

GCF BALI BOARD MEETING (FEBRUARY 18–21, 2014)

Transparency International Secretariat and six chapters in Bangladesh, Dominican Republic, Kenya, Maldives, Mexico and Peru embarked on a Climate Finance Integrity Programme in 2011. The objectives of this Programme are to ensure that climate finance being channeled to reduce the impact of climate change and to assist countries adapted to its worst effects are protected against corruption. One stream of this work has been to engage with global climate funds which play an important role in channeling climate finance to where it is needed. Governance assessments of five such funds [the Adaptation Fund, the Climate Investment Funds, the Global Environment Facility Least Developed Countries Fund and Special Climate Change fund, the Forest Carbon Partnership Facility Readiness fund and the UN REDD Programme] were undertaken and the results published in February 2014. The Green Climate Fund is a new addition to this landscape and as it works to put in place policies and procedures to govern the allocation of the funds it attracts, it is important that TI applies lessons learned through its work to date to ensure these policies and procedures include adequate protections against corruption.

In this context, Transparency International Korea (TIK) which has begun to engage in the Programme alongside the six chapters listed above, attended the 6th Green Climate Fund Board Meeting in Bali Indonesia between February 18th and 21st 2014. In the run up to this meeting TIK underwent an intensive preparation programme including identifying key areas of input and key messages based on the experience of the Programme to date as emerging in the published reports mentioned above. As well as helping to frame TIK's approach to engaging with the Fund, this document is intended as a learning document for the TI Movement to facilitate its engagement including at the country level. It further sets out some suggested options for the movement's engagement with the Fund going forward.

In order to facilitate this, the document first sets out a brief executive summary of TIKs attendance at the board meeting as an official observer as well as at the civil society meetings arranged in the run up to the board meeting. In addition, this report includes the CSOs meetings' notes, talking points, interventions drafts, amended papers/documents, and notes on the meeting with the GCF officials in the Annex.

EXECUTIVE SUMMARY

As this document is intended as both a learning document and a document to stimulate debate within the movement upon the most appropriate advocacy approach to the Green Climate Fund, this executive summary seeks to first set out briefly how GCF board meetings are structured, stakeholders engaged and the opportunities for engagement during and on the sidelines of the meeting. Following this it sets out some more detail in terms of content: what are the key issues that TI input on, how these messages were received by various stakeholders and what outcomes of the meeting reflected our messaging. Finally, it gives some suggestions in terms of who our allies are, who our potential opponents are and what actions we can collectively take for the next and future board meetings.

A. The Board Meeting and its Side-lines

(1) The GCF Board Meeting:

The meeting structure:

GCF Board meetings take place in two rooms:

The board meeting conference room: this is for the 24 Board Members and their alternates, the GCF Executive Director (Ms Hela Cheikrhouchou), 2 Co-Chairs (Joey Salceda & Manfred Konukiewitz from the Philippines and Germany respectively), some Board Members' advisors, secretaries, 2 active private sector observers, and 2 active CSOs observers.

The overflow room: this is for all the accredited observers, including the CSOs, bankers, think tank observers, etc. The board meeting proceedings are broadcast here on a wide screen. Web-casting is not available outside this room although it has been agreed to make it available three weeks after the event (still not available).

CSOs/Private Sector Active Observers:

Both private sectors and CSOs have undergone processes and elected their respective active observers—2 for private sectors and 2 for CSOs. They sit in the board meeting conference room and are given opportunity to speak on behalf of the CSOs.

The 2 active CSO observers usually read, to save time (limited to about 3 minutes), a brief and concise intervention on the agenda item under discussion. The CSOs in the overflow room continually communicate with the CSO active observers through Skype.

(2) The Sidelines:

Civil Society is active in the run up to and during the board meeting and engage in a range of formal and informal meetings. These are generally arranged through the GCF google group. The following are the main CSOs and their active leaders/representatives:

[Janet Redman](mailto:janet@ips-dc.org), Institute for Policy Studies (janet@ips-dc.org)

[Andrea Rodriguez](mailto:arodriguez@aida-america.org), AIDA, (arodriguez@aida-america.org)

[Liane Schalatek](mailto:Liane.Schalatek@us.boell.org), Heinrich Boell Foundation, (Liane.Schalatek@us.boell.org)

[Karen Orenstein](mailto:KOrenstein@foe.org), Friends of the Earth, (KOrenstein@foe.org)

[Zachary Hurwitz](mailto:zachary@internationalrivers.org), International Rivers, (zachary@internationalrivers.org)

[Gaia Larsen](mailto:gaia.larsen@wri.org), World Resources Institute, (gaia.larsen@wri.org)

Steve Herz, Sierra Club, (steve.herz@sierraclub.org)

[Alyssa Johl](mailto:ajohl@ciel.org), Centre for International Environment Law, (ajohl@ciel.org)

CSO Preparation Meetings

CSOs meetings are held on the sidelines in the run up to each official board meeting. Generally there are two separate meetings: (1) Global South & South Caucus meeting led by the Southern CSO Observer is held to update and prepare the attendees (in the case of the Bali board meeting mostly Indonesians and Filipinos) for the board meeting (2) The Global South & North combined meetings attended by around 40 participants to analyze GCF papers circulated for the meeting and prepare for intervention points on agenda items.

Other CSOs Meetings/Activities:

During the meeting itself, CSOs meet regularly early in the morning for about 30 minutes before the board meeting starts and also have informal and side meetings during or after lunch, dinner or break time.

(3) Opportunities for Advocacy:

There are four main ways to input messaging to the discussions during the board meeting. First, through the active CSOs observers who have the opportunity to speak in the board meeting and who represent the views of civil society broadly; second, CSOs can send messages, letters, policy positions, etc. to the GCF board members, the board secretary, and even to the Executive Director of the Secretariat. Third, it is possible to have informal conversations/meetings with individual or two board members on the sidelines of the meeting. Finally, it is possible to set up

formal meetings with some board members.

B. TI Key Messages:

1. The Integrity Unit

TIK shared the help desk answer on Integrity Units with the CSO active observers and they were intended to be used as part of the active observer intervention on this agenda item. These were not taken on board but our observers sent a copy to the GCF secretary for record keeping. This included emphasizing the importance of the following elements as set out in the help desk answer:

- (1) Mandate – clarity over the scope of the integrity bodies’ powers
- (2) Responsibilities – such as staff training on ethics and integrity
- (3) Structure – good relationship/coordination between components, units and related external authorities
- (4) Resources – sufficiency of staff and finance
- (5) Independence – independent authority and reporting line outside the organizational staff structure
- (6) Performance – monitoring and evaluation framework to track inputs, outputs and impacts
- (7) Transparency – up-to-date information on the activities of the units.

2. The Independent Redress Mechanism (IRM)

A number of recommendations were made including: (1) IRM should ensure that its process is fair, transparent, balanced, impartial and free from conflict of interest (2) IRM should provide access to information with respect to their investigations and findings, by publishing information on the website in languages used by the parties involved (3) IRM should ensure anonymity of complainants (4) Issue re delegation to IEs and intermediaries is one of concern; IRM must retain oversight to ensure that grievances are properly addressed and in accordance with its own policies and procedures (5) Communities affected by EVERY project MUST be informed that the IRM exists through capacity building and outreach; (6) IRM must be easily accessible to ensure effective engagement of affected communities.

3. Clarification of roles and responsibilities of Fund entities

TIK advocated in its meeting with CSOs for greater clarification of the roles and nature of the following GCF components:

- National Designated Authorities: entities charged with communication between the government and GCF, and responsible for making decisions on

behalf of their government.

- Implementing entities: institutions that ensure the quality of implementation (supervision, monitoring, and oversight).
- Intermediaries: institutions that have financial capabilities (including public and private banks).
- Funding entities: institutions that receive/ disburse money at local and national levels.
- Executing entities: institutions that do the project work on the ground.

4. Input on accreditation and safeguards

In addition, in relation to the topic of accreditation/safeguards we proposed that the GCF should provide clarity over the following questions of accountability:

- What are the exact roles and membership of each of the Fund entities?
- What are the rules or standards that govern their behaviour/ decision-making?
- How is compliance to these rules and standards monitored?
- How and to who are they held to account for their decisions/actions?
- How are they held to account in situations of corruption or fraud?

In this context, TI's anti-corruption assessment of Multilateral Climate Funds assessment indicators were discussed during CSO meetings, as follow:

- (1) Transparency Indicators: Policy Level Transparency & Practice Level Transparency
- (2) Accountability Indicators: Financial Reporting & Audits, Accountability (answerability) Mechanism, Whistle-blower Protection, Complaints & Investigation Mechanisms, Sanctions, Civil Society Consultation, Observer Participation
- (3) Integrity Indicators: Anti-Corruption Rules & Integrity Screenings

C. Openness to TI messages

1. On Transparency

The Co-chairs and the board member from Saudi Arabia mention 'transparency' when they make interventions. There is little action to support these words however and it is seen more as a pacifier to civil society. It seems the Board Members want to be transparent during the implementation period, but the CSOs want that transparency is clearly included from the outset into the Board's policies and procedures. Web-casting remains off the agenda continuing to exclude those who

cannot afford to fly. Recordings which are supposed to be made available two weeks after the meeting are not.

2. On Accountability:

In my observation, it seems that the board members and co-chairs have become more open to listening to and accepting CSO active observers' interventions. That is in comparison to my observation in Songdo BMs. In Songdo, I was told that the Board Members were 'forbidden' to interact or meet with the CSOs during break time of anytime at all. However, the CSOs insisted on meeting any board member they want to meet anyway. Some of the CSO representatives met with the Executive Director of the GCF Secretariat and secured commitment to great consultation in the production of Board input documents by consultants.

3. On Integrity

Despite circulating the ToR for the Integrity Unit in advance, the Board decided to approve the Terms of Reference of the Independent Integrity Unit without changing any word in the original document. Given the failure of the Board to take CSO input into consideration, the development of the Integrity Unit will therefore have to be even more closely monitored.

D. TI Next Steps

TI messages were readily taken up by CSOs and TI is now looped into conversations and in working groups on the various topics. This will continue. The Board is less responsive to our messages but we will keep bringing up issues through the active observers.

For future board meeting the following suggestions are offered:

- In an ideal world two observers from TI should attend a GCF meeting due to the large number of events sometimes happening in parallel.
- A pre-board meeting briefing is useful for all chapters to participate and input concerns.
- TI (individual or groups of chapters with the Secretariat support if necessary) should prepare written interventions on agenda items in advance. These can be (i) emailed to the Secretariat or board members, (ii) shared with other CSOs (iii) presented in one-on-one meetings with Board members
- Actively engaging with CSOs before, during and between Board meetings. Help to prepare pre-board meeting events particularly when they are in relevant

countries where TI has active chapters.

- For post GCF meeting, the observer can prepare a report and materials related with the whole event for dissemination

DETAILED PROCEEDINGS

Briefs

Official GCF Board Meetings:

The meetings were held from 19th–21st February, 2014 at Bali Nusa Dua Convention Center (BNDCC), Indonesia.

Hela Cheikrhouhou – GCF Executive Director

Joey Salceda (Philippines) & Manfred Konukiewitz (Germany) – new Co-chairs

About a hundred delegates/observers were present during the Board Meetings, who monitored through the screen at the adjacent conference room. Meena Raman and Brandon Wu are the elected CSOs active observers, from the global South and North, respectively.

Two CSOs' Active Observers in the GCF

Meena Rahman (Bangladesh) and Brandon Wu (United States). The two have been elected as active observers at the GCF Board meetings. As active observers, they are allowed to participate in the board meetings in the same room, not in the overflow room where the rest of the CSOs observers monitor the proceedings where a wide screen is provided. It would be great if we feed information (concerns, analysis, etc.) first to the CSO community who would deliberate and then formulate CSO papers, interventions or anything relevant to CSO advocacies.

CSO Preparatory Meetings

South–South Caucus Preparatory Meeting

The Southern Caucus preparatory meetings were held on February 14–16, 2014. The purpose was to brief southern delegates and plan strategies regarding various issues and agenda items of the GCF. These preparatory meetings were also held in Bali. TI–Korea joined the meetings from the 16th (afternoon) – 18th noon.

Since I was not in the Paris GCF board meetings, I don't know if they had such similar activities there, but certainly not in Songdo. And neither do I know if they'll do it again this coming May board meeting. The organizers responsible for this caucus include:

Lidy Nacpil (Philippines, lnacpil@gmail.com)

Titi Soetoro (Indonesia, titi.soentoro@gmail.com)

Janet Redman (United States, janet@ips-dc.org)

South–North CSOs Preparatory Meetings

There were about 40 people who actively participated in these meetings that were held on the 17th and 18th February 2014. (Notes regarding these meetings are available below in the Annex)

18 February 2014 (Preparatory and Informal Meetings)

The informal Board Meeting started at 3pm, for which we were given permission to observe through the screen at the adjacent conference room. Even at this meeting, CSO (and Private Sector) active observers were allowed to intervene which they did.

GCF's Present Donor Countries:

Korea and Germany—for the initial phase

Indonesia already allocated a certain amount for the GCF to encourage other non-OECD countries and OECD countries to donate.

CSOs' Opportunities for Engagement

During the Board Meetings (henceforth BM), the Co–chairs and some board members kept on mentioning the word 'transparency' in their decisions and processes. I can remember the Saudi Arabia and the Co–Chairs mentioning the word (transparency) for a number of times. However, I believe they used the word to sort of pacify or assure that the demands for transparency by the CSOs will be put into practice when the time comes. Actually, the CSOs want more specific lines or paragraphs detailing the vague points in various documents analyzed. So, I thought the Board Members want to be transparent during the implementation period, but the CSOs want that transparency be put into the documents as guidelines for action.

However, during the meetings there was no mention of webcasting or anything for that matter. It entails that people have to travel to observe and contribute in the whole process. This is not only un–transparent but also non–environmentally friendly (nor financially friendly). Certainly, it is more costly to fly and physically attend than to webcast live the meetings. And, of course, it also excludes those who cannot afford to fly.

The two elected CSO Active Observers (Meena--Bangladesh and Brandon Wu--US) have satisfactorily spoken the unified wishes and voice of the CSOs during their

interventions, which they did right after most of the board members have spoken. In my observation, it seems that the board members and Co-chairs have become more open to listening to and accepting CSO active observers' interventions. That is in comparison to my observation in Songdo BMs. In Songdo, I was told that the Board Members were 'forbidden' to interact or meet with the CSOs during break time of anytime at all. However, the CSOs insisted on meeting any board member they want to meet anyway.

In addition, the CSO community has become more active in meeting and consulting with a group or individual board members for discussions. For example, during coffee breaks an agenda item tasked group or individual would approach a board member and discuss agenda item. Also, there were meetings with some board members and alternates after the Board Meeting. While some of the CSO representatives met with Hela, GCF's ED (*notes on this meeting is available below*). I have met with one of the co-chairs since he visits the observer's room before the morning sessions or during break times.

Maximizing CSOs' Interaction with the Board Members

- **Emailing Messages**

Emails have been sent to some BMs and the GCF Secretariat. Most of the interventions that have been prepared by CSOs and presented during the board meeting were sent to the Secretariat's secretary for record's sake.

- **Preparing Position/Analysis Papers**

During our meeting with some board members proposed that we should prepare a paper before mid-March and send them for consideration.

- **Joining/Engaging In Side Meetings**

Another way to maximize this approach and impact of this interaction is by engaging with them more often. Preparing for a formal meeting together with other CSOs and actively participating in them is a good practice.

- **Encouraging TI Chapters**

We (TI and/or TI Chapters) can also prepare some brief papers on particular documents where we find some issues related to transparency, integrity and accountability. In this approach, a chapter or group of chapters can prepare a short paper or analysis on a particular GCF document before the board meeting. Then, the accredited TI observer will present such papers/analysis during the CSOs meetings, or use it during formal/informal meetings with board members. This

could be an expansion of TI-S (climate team)'s approach.

TI-Korea Participation In Meetings

During the CSOs meetings, I talked to the group about TI-Korea's plan to monitor inputs, outputs, results and the general activities of the GCF. In general, I mentioned that we are very concern about the vague roles and functions of the GCF's bodies (NDAs, intermediaries, implementing agencies, etc.) as inscribed in their present forms—points suggested by TI.

I sent emails to a few CSOs head representatives TI's Helpdesk (Best Practices for Independent Integrity Units Within Institutions Research) and asked if I could join in their discussions. One of them responded (Janet Redman, Institute of Policy Studies-Director). I guess they presumed that any accredited CSO representative can participate in their discussions or preparatory meetings.

Later on, I sent to Lidy Nacpil (Head of the Philippine CSO Representative) and to all Southern and Northern representatives included in CSOs' gcf-google listserve, as suggested by TI. I learned that some people were actually reading it when a researcher mentioned that he did.

I think only accredited CSOs who are in the listserve can disseminate messages. One best way to do it is **gather the messages from various TI chapters** (just like the one I suggested above—analysis and suggestions to any document). Then the observer (or TI-K or TIS) can insert those messages into emails, communications.

Agenda Item 10: Independent Units-Integrity Unit, Redress Mechanism, Evaluation Unit

I presented to the CSO preparatory meetings (3 meetings) TI's advocacies on agenda items related to the Independent Evaluation Unit, Independent Integrity Unit, and the Independent Redress Mechanism. The CSO community decided to divide the agenda items and asked volunteers to formulate interventions. Since TI (Alice) already prepared materials on integrity unit, it was a lot easier than I thought. Alyssa Johl (CIEL, environmental lawyer) readily accepted the items we advocated to be included in the final draft of the Terms of Reference (mandate, responsibilities, structure, resources, independence, performance, and transparency), which TI clearly defined.

We have certainly presented our concerns and ideas, formed alliances, and helped formulate interventions to agenda items, especially on independent units. However,

it was sad to say that the Board Members only spent a short period to discuss independent unit bodies and decided to approve the documents without amending them. I think they are satisfied about the contents and decided to just let things be “simple” and “flexible”—terms that sound nice but have lots of loopholes.

This is related to word ‘transparent’ that some board members and Co-chairs mentioned during the meetings. I personally do not perceive their usage or ‘transparent’ as something positive that’s why I mentioned ‘loopholes’.

The ‘loopholes’ I think are the processes wherein there are no specific guidelines or policies in place during any project’s implementation period. For example, if there is no ‘who’, ‘what’, or any specific amount of time or money for a particular project or situation or the roles of any entity, this could be the loophole for any form of abuse including corruption. That is why the CSOs want more clarifications and specifications in various areas in the documents deliberated in Bali.

Agenda Item 13b: Safeguards and Accreditation

During the CSOs preparatory meetings, I presented TI’s questions seeking for clarity from the GCF over the questions of accountability among the GCF’s components: National Designated Authorities, intermediaries, funding entities, and executing entities. The questions of their exact roles and accountability, for example, are the same questions being discussed by the CSO community. Most of the participants tend to analyze the drafts line by line and word for word.

Indicators we advocated and presented during the CSO meetings:

TI Anti-Corruption Assessment of Multilateral Climate Funds (Annex 1)
Assessment Indicators

Transparency

Indicator 1: policy level transparency

Indicator 2: practice level transparency

Accountability

Indicator 1: financial reporting and audits

Indicator 2: accountability (answerability) mechanisms

Indicator 3: whistle-blower protection

Indicator 4: complaints and investigation mechanisms

Indicator 5: sanctions

Indicator 6: civil society consultation

Indicator 7: observer participation

Integrity

Indicator 1: anti-corruption rules

Indicator 2: integrity screenings

Some issues raised during the CSOs meetings

(1) Proficiency in English language as the lingua franca hinders a number of non-native/non-English proficient participants during the CSO meetings and board meetings.

I believe that part of strengthening the global south was the South-South CSO Caucus meeting that was held few days before the Bali Board Meeting. In strengthening them, the meeting, although it was done in English, was held in such a way that the participants (mostly Indonesians and Filipinos) understand and participate actively in the discussions. In fact, some have very limited English proficiency that their colleagues translated the discussions into Indonesian (Bahasa).

This lack of proficiency in English language was heightened during the global North-South CSOs meeting held before the GCF board meeting.

Due to this realistic problem, many proposed that the GCF document should be translated into some major languages, especially those documents related to projects in particular regions or countries. Failing to understand the contents of relevant documents will deprive local people/communities to respond to any issue or say anything.

English language used by the GCF should be translated into local languages, as suggested by CSO participants.

(2) Invitation letters for the accredited CSO delegates, especially for the developing countries delegates, should be provided for in advance to ensure that they have enough time to process visas.

Some delegates from the developing countries cannot participate or observe the GCF board meeting due to a short period of time given before the meeting. Usually, it takes more than a month and at most three weeks for a visa applicant from any developing country to get the document. This is exactly the reason why I couldn't attend the Paris Board Meeting last year. If the GCF could send out the invitation in advance, many accredited CSO observers can attend.

For example, the GCF meeting in Songdo last year was attended by CSOs mostly coming from the developed countries. The main reason is that many delegates from the developing countries cannot secure their visas before the board meeting started. In Bali, there were many CSO delegates from the developing countries because most of them were Indonesians and Filipinos who don't need visa to enter Indonesia (ASEAN member countries).

Follow-ups & Suggestions

- at least 2 observers from TI or any TI chapter should participate in various meetings and monitoring because a lot of events, meetings, and consultations can occur at the same time
- Any method of pre- and post-GCF meeting briefings could be helpful in making TI chapters up-to-date regarding the GCF.
- For a pre-GCF briefing, the following action can be done: TI GCF briefing package, skype/call, or sharing analysis of the GCF documents (can be done by individual chapters or by grouping the chapters according to concerns)
- For post GCF meeting, the observer can prepare a report and materials related with the whole event for dissemination;
- The observer can provide analysis after collecting all materials, including those materials made by and circulated among CSOs, in a regular basis. This analysis can also serve as a regular monitoring report regarding the GCF activities.

GCF Major Agenda Items & Key Decisions

The following are summary points of the GCF Board Meeting by the CSO active observer—Meena Rahman (Global South):

Some key decisions on operations

- Guidelines for the allocation of resources during the initial phase;
- Development of a comprehensive work programme on readiness and preparatory support for the developing countries;
- Terms of reference for the Independent Evaluation Unit, Independent Integrity Unit, and Independent Redress Mechanism;
- Integration of gender considerations in its policy documents—defining a gender action plan

Progress Reports by the Secretariat

- The Fund's design such as its result management framework; risk management and investment framework, accreditation framework, proposal

for an approval process and the structure of the Fund—including the Private Sector Facility

Other important elements

- Country ownership, including the no-objection procedure (for all proposals for funding to go through a no-objection procedure conducted through the national designated authorities;
- Best practices for the establishment and composition of the national designated authorities and focal points and best practice options for country coordination and multi-stakeholder engagement;
- Additional modalities that further enhance direct access
- Financial terms and conditions of grants and concessional loans

Administrative Policies of the Fund and Travel Policy

These are the two items that took much time of the Board's consideration. A decision was reached on the Administrative Policies of the Fund but no decision yet for the Travel Policy. The questions on travel policy revolve around the disagreement between board members from developed and developing countries on whether all developing countries should be eligible for travel funding to attend meetings. The developing countries did not want any eligibility criteria to be imposed. No consensus was reached.

ANNEX:

CSOs Bullet Points for Agenda Items Interventions

Adaptation_RMF Bullet Points

Bullets for IRM and IIU

CSO Points on Readiness

Initial Allocation

No Objection Bullets and Decision

Structure of the Fund_CS0 Bullets

Notes on Feb18 CSO Preparatory Meeting

CSO Meeting_GCF ED Staff

Proposed Bullet/Talking Points

Additional Results Areas and Indicators for Adaptation Activities (DECISION)

- People need to be at the center of all adaptation result areas and performance indicators – need to be treated as a cross-cutting issue; in the proposed Annex people are relegated to a single result area/sector
 - Eco-system based adaptation – should focus on enhancement of adaptation services that eco-systems should supply – But this focus is not reflected in the performance indicator → focus on number of people served by eco-systems
 - Climate resilient infrastructure – not an end in itself (monetary value), but a question of serving people -- should focus on utility to people not on “replacement value” → should focus on number of people with access or served by climate-resilient infrastructure
 - Strike indicator on relocation of climate-resilience infrastructure
- Water is referenced as a cross-cutting issue in the narrative but not reflected in the initial results areas and the performance indicators; as an applicant reviewing the initial results areas it wouldn't be clear if I could submit an project/program proposal

On adaptation result areas: People, Health and Well-being (plus indicators moved)

- Perceptions of beneficiaries of their state of health and the level of climate-related risk to which they are vulnerable

Initial Results Management Framework of the Fund (Progress Report)

- Mitigation paradigm shift indicators are problematic; focus on cost effectiveness of GHG emissions reduced and the overall GHG emissions reductions are too narrow; for example the focus on cost-effectiveness because of economies of scale is biased in favor of large-scale mitigation projects and would exclude smaller-scale mitigation project
- Sustainable Development context and the impact of Fund actions in mitigation on people and their livelihood context is entirely missing from mitigation aggregate Fund level
- Volume of direct financing leverage is NOT an indicator of the paradigm shift – it is an means to an end; instead focus should be for example on number of countries with significant policy changes in support of low-carbon development and focusing on changes to the drivers of high emission outcomes
- Not clear if and how co-benefits are measured at the aggregate (Fund) level

Measurement of co-benefits should not be left to the implementing entity or executing entity to account for co-benefits by asking them to pick “at least” one co-benefit of their choosing

On the Independent Redress Mechanism

The GCF is now tasked with establishing and implementing safeguard policies to prevent social and environmental harm, promote stakeholder input and participation, transparency and accountability, and ensure gender equality. Such policies can only achieve these goals if there is a robust and independent redress mechanism, which allows those who are adversely affected by GCF-financed activities to raise their concerns and have them addressed and remedied in a timely manner. Grievance and compliance review processes, as part of a broader safeguard framework, are critical for ensuring effective outcomes on the ground.

In addition to what has been proposed by the Secretariat, the Board should establish a separate unit within the redress mechanism to address reconsideration of funding decisions. Based on the COP19 decision on arrangements between the COP and GCF, it's clear that the COP [should create a process that allows for reconsideration of funding decisions] [did not intend for the reconsideration of funding decisions to be the only function of the redress mechanism, but that it has the mandate to do so].

[8. The independent redress mechanism will be open, transparent and easily accessible and will address, inter alia, the reconsideration of funding decisions.]

With respect to the TOR on independent redress mechanism:

- We support the Secretariat's proposal that the redress mechanism will include: problem-solving/grievance function; compliance review function; and advisory function
- However, we are concerned that the scope of the mechanism (addressed in paras 1 and 4) is too limited; drawing on best practices of the IFC Compliance Advisor/Ombudsman and other complaint mechanisms, ANY INDIVIDUAL, group or community who has been or may be adversely affected by a GCF-financed activity should be eligible to file a complaint regarding actual or anticipated harms REGARDLESS of whether GCF rules and procedures have been adequately implemented.

Annex IV, paras 1 and 4 should be amended: A complaint can be filed by a person or group of persons affected or likely to be affected by the social, gender or environmental impacts of a project or programme funded by the Fund.

- In addition, stakeholders should be provided meaningful opportunities to provide input in the development of the IRM's operational policies and procedures through a consultative process (note that this has been best practice of the World Bank Inspection Panel, IFC Compliance Advisor/Ombudsman, European Bank for Reconstruction and Development's Complaint Mechanism and others)

Annex I, para (c) should be amended: *Requests the Secretariat, in consultation with relevant experts and observer organizations, to develop the operational procedures for the Independent Evaluation Unit, the Independent Integrity Unit and the independent redress mechanism*

- Other recommendations
 - IRM should ensure that its process is fair, transparent, balanced, impartial and free from conflict of interest.

- IRM should provide access to information with respect to their investigations and findings, by publishing information on the website in languages used by the parties involved
- IRM should ensure anonymity of complainants.
- Issue re delegation to IEs and intermediaries is one of concern; IRM must retain oversight to ensure that grievances are properly addressed and in accordance with its own policies and procedures
- Communities affected by EVERY project MUST be informed that that the IRM exists through capacity building and outreach; IRM must be easily accessible to ensure effective engagement of affected communities
- IRM should ensure that the overall process taken to address/resolve grievances is fair, transparent, balanced, impartial and free from conflict of interest.
- IRM should be gender sensitive , for example by allowing complaints to be received in a variety of formats, including native languages or video formats or in person to accommodate gender-differences with respect to access to information and communication technology as well as literacy levels; non-compliance with the mandate for a gender-sensitive approach to GCF funding should be considered cause for a compliance review, conflict resolution and redress
- With respect to the tenure of office, staff should be appointed for at least 5 years (3 years is not enough)

On the Independent Integrity Unit

We should advocate for the inclusion of the following in the final draft of the Terms of Reference:

- Mandate—clarity over the scope of integrity bodies' powers
- Responsibilities—internally (ethics/integrity of staff), externally (delivery of projects & operations)
- Structure—working relationship/coordination among various GCF's integrity mechanism
- Resources—sufficient staff and financial resources---to be effective
- Independence—-independent authority
- Performance—monitoring & evaluation framework that track inputs, outputs and impacts
- Transparency—publish the names of those sanctioned or fined (e.g. firms or individuals disbarred)

With respect to the Integrity Assessment Indicators, we proposed including the following:

- 1) Transparency Indicators: Policy Level Transparency & Practice Level Transparency
- 2) Accountability Indicators: Financial Reporting & Audits, Accountability (answerability) Mechanism, Whistle-blower Protection, Complaints & Investigation Mechanisms, Sanctions, Civil Society Consultation, Observer Participation
- 3) Integrity Indicators: Anti-Corruption Rules & Integrity Screenings

IIU should address who (which entity) is responsible for the repayment of grants if corruption has been proven to occur (as mentioned in paper on grants and loans, para 17)

On the Detailed Programme of Work on Readiness and Preparatory Support (GC F/B.06/14). CSO Overall comments:

- Readiness and Preparatory Support should focus on developing capacity, institutions (in particular, NDAs, inter ministerial coordination) and processes for multi-stakeholder engagement and developing national climate strategies and plans.
- Developing a strategic framework that includes multi-stakeholder (including potentially affected community) engagement should be mandatory for access to GCF funds. Readiness and preparatory support should focus on this critical step of transforming economies to be low-carbon and climate-resilient.
- Supporting NDA/focal point, national strategies and IE and intermediary is clearly spelled out in the Paris decision on readiness. The fourth area on project/program pipeline support is not one of the aspects decided for readiness support in Paris.
- Therefore, the suggested allocation of 50% of readiness and preparatory support to an initial project/programme pipeline is inappropriate. The readiness paper states that while the Board is considering an initial proposal approval process, the secretariat will provide readiness grants to help pay for developing proposals in “priority” projects and programs (which are not identified). However, because of the very limited contributions for readiness by donor countries, it is inappropriate to spend this money on anything other than supporting countries without national climate strategies, NDAs, focal points, or related entities. The priority *is* establishing and developing the capacity of these institutions.

- Thus, the largest share should go to building domestic capacity, institutions and processes.
- Elaborating fundable projects requires additional needs to identify, prepare and submit proposals. Project formulation grants should be given to support accredited entities in project preparation.
- Depending on the context, scoping and support missions can be useful, but there should be a mandate to find the most cost-effective way to undertake these missions, including working with local experts. In addition to cost savings, this also has the benefit of helping strengthen country ownership. For that reason, this should not be restricted to consulting companies. Experts from civil society and local entities should also be engaged to provide their valuable expertise. The country that is receiving support should identify what expertise is most needed, and approve the selection of service providers.
- Readiness support will be provided to the private sector, this needs to solely prioritize activities with MSMEs and getting them ready to engage with the Fund.
- Other preparatory support measures could include capacity development for local financial intermediaries, as well as programs to build technical capacity of local manufacturers, suppliers, distributors and technicians responsible for operation and maintenance. This can help to create “A strong national value chain, avoids expensive imports and provides economic benefits beyond the renewable energy sector.”ⁱ

Support measures might include capacity building for local financial intermediaries, as well as programs to build technical capacity of both local manufacturers and national governments. In keeping with a gender-sensitive approach, addressing in particular the cultural and gender-based barriers for women entrepreneurs (the majority of them in MSMEs or the informal sector) to obtain finance for climate-related investments.

- The Private Sector Advisory Group (PSAG) should not have a role in advising on private sector readiness support. This is an overreach of their role, and may constitute a conflict of interests since at least 8 members of the PSAG may be eligible to access PS readiness funding.
- We are worried about the outsized role of the Secretariat – does the Secretariat have the necessary capacity? Are there potential conflict of interest? The Secretariat should mainly play a coordinating and knowledge sharing role and should seek to framing and revising existing initiatives, with

the goal of identifying their shortcomings and exploring ways of strengthening them.

On the Policies and Procedures for the Initial Allocation of Fund Resources (GCF/B.06/05). Overall comments and suggested edits to draft decision text

Overall bullet points:

- The decision should be consistent with the recommendation contained in the paper itself (p.5), namely “50/50 as the medium–term allocation target between mitigation and adaptation”. This might also be expressed by referring to “equal balance” between mitigation and adaptation.
- It is also unclear what force the word “target” carries; allocation floors and ceilings should be used throughout the allocation decision.
- It is premature to decide *a priori* on a target for the Private Sector Facility while the scope and means of operation of the PSF remains so undefined. This should be deleted until the modalities of the PSF have been decided in May. But, when allocations to the PSF are appropriate, they should be kept to a ceiling (of 10%), recognizing that the more the Private Sector Facility is explicitly allocated, the more difficult it will be for the Fund to meet adaptation allocation goals
- In particular, it should be clarified whether *all* financing to the private sector will go via the PSF, with the mitigation window reserved for finance channeled to public sources.
- If the target is not simply deleted, a fall back could be to introduce a “target range” with a lower figure included in it.
- Accountability and transparency must be enshrined in this decision, and include a progress report not only to the Board but also affected communities.
- Disaggregate the “mitigation” allocation to explicitly include allocation to decentralized renewable energy as contributes to energy access.
- Allocation decision should be strengthened as concerning equity between countries, taking into account equity with respect to population, should be strengthened to better floors to account for equity between countries, within countries, and gendered impacts of climate change.
- “Particularly vulnerable countries” is ill defined and does not include other vulnerabilities beyond geography such as post–conflict/conflict.
- Reporting should include a periodic review mechanism implemented at least every 3 years in each country that receives GCF funds, to assess the allocation of funds vis–a–vis that allocation floors and ceilings articulated in this decision, and with respect to countries’ climate plans and strategies and outcomes of

projects and programs. These reviews should involve the participation and consultation of the affected communities and civil society organizations.

This is language to add to existing draft decision text

~~This is language to delete from existing draft decision text~~

Annex I: Draft decision to the Board

The Board, having reviewed document GCF/B.06/05 Policies and Procedures for the Initial Allocation of Fund Resources:

- (a) *Adopts an equal balance overall target range of 30–50 per cent between cumulative commitments for mitigation and cumulative commitments for adaptation (including, in both cases, resources committed through the PSF) with mitigation allocation disaggregated to initially allocate 10% to decentralized renewable energy as contributes to energy access;*

A “target range” of 30–50 per cent for both adaptation and mitigation is somewhat misleading – if, say, adaptation hits the 30 per cent range, mitigation would be 70 per cent. Instead, the decision should be consistent with the recommendation contained in the paper itself, namely “50/50 as the medium–term allocation target between mitigation and adaptation”. This might also be expressed by referring to “equal balance” between mitigation and adaptation.

The bracket that “resources committed through the Private Sector Facility” should be included within this balance is welcome, though. We would suggest that the decision be amended to read.

- (b) *Adopts an initial target of 20 per cent of total cumulative commitments for the funding committed through the Private Sector Facility for both mitigation and adaptation;*

Delete this provision. It is premature to decide *a priori* on a target for the Private Sector Facility until the modalities of the PSF have been decided in May.

2nd Best: delete “initial target of 20 per cent” and insert “ceiling of 10 per cent”

- (c) *Adopts an initial target allocation floor of at least 10 per cent of total cumulative commitments for the funding committed to adaptation in particularly vulnerable countries, and requests the Secretariat to develop a mechanism to establish a mechanism for ensure equity between particularly vulnerable countries, taking into account population;*

Given that 110 countries out of the 153 countries that are eligible for GCF funding fall under this paper's definition of "particularly vulnerable countries," the 10% allocation target is inadequate and arbitrary. It should be increased to a "floor" (not weak "target") of at least 20%.

Also, it should be clarified how funding between countries included in this grouping will be equitably allocated, especially considering the wide variety in population and wealth among these countries.

In addition, the definition of "particularly vulnerable countries" lacks inclusion of post-conflict/conflict countries, etc.

(d) Adopts an initial allocation floor of at least 25 per cent of total cumulative commitments for projects that address the special needs or woman and for programmes that have gender equity benefits and results;

Add this para to the decision.

(e) Adopts a ceiling of five per cent for any one country's share of total cumulative commitments (in grant-equivalent terms); and

(f) Requests the Secretariat to report to the Board and affected communities at least once a year on the progress towards reaching these targets for cumulative commitments, together with recommended corrective actions and possible changes to these targets, as necessary and conduct a periodic review every three years that includes a national mechanism with multi-stakeholder participation, including affected communities.

This point should include reporting of allocation results to affected communities. In making corrective actions and changes, there should be a mandate to increase the scope of allocation to adaptation, not be upward revision of allocation to the private sector.

On Country Ownership (GCF/B.06/07) – Comments and suggested textual edits for No Objection Procedure

- The purpose of the no-objection procedure is twofold:
 1. To enable developing country governments to shape and direct GCF-supported private sector activities. The no-objection procedure should be a tool that allows a host country to reject or halt any proposed activity within its borders that it determines is in conflict with its development plans and priorities, strategies for addressing climate change and/or national laws.

2. To help ensure that relevant stakeholders – including affected communities, civil society and multiple government agencies– are actively engaged in developing national climate strategies and plans. They must have the right to reject or halt GCF activities that would harm their lives, livelihoods or environment.
- The Fund should establish minimum standards for consultations conducted according to international best practice, whereby the no–objection letter is only communicated to the GCF following a process in which the consent of relevant stakeholders is attained according to the international right of free, prior and informed consent, particularly for affected communities. The current proposal establishes no minimum standards (Annex II, para 4)
 - While there are processes for endorsing (no–objection) and remaining silent (no–objection), there is no procedure outlined for NDAs/focal points to object to a funding proposal or accreditation of an IE or intermediary (Annex II, para 3).
 - The length of time given for tacit approval has increased from 20 days to 5 weeks, but it still maintains a “silence equals consent” approach. It is unacceptable to have a hybrid approach to communicating a no–objection procedure from the NDA/focal point to the Fund that assumes “tacit approval” has been given to funding proposals by remaining silent. While the proposed procedure compels the Fund to actively liaise with the NDA/focal point if a no–objection letter has not been received from the NDA/focal point within 3 weeks of proposal submission, it does not require the NDA/focal point to communicate active endorsement even at this stage.
 - Five weeks (25 working days) is an inadequate amount of time to conduct an inclusive multi–stakeholder consultation and receive free, prior and informed consent for the proposed activities from affected communities.

On Annex I: Draft decision of the Board

(a) Decides that the Fund will only finance activities in countries that do not object to such activities and funding and communicate a related no objection in accordance with the procedure approved in this decision;

On the positive side, improvement over earlier drafts that no–objection extends to all activities and funding within a nation’s borders, without exception for private sector direct access.

(b) Approves the initial no–objection procedure for funding proposals, contained in Annex II to document GCF/B.06/07, subject to such additional or special

provisions as may be approved by the Board;

The no-objection procedure should not be approved as elaborated in Annex II now, see below for textual deletions and additions below.

- The proposed no-objection includes no minimum standards for no-objection procedures at the national level on multi-stakeholder consultation, public notification and comment, transparency, engagement of relevant agencies, etc.
- Does not apply a no-objection procedure to the nomination/accreditation of sub-national, national and regional IEs and intermediaries through NDAs/focal points.
- Maintains a “silent equals consent” approach.
- Gives inadequate time for inclusive multi-stakeholder consultation.
- Does not outline procedure for NDAs/focal points to object to a funding proposal or accreditation of an IE or intermediary.

~~*(c) Requests the Private Sector Advisory Group to make recommendations, for consideration by the Board at its May 2014 meeting, for additional or special provisions regarding a no-objection procedure for private sector funding proposals;*~~

This should be struck. Private sector funding proposals should be given no special provisions under the no-objection procedure, nor a separate no-objection procedure. In addition, making recommendations of this nature is outside the remit of the Private Sector Advisory Group and poses a clear conflict of interests, as most of the members of the PSAG represent entities that may submit private sector funding proposals.

~~*(d) Requests the Secretariat to make recommendations, for consideration by the Board at its May 2014 meeting, for additional or special provisions regarding simplified procedures for certain activities or special types of projects;*~~

Strike this paragraph. The no-objection procedure proposed in Annex II already lacks rigor. It is difficult to imagine a less rigorous procedure.

Annex II: Draft initial no-objection procedure

3. *In the case of applications for accreditation by sub-national, national and regional implementing entities and intermediaries, the national designated authority (NDA) or focal point will facilitate the communication endorsement of nominations of implementing entities and intermediaries through a no-objection letter to the Fund.*

II. Communication of no-objection to funding proposals

4. Each country will decide on its own nationally appropriate process for ascertaining no-objection to funding proposals that conforms with best-practice minimum standards for multi-stakeholder consultation, transparency and participation, and ascertaining free, prior and informed consent from affected communities as established by the Fund., ~~according to country's capacities and existing processes and institutions.~~

~~5. The intermediary or implementing entity is required to include in its final submission of the funding proposal evidence of communication to the NDA or focal point that the funding proposal is to be considered for approval by the Fund and requesting the no-objection, clearly indicating the time lapse of three weeks for tacit no-objection in the absence of a response. Such evidence will include the date and copy of the communication from the implementing entity or intermediary to the NDA or focal point.~~

6. The NDA or focal point will communicate its no-objection to the Secretariat in conjunction with or following the final submission for approval of the funding proposal by the intermediary or implementing entity. The no-objection letter will be signed by the official representative of the NDA or focal point registered with the Secretariat. The communication will be provided by the NDA or focal point either directly to the Secretariat in writing via physical mail, fax, email, or other electronic means to be facilitated by the Secretariat, or through the concerned intermediary or implementing entity as an attachment to the funding proposal.

7. The Secretariat will formally acknowledge the receipt of the no-objection letter to the NDA or focal point and respective implementing entity or intermediary.

~~8. In cases of lack of communication from the NDA or focal point after the three weeks, the Secretariat will liaise with the NDA or focal point communicating that the funding proposal will be regarded as not objected unless the NDA or focal point communicates otherwise within an additional two-week period.~~

9. Communication of ~~n~~No-objection by the NDA or focal point, either explicitly or by lapse of time, will communicate imply that:

(a) The government has no-objection to the funding proposal;

(b) The submitted funding proposal is in conformity with the country's

national priorities, strategies, and plans, and that consistency was pursued; and

(c) The government has conducted an robust multi-stakeholder consultation process and has received free, prior and informed consent from affected communities; and

(c) The submitted funding proposal is in conformity with relevant national laws and regulations, in accordance with the Fund's environmental and social safeguards.

10. *In order to enhance transparency, all no-objection communications will be made publically available on the Fund's website. ~~Funding proposals under consideration following a tacit no-objection will also be publicly listed on the Fund's website with clear specification of the dates concerning the lapse of time.~~ National designated authorities and focal points are also **required** encouraged to make publicly available their communications of no-objection shortly after being issued, **in local languages** where possible and as applicable.*

11. *In the case of funding proposals relating to a programme, the no-objection will apply to all projects or activities to be implemented within the approved framework.*

III. Funding proposals relating to a regional context

12. *In the case of funding proposals intended for implementation in a given region or group of countries, a **written** communication of no-objection from **each of** the NDAs or focal points of the countries willing to participate will be required, ~~either in writing or tacitly by lapse of time.~~*

13. *Such funding proposals will be able to obtain funding approval ~~if at least one country~~ **when all countries involved have** communicated ~~its~~ **their** no-objection in line with the provisions in this procedure. ~~However, implementation of the proposal will only proceed in those countries whose NDA or focal point communicated their no-objection, either in writing or tacitly by lapse of time.~~*

14. *Implementation of the approved funding proposal in additional countries will proceed when the respective NDA or focal point of a country listed in the funding proposal communicates their **written** no-objection to the proposal being implemented in their country, ~~either in writing or tacitly by lapse of time.~~*

IV. Communication of nominations of implementing entities and Intermediaries to the Fund

15. In the case of requests for accreditation of implementing entities or intermediaries, the NDA or focal point should facilitate the communication to the Secretariat of nominations of entities applying for accreditation as implementing entities or intermediaries, as appropriate.

16. This communication may be conveyed directly to the Secretariat or through the applicant entity.

V. Dissemination of the no-objection procedure

17. The no-objection procedure will be made available by the Secretariat on the Fund's website and printed material where it will be explained in a user-friendly manner. Translations into UN working languages will be made where possible.

18. The Secretariat will assist NDAs and focal points in the understanding of the no-objection procedure upon request.

On the Structure of the Fund, Including the Structure of the Private Sector Facility (Progress Report) GCF/B.06/12

CSO bullet points

- The paper establishes a “Decision-making working Group” that enables the secretariat to make funding decisions (under the so-called delegated/streamlined procedure) as part of its responsibility to “operationalize the project and programme cycle processes.” This is an overreach of the Secretariat’s mandate as laid out in the Governing Instrument, and will not lead to better or more accountable decisions. The Governing Instrument explicitly states that the Board is responsible to “approve funding in line with the Fund’s principles, criteria, modalities, policies and programmes.”
- With the Secretariat responsible for the due diligence of a project/programme proposal (see approval suggested approval cycle in the approval paper), the Secretariat might face a conflict of interest in its dual role of both appraising the project/programme and deciding upon whether or not it should be financed (under a delegated decision-making procedure).

- The staffing functions proposed for the Private Sector Facility (paragraph 56) pre-suppose a focus on the financial sector and financial engineering, and are out of sync with the Governing Instrument's insistence that the PSF should focus on SMEs, and SIDS/LDCs, as well as the agreement to start with grants/concessional loans. In particular, the rationale for the appointment of an expert on "structured finance" (separating investments into tranches for their repackaging as complex financial products, such as those that caused the 2008 financial crisis) is not needed or appropriate.
- Staffing for all five divisions of the Fund have been elaborated in earlier decisions and documents, yet this paper further elaborates only staffing for the PSF. This is yet another example of an overemphasis on the Private Sector Facility within the Secretariat's vision of Fund structure, function and prioritization.
- In addition, this paper attempts an overreach of the agreed financial instruments. The Board has only agreed to grants and concessional loans, thus it is inappropriate to outline more complex financial instruments that the PSF may or may not engage in the future.
Para 53 – Strike *“Over time, the PSF can draw on a broad range of other financial instruments (inter alia, partial risk and partial credit guarantees, subordinated debt, equity and quasi-equity) and modalities to achieve its objectives, and may work directly with private sector adaptation and mitigation actors at the national, regional and international levels, subject to consideration by the Board of a phased approach.”*
- The organization chart illustrated in Annex I: Structure of the Fund, implies that the Private Sector Facility is overseen by the Secretariat. Oversight of the PSF is outside the remit of the Secretariat and should instead be overseen by the Board (the Governing Instrument outlines the role and function of the Board to “oversee the operation of all relevant components of the Fund”).

In addition, the chart in Annex I does not show where the Mitigation Window or Adaptation Window are situated in the Structure of the Fund, nor the other divisions of the Secretariat as decided at the fifth Board meeting (e.g. the Country Programming Unit). It is unclear how the new committees will relate to the already decided units of the secretariat. This should be clearly elaborated.

CSO Preparatory Meeting for Bali GCF Board Meeting – February 18th, 2014

BIG PICTURE

Southern CS active observer:

- some concerns from developing country BMembers that the development of the GCF is going in the wrong direction -- towards MDB/WB model
- concern that there is not going to be any "value added"
- SEcretariat folks hired already or working as consultants with WB/MDB and specifically IFC background
- NOT accountable to the COP, some developed country BM seem to assume independence of the GCF from the COP...
- many fights behind the scenes..
- one of the many concerns -- PSF -- developing country BMembers have been very worried about its development -- some time last year even own separate governance structure was discussed...
- was push-back -- PSF completely integrated in the Fund --> but need to watch how that integration in the governance structure of the Secretariat is proposed...
- PSAG: civil society active observers are allowed to attend, but not to speak at the PSAG meetings-- fight of CSO for CS representation in the PSAG (which had 6 PS reps, 4 developed, 4 developing countries) -- CSO had a process to determine the participants -- process was ignored -- letter of CSO to the two Co-Chairs -- Philippine Co-Chair indicated the respect for the CSO decision, German Co-Chair not in favor of it; do not know how the short listing of candidates was done... --> need to be outraged -- need to have our process respected...
- some of the developing country BM are worried -- onslaught of concepts and language derived from WB experience..
- concern about SAFEGUARDS – need to have the same thoroughness as the proposed fiduciary standards
- For the South: we need to get our voices up....

OPENNING DISCUSSION:

- we have engaged not just on process, but on the content -- showing that we are supportive and committed to the Fund --> sees an attempt to formulate the "paradigm shift" of an aggregation of business-as-usual projects
- have a responsibility as CSOs that are in the process to speak out against disregard of our choices for representation -- disregard for UN practise
- Fund was supposed to be for the benefits of most affected people
- need to register our concerns formally, but also need to think about key actors on CS and UN engagement that could take the issue up...
- should we focus on this issue dominantly right now? Or also bring up the

refusal of the Secretariat to issue invitation letters to visa applicants for the GCF BMeetings. --> OMNIBUS letter could diminish the focus that we would want to give to any one issue -- other voices???

-- should insist on a meeting with Hela and the lunch meeting with the co-chairs; BUT: should also be in a formal letter

-- remind the Co-Chairs of the Paris promise to have observer participation as a standing item on the agenda (under "any other business"). -- should push for it here.....

-- should address the PSAG very early on, start messaging today -- reverse the decision if possible?

-- IS there still some leverage for influencing the decision? --> there is a report back on Wednesday on the status of panels and committees...

-- possibility of footnote or bigger objection held out as possibility from Philippines Co-Chair...

-- Should focus on one or two issues right now; rest should be catalogued and dealt with in summary...

Northern CSO active observer:

-- focus on the invitation letter in the Board Room might not be the best use of our political capital with limited intervention opportunities in the Board meeting...

-- in the first statement, we should address big picture issues, such as this participation/selection of our representative issue, maybe save other issues, such as visa question, for later

-- but let's also not underestimate the importance of the visa issue, as it is very important for Southern CSO participation

Southern CSO active observer:

-- we can bring this up at the very beginning, when the agenda is adopted, remind them that observer participation was supposed to be a standing item.

-- so should we make that intervention right at the beginning or wait until the PSAG comes up on the agenda? (PSAG likely to come up as item 5)

-- also bring in the positive story of the gender paper, where there was consultation, as a best practice that should be standard for all decisions

-- Status on trying to set up meetings with Co-Chairs, Director etc.: People volunteered to do this yesterday, still needs to happen

DISCUSSION ON COUNTRY OWNERSHIP

--long and complicated paper; covers three issues, compilation of previous papers and discussion: 1) no-objection procedure, 2) best practices for NDAs/FPs, 3) best practices for stakeholder engagement

-- issues in the draft decision text:

- requests that the PSAG makes recommendations on special procedures for private sector projects (some BMembers don't want a no-objection procedure for private sector projects) - could lower the standard for private sector projects

- Secretariat to make recommendations for special provisions as well. Not explained anywhere in the document what kind of projects these might be needed for

- ignores multi-stakeholder engagement at the strategic level, only talks about it at the specific project level, in the context of safeguards

- there could be stronger provision on the NDA (not just Secretariat) making information on planned projects available, including in local languages

DISCUSSION ON NO-OBJECTION

-- many (developed) countries claim they want more flexibility. But there was push back on that, reflected in the first para of the decision text, which says that no-objection is needed for ALL projects

-- problematic how the no-objection procedure is operationalized in Annex II. No no-objection procedure for accreditation, for groups to say that an agency is not appropriate. Also contains no minimum requirement for no objection procedure.

-- Current suggested approach is a bit unclear: with project application, submit evidence that the NDA was contacted; if after 3 weeks NDA doesn't say anything, tacit approval is assumed; also Secretariat is to reach out to NDA if they have not heard back after 3 weeks and give them another 2 weeks until tacit approval is assumed

-- we should ask for clarity on that procedure in paras 5-8

-- should require that no-objection procedure should be in accordance with national laws

-- should ensure that there will be strong civil society participation, in particular from affected communities, should include a no objection procedure from affected communities

-- stakeholders should be engaged in all stage of the project cycle (should be in para 40)

-- in this document, there is no reference to respecting national regulations and procedures

-- there is no option for no-objection if some entity wants to be accredited as IE. maybe that is not the scope of this paper, but needs to be in the relevant paper on accreditation

- no provisions on due diligence
- no objection for CSO will be difficult. maybe have a complaint procedure for CSO to challenge a no objection process if there was no meaningful consultation
- there must be a process built at the country level with consultation, can't just be a minister or individual in the government deciding that this project is ok
- there is a risk that projects will be categorized by Secretariat into categories that don't require no-objection
- Southern CSO active observer: We need to say NO to tacit approval, no objection procedures was created by COP in Durban to prevent circumventing country ownership. The purpose is to ensure country ownership and CS participation - needs to be more than a post office stamp. Can't accept the PSAG defining separate process. Let's engage on this now, send a letter, not wait.

DISCUSSION ON NDAs:

- are very important for developing countries, no formal guidelines for the establishment of the NDA, no minimum requirements, just guidelines that are not mandatory
- there should be participation from several ministries, not just one ministry or one person
- role of NDA is severely downplayed, as in many documents for the Board Meeting
- definition right now focused on it being the entity that has the right to object/issue the non-objection. Should have additional roles, such as ensuring stakeholder participation
- should the NDA be in a strong ministry? one that has power to influence national processes? environment ministries are often weak...maybe the two-layer approach is good. GEF has a political focal point and an operational focal point.
- GEF model is not ideal. Ideally the NDA should be a body with representatives from different ministries and stakeholders
- clarify difference between focal point and NDA and the way to get from FP to NDA
- NDAs need to be empowered with resources and dedicated staff
- we want more indicators of country ownership beyond the no-objection procedure, such as having a coherent national strategy, policies, government buy-in, government putting some of its own money
- define what consultation is

DISCUSSION ON MULTI-STAKEHOLDER ENGAGEMENT

- Indonesian gvt got back to Titi on designing stakeholder consultation mechanism = "send us your submission". Not good enough, not inclusive at all of local

communities, etc

- the Annex doesn't include any best practices actually, such as the need to involve stakeholder already in defining the process for consultation
- the Annex talks about engagement at the strategic framework level, but then the decision text leaves that out
- stakeholder engagement should be reflected in all documents, e.g. on project approval
- Adaptation Fund has good practice, consultation is not one-way information sharing or just ticking a box – real engagement
- Stakeholder participation in accreditation process, it is easier to have stakeholder engagement in national-level entities than in multilateral ones.
- both Annex II and IV include useful ideas, but we are not getting around the decision from 2013 to give countries complete freedom on how they want to set up NDAs and FPs. So, it is all phrased as non-binding guidelines
- but even if is "just" a recommendation, the language could be made stronger
- relation with approval process – multi-stakeholder engagement needs to be reflected in that document
- there should be language on free, prior and informed consent and similar language for other communities (FPIC is legal term that applies to indigenous people)
- GI (section 13) actually calls for stakeholder engagement on activities and strategies. For strategies that would have to happen at the NDA level
- results of stakeholder engagement needs to be reflected in country strategy documents
- Issue of perspective of "conditionality" -- fear by Southern governments -- if there is to be improvement, needs to be resourcing of NDA for staffing to have comprehensive engagement processes... --> issue of sequencing, building capacity and readiness..
- We should be asking for every function of the NDA to be supported – rather than reducing the scope of what NDAs should do. There are actually funds available – 150.000 per readiness mission – that should better be used to support NDAs

WORKING GROUP: Andrea, Leonie, JAnet (no objection), Lidy, Dewy, Robert, Annaka, Alpha... (break it up in three sub-groups at least initially)...

DISCUSSION ON SAFEGUARDS

- work in progress, many aspects still vague and not detailed
- checked GEF, WB/IFC, AF for best practices. Should also look at ADB which has stronger provisions than WB
- at the end chose AF. But therefore they are missing some potential risks related

- to certain GCF result areas (hydro dams, REDD with pest management etc.)
- meaningful participation of affected people and information disclosure -- needs to be clarified, currently says "as early as possible", not very specific
 - gender impact and risk assessment is important (e.g. ADB has that, WB does not); not rely just on social and environmental risk assessment (cannot just be subsumed..)
 - danger of categorization -- could not address many issues in some of the categories/related to scale for example
 - who gets to decide what "high value" is – just official government authority or affected communities?
 - Safeguards letter summarizes many of our concerns – which other interventions do we want to make? which issues do we need to raise?
 - current document is very vague and not well thought through in all places. needs to be strengthened. We need to push for a strong consultation process, invitation for submissions etc.
 - AF safeguards are grounded in human rights and thus a good starting point, but much more detail and clarity is needed
 - reference to the redress mechanism needs to be added
 - there are several textual changes we would like to see – working group will discuss in detail --
 - vague as to how this applies to financial intermediaries
 - approach the members of the accreditation panel to discuss safeguards
 - need to add food security and national legal instruments as well as indigenous laws, sectoral labor standards
 - the document is not consistently identifying best practices, but cherry-picking
 - not a single CSO expert selected for that panel – there are real CSO experts who have worked on this for a long time – instead MDB consultants were chosen
 - for safeguards, there is a lot of qualifying language contextualizing it such as "disproportionate, as a guide, not more than necessary etc.", but not for fiduciary standard which are clearly and in much detail elaborated...
 - shouldn't say "guided by ILO standards", but compliance with ILO standards, including relevant sectoral standards
 - guidelines for the application of mandatory safeguards, not just standards...
 - IFC -- are NOT safeguards, are just performance standards, so reference is not useful.. also experience with financial intermediaries -- CAO report experience...
 - problem with heavy reliance of the AF principles -- are not necessarily applicable to the mitigation projects we will be seeing in GCF
 - provision on outcome-based safeguards – we need to be very worried about this – can be used to justify projects if the outcome is considered ok. but that is not the point of safeguards. they need to apply across all projects

- and technologies and exclude those that don't comply with the safeguards
- Best practise institutions = wrong approach -- rather than adopt safeguards of a single institution pick and select best approaches (sectoral, principles) from a variety of institutions, and not just climate finance related... Other conventions and standard-setting and norm setting institutions as well...
 - Context-setting: should begin with strong call that safeguards are important BECAUSE of the experience of impacts of "business as usual" WB and IFI, IFC -- NOT repeat mistakes there -- go beyond..
 - NEED to engage with the Board members (such as Jan/Sweden or David/Zambia) much more -- Southern folks need to go to David, point out CS letter, also push with Jan --> NEED stronger push -- one of the TOP-issues of the lobby --- RELEVANT BMembers: Sweden, Zambia, France, Barbados

WORKING GROUP: Annabella, Janet, Titi, Liane, Alyssa, Andrea....

NEXT STEP:

- work with BMembers on the Panel such as Sweden and David; also Indonesian Panel member...
- issue of possible re-circulating the letter -- refer to letter which went out to ALL Board members, alternates and advisors beginning of February...
- a lot of the Board Members seem to understand language framed around risk. we need to point out that weak environmental and social safeguards means high reputational risk. we need to make this link here. This risk would mean difficulty getting funding, losing political support...
- this is a crucial issue that CSOs should mobilize around --> need to have a stronger advocacy with forces (cSos and others-- countries not represented at the Board) not in the GCF -- politicization beyond the Board...
- we need a common message as we approach the Secretariat and the accountability experts

Independent REDRESS Mechanism

- some good elements, but needs clarification and strengthening
- three key functions: compliance review function, advisory function, redress/conflict resolution
- scope is limited, which is a major problem. red line for us; right now the scope is limiting to DIRECTLY affected, which puts proof of burden on the affected, should be also "potentially affected" or "is likely to be affected" -- eligibility of a single person vs. just group of people (best practise internationally is single person ..."any person or group of people"....)
- Board oversight over the IRM is not appropriate

-- draft decision should include language to request the Secretariat, in consultation with stakeholders, to develop operational procedures

DISCUSSION ON THE INDEPENDENT REDRESS MECHANISM:

-- confusion between redress mechanism and complaint mechanism – what is outlined here is a complaint mechanism and an investigation procedure

-- the redress mechanism should report to the COP

-- determine whether the guidance provided by the COP is being implemented by the COP

-- right to point out the relationship with the COP, mentioned in Warsaw COP decisions, activities of the redress mechanism are to be included in reports from the GCF to the COP, further modalities to be developed for reconsidering funding decisions.

-- two functions: affected peoples to challenge decisions, countries to challenge decisions, need to ensure that further procedures to be developed for reviewing funding decisions are not undermining affected peoples access to the mechanism

-- redress mechanism function should not be delegated to IEs and intermediaries

-- redress mechanism needs to be gender sensitive -- has implications for example for the format or language in which complaints are received and speaks to the question of whether violation of the mandate for a gender-sensitive approach is grounds for redress...

-- scope needs to include directly and indirectly, materially and immaterially affected people

-- who will monitor the IRM inside the Fund (Board is supposed to oversee...)

-- ease of access, ease of allowing for engagement of affected communities; capacity building and information sharing on how to use the IRM are needed... --> NEED TO BE INFORMATION-sharing at the time that the project proponent introduces idea to a community -- need to be aware of the existence of the IRM from the project outset...

-- problem in the way they treat delegation -- need clarification for the standards of the IEs and their compliance with GCF -->

-- is the 3-year term too short? Best practise is more 5 years

-- reference to "informal remediation" is not helpful, needs to ensure that there are standards...

-- should not need a policy violation trigger to require mediation, should be less restrictive...

-- importance of having project documents in local languages...

WORKING GROUP: Abe, Andrea, Alyssa, Alpha. Ratri

Note: STILL WAITING FOR TALKING POINTS ON FOLLOWING ISSUES – PLEASE SEND ASAP: Allocation, Proposal Approval Process, Grants and Concessional Loans, Risk Management and Investment Frameworks

AFTERNOON SESSION:

Process about coordinating input from the CSOs to the active civil society observers... ; in discussion had agreement that Southern colleagues "cluster" according to issues and then have one ensure that specific concerns are fed into the Skype scheme...

-- Southern civil society concerns -- can bring them to the direction of Meena for possible additional comments (usually division of interventions between Meena and Brandon...) -- Southern CS folks should determine some "messengers" for the broader input...

SKYPE COORDINATION TEAM: Oscar, Andrea, Janet, Alyssa, Arlita.... --

DISCUSSION ON GENDER_SENSITIVE APPROACH:

-- good example -- draft of gender paper was discussed with some folks -- not clear about selection criteria -- short notice of draft documents, phone conferences... ; possibility for written inputs...; changes to the final paper was reflected of the number of inputs.... --> should convey to the Board that this was a good example....

-- need to have a strong component not just as project and program implementation level, but at the aggregate level (Fund-wide policies and operational modalities...)

-- need to relate from women's experience not just in terms of adaptation (tendency to perceive women as victims) but also as ACTEURS = especially with respect to mitigation contributions ...

- consultation process for this paper led to a much improved paper

-- concerns:

- not feeding into other decisions, isolated -- needs to go further up the agenda so it can influence the discourse for some of the other discussions

- gender-sensitive approach cannot be a standalone paper, needs to be integrated in the crucial upcoming operational decisions in May and October

-- gender-sensitive as terminology is much weaker as gender-responsive

-- gender as a cross-cutting issue -- should be used from the very beginning

-- Annex I could use some improvement -- would be different for different countries

-- Annex II -- flow chart is not clear on where the redress mechanism is coming in

- the approach taken for this paper is a good starting point in terms of participation. Liane made a point of going back to the CSO list and informing us about the paper. Secretariat itself did not conduct sufficient outreach
- on substance issues -- good phase attempts but light-touch approach;
- too little on making gender part of the paradigm shift.... much more focus on engendering the PSF -- USAID definition on gender mainstreaming should not be the reference, but should go the ECOSOC....
- main reasons for that paper being a better paper is thru the consultation..it is a good argument for broader participation that we can make as we talk to Board Member
- ... -- need to have the money /resource mobilization -- budget allocation for this and other issues
- hard to go beyond gender-sensitivity – that language is in the GI – it is hard to go beyond that towards gender-responsive with the current Board, with most Board Members not understanding gender (or development, or environment)

Working GRoup: Jofti, Titi, Liane, Mariama

DISCUSSION ON READINESS AND PREPARATORY SUPPORT

- Big push to get this started quickly
- Readiness is very important
- Concern is over the spending of the 7.5 million on a scoping exercise with consultants
- Developing country concern: this is the only money that is coming in and it should not all be going to consultants
- draft decision to authorize disbursement of the 30 million: 25% to scoping missions, 25% to implement some of the priorities that come out of the scoping missions (NDAs, developing a strategic framework etc. -- , 50% for developing a pipeline of projects)
- large focus in the paper on the private sector -- should stress in more detail that activities with MSMEs and getting them ready to engage with the Fund should be prioritized
- strategic framework is not mandatory, but should be and so should community engagement
- what if every country requests readiness support? How to prioritize?
- In the case of intermediaries/Implementing Entities are still seeking accreditation, secretariat will contract the service provider. The concern is: the selection of service provider should be based on our consent
- is the secretariat well placed to do provide this assistance?
- risk of conflict of interest – who will get the consultancy contracts?

- readiness activities are core element of ensuring transformational change, needs to be an ongoing process. Problematic if this is perceived as small activities that will happen at the beginning and not last
- 50% for pipeline support – how do we feel about that? It is not mandated in the last decision. The second item is the most important, supporting institution building, stakeholder engagement, strategy development
- concern by countries that are worried that they have not "implementable" or "bankable" projects once they can access the Fund...; so not disregard, but maybe not 50 %... should focus on the infrastructure of entities/agencies first... --> need support for project preparation support; otherwise just reliance on project proposals that are there...
- see not necessarily that there is disagreement between developed and developing countries -- also some concern about proposed spending allocation from developing countries --> Need to look at the role of Secretariat here in trying to determine spending pretty autonomously...--> SECRETARIAT should be coordinating, but should refrain from being the authority to carry out readiness activities... -- readiness is country-specific
- this is a decision about readiness and preparatory support, not about creating a pipeline
- but there is also a real concern that developing countries have no resources to prepare projects
- readiness for what? CIF process has been donor driven which conflicts with country ownership. need to look more closely at CIFs.
- need to be mindful that some developing countries are worried about readiness becoming a conditionality...
- local expertise "service providers" is good -- but should not restrict to consultants -- some local entities or CSOs might likewise be able to provide that expertise...
- 30 MIO is just looking at a very early/preliminary stage of readiness, should be prioritizing NDA and country coordination and stakeholder involvement right now...
 - Readiness really depends on country circumstances and needs. Can the secretariat really respond to all that with this one-size-fits-all approach? Maybe the secretariat should not play such a central role

READINESS WORKING GROUP: Lutz, Janet, Alpha???, Telly...

FOR BULLET POINTS -- not just talking points, but for decision proposed text changes!!!!!!! -- include proposed alternative text.. We can get a room from 8-9 and in the evening from 6-8 on 19-21 February; Mengwy 3 (room's name)

There is also a place to display publications and papers

CSO Meeting with GCF ED and Secretariat Staff, 19 Feb 2014

From GCF Secretariat –

Hela Cheikhrouhou, GCF Executive Director (hcheikhrouhou@gcfund.org)

Sara Sleiman, CSO liaison (ssleiman@gcfund.org)

Rosalie Mardsen, with Marcelo on accreditation, James on mitigation to some extent (rmardsen@gcfund.org)

David Craig, adviser to Hela (dcraig@gcfund.org)

Paul Dolan, secretariat support (?) (pdolan@gcfund.org)

From CSOs – Brandon Wu (ActionAid US, North CSO active observer), Liane (Heinrich Boell Foundation NA), Lutz (Germanwatch), Oscar and Janet (Institute for Policy Studies)

1. Raise concern about the lack of multi-stakeholder consultation for the elaboration of papers. Welcome the example of consultation process made for the gender paper. This process was not perfect but did genuinely engage a number of stakeholders and the document is inarguably better for it. Overarching point is while CSO consultation on documents should be done as a matter of principle, it will also result in stronger documents and ultimately a better Fund. Would gender paper be useful as a precedent?
 - Hela: issue of 8 essential prerequisites for capitalization; one intervention from active observer not capture richness of comments civil society might have. A practical way of tapping into your knowledge might be to put in writing or set up conference calls with main writers or team leaders to feed in on those pre-requisite areas. will have to happen soon because time is very tight – we can already have a set of virtual calls on each of the progress reports
 - Also useful to give written versions of CSO interventions at Board meeting with some of our comments to some of the to acting secretariat of the meeting
 - David: editorial comment: valuable offer – upstream of finalising the document. that's also a complaint from board members

Brandon and Meena will follow up with Sara to schedule calls with secretariat leads on each paper/issue area for May

2. Hela pointed out that lots of people know about other MDBs, but not the GCF; asked if we were “raising awareness” of the GCF in order to encourage governments to make contributions at the UN climate summit (Sept 23)
 - General response was that many of our groups have long been advocating for a green climate fund, and are actively lobbying our governments to increase their support for climate finance, our colleagues working on finance in broader UNFCCC context are waiting for cues, and whether to continue that kind of advocacy.
 - But we can’t keep doing strong advocacy for GCF unless it’s going to be something different from existing funds, which means different things to different organizations, but some examples were robust CS participation, no financing for fossil fuels and dirty energy (exclusion list), takes gender approach seriously, transparency, safeguards, economic transformation/ transformational impact are key questions that remain open, PSAG issue didn’t help building confidence. Noting political climate isn’t best etc.
 - is challenging to support a GCF process where our concerns and our role don’t seem to be taken seriously
3. Hela asked “What do we call transformational impact?” in response to our saying we would be more likely to actively advocate for GCF resources mobilization
 - genuine approach to country ownership. Not just meaning government ownership, but deeper one with meaningful participation of stakeholders at level of projects and programmes and national strategies – so many decades of non-sustainable development interventions because not meaningful ownership at deep level
 - Emphasis on domestic economies. Coming to scale is about aggregating locally appropriate interventions and the aggregate be

large scale – eg. distributed renewable energy, as opposed to eg. large-scale natural gas that's a little less dirty, or large-scale hydro; accessing new parts of private sector, incl SMEs, coops, informal sector

- Large-scale projects too emphasized. Best eg. in Singapore was from 500,000–2m range but ADB wouldn't touch because it wouldn't meet their internal cost/benefit. But would be good to define scale by support for aggregation, ownership society. eg. german buy-in for energy transition was by letting in homeowners be small investors , have a stake in energy transition. gender-sensitive approach
- Transformational could be for national policy support like feed-in tariff support, with national renewables agencies
- CC isn't just about engineering projects, but how people interact with each other, and nature
- David Craig: MDBs won't go below a certain scale because of transaction costs, but given GCF business model is to work through national and sub-national intermediaries that's less of a concern

4. Hela – How to balance safeguards and ease of accreditation if you want to use local aggregators? differentiated approach in relation to safeguards? Lower complexity, lower threshold, so greater number of institutions. Minimum best practice standards, Basic safeguards.

- participatory monitoring as part of that framework we'd want – so there's a real-time feedback loop – particularly if working through intermediaries, some of our experience with IFC is that it's not necessarily always aware. Stakeholder involvement in monitoring, reporting can be extremely helpful
- how ensure if harm is done, but what's the redress mechanism
- alignment with national plans is crucial – so as not perceived as a conditionality. Alignment with a national plan. Interested to do anyway. Country-drivenness is the key.

Seems like there's some homework for us here, maybe safeguards working group?

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5. The process by which the secretariat constituted the accreditation/safeguards expert panel and Private Sector Advisory group lacked transparency and due process. In particular, the secretariat's surprising interpretation that the civil society "representatives" did not, in fact, have to represent the views of accredited CSOs as determined through what is best practice self-selection process in the GCF is unacceptable. We need to come to a common understanding of best practice.
- We mentioned that Joey had said this is on his 'to do' list at our lunch meeting on Wednesday
6. Raised our concern that there seems to be lots of similar experience vis a vis MDB background and from the private sector. Early outreach like for the enhanced direct access was useful – would be good if similarly early outreach were possible for other issues. Reaching out to the active observers can be useful, but need South and North institutions, organizations and civil society experts. In case of EDA it was all think tanks based and northern hemisphere.
- Hela. we'd be counting on you to connect those, please identify and send us suggestions

We said we could collect names of experts and institutions and send to secretariat, on variety of issues

7. Raised notification observer participation issues; Southern observers require official letters stating they have been accredited by the GCF with sufficient time to get a visa to attend board meetings; it is unacceptable that the secretariat has refused to offer visa letters to participants as ensuring civil society is a core function of the secretariat.
- Hela: Very happy to issue these letters but have been informed that these were misused by some participants. Heard that some did not return to their countries. Came to one of board meetings and didn't return. that's why we stopped to issue these letters. We try to find a way – eg. limiting liability of fund

A follow up meeting will be arranged with Sara. (this happened on Friday at lunch with Lidy (JS) and Robert (PACJA))