity and anti-corruption principles and agreements

Financial accounting and procurement practices should adhere to the highest international standards

The sources of funds must be shown to be free of links to money laundering. There must be no use of secrecy jurisdictions for domiciling funds flowing to or from GCF.

Legal accountability/immunity

To ensure that the GCF and recipients are fully accountable there should be no clause in agreements that provide immunity for violations of the law by those carrying out any service or work as part of the GCF activity and/or program.

There should be clear procedures for civil and criminal prosecution of officials and staff of the GCF including in cases of violation of corruption, accounting, procurement and conflict of interest violations.

IV. Equity, inclusiveness and non-discrimination

Equity and non-discrimination pertains to fairness, and is a principle well-established in international human rights, environmental and common law and practice.

It is this concept of equity that grounds the UNFCCC's principle of Common But Differentiated Responsibilities.

The principle of equity in climate finance should apply both to responsibility of providing finance as well as to equitable allocation of finance – across countries and within countries.

This means those with the biggest historical responsibility for climate change should carry the bigger weight of responsibility for providing finance. Obligations to provide finance should be equitably shared.

This means providing to each what is necessary such that there is ultimately equal enjoyment of all peoples to the same quality of life – women and men, across different communities and countries, within and beyond the current generation. It means recognizing that inequities and different vulnerabilities exist and all must be addressed.

Equitable allocation and use of climate finance should comprehensively take into consideration geographical conditions, population size and other demographic characteristics,

socio-economic conditions, the civil and political context, spaces for public participation, opportunities for decision-making, socio-cultural practices, norms and traditions, gender and other possible sources of vulnerability.

No country or population group within countries should suffer discrimination, i.e., exclusion or marginalization on the basis of economic status, gender, race/ethnicity/caste, religious belief and other types of social stratifiers/constructs. All programs and measures must be based on an equitable accounting, consistent with international human rights law, of countries', peoples' and groups' capacities/potentials, vulnerabilities and needs.

Inclusion as an operational guideline logically extends from diligent compliance with principles of equity and non-discrimination, which include ensuring mechanisms and processes for effective and substantive public participation and informed decision-making in the widest means possible. This is already established in many human rights and climate instruments, among them, Agenda 21, the Convention on Access to Information, Public Participation in Decision-Making and Access to Justice in Environmental Matters (Aarhus Convention), and the UNFCCC. It enables concrete experiences, expertise, information and perspectives from civil society to inform and enrich processes and approaches. It also promotes and strengthens other standards, such as do no harm, transparency and accountability, gender equality, equity and non-discrimination.

The GCF must develop principles, criteria and a clear system and indices for equitable and fair allocation of climate finance across countries, founded on consensus and agreement by developing countries with full input and participation by civil society groups from developing countries.

Climate finance should not be used to finance programs that reinforce and reproduce inequities and discrimination across and within countries.

V. Country ownership, sovereignty and self-determination

Country ownership is fundamental to the integrity of climate response plans submitted for funding consideration to the GCF Board. Climate programs to be supported by the Fund GCF-funded activities should be designed by countries through sovereign and democratic processes that ensure the full participation of climate-impacted people and involve thorough documented consultation. The programs should be aligned with nationally determined strategies and reflect local decisions.

Country ownership is determined not by government agencies alone, but through robust public participation and consent in the formulation, planning, implementation, monitoring and evaluation of climate responsive activities and financing. Extensive metrics are widely available and must be used to document these processes and to highlight best practices.

Mechanisms for these should be developed as called for and consistent with Section XIII of the GCF Governing Instrument, whatever funding modality is selected.

State Obligations and Sovereignty of States -- The activities and policies of the GCF must not subvert the sovereignty and self-determination of developing countries and their peoples. There is however a proper balance and relationship between sovereignty of states and the state obligations to their citizens. States should not invoke sovereignty as an excuse for failing to deliver on their obligations or violating their duties.

No to conditionalities - GCF funding should not be used as leverage to impose conditionalities on recipient governments that are extrinsic to financial fiduciary terms and mutual obligations of financial arrangements. The 'do no harm' approach, maximum transparency, democratic process and accountability mechanisms, equity and non-discrimination, consistency with human rights, and financial and fiduciary obligations, including due diligence, reporting and accounting activities, should not be considered conditionalities but are rather standards, principles and obligations of all states and public institutions including the GCF.

No objection clause must apply to all funding modalities (not just private sector, not just direct access)

Devolution and localization

In principle, we support the process of devolution and localization in climate response activities and financing. Local participation is a fundamental element of public participation and country ownership. However, we believe that the overarching aim should be the quality of participation in the formulation, planning, implementation, monitoring and evaluation of climate responsive activities and financing, where devolution may be one of the potential approaches that may come out of public involvement

VI. Consistency with international human rights, environmental, gender, labor and other principles and standards

The GCF must refer to and comply with the highest standards of human rights and environmental protection at the international level, including prevailing standards in national and domestic laws.

- GCF activities must not violate nor contribute to the violation of human rights.
- They must not contravene internationally recognized standards on social, labor, and environmental protection.
- There must be recognition that human and environmental rights obligations have primacy over financial obligations.
- The GCF activities must not lead to retrogression by states party or signatory to these instruments, including the UNFCCC. (*Retrogression means retreating from what states parties have already agreed to in international conventions.*)