Interventions on Accredited Entities
Below are all the CSO interventions on the proposed accredited entities, which include overarching comments as well as comments on the following: APL061 Caixa Economica Federal (CEF); APL063 IDFC Bank Limited; APL067 Pegasus Capital Advisors; APL069 COFIDES; APL070 Findeter; APL074 BNP Paribas; APL076 IDB Invest; and the PROFONANPE upgrade.

Overarching Intervention on Accredited Entities

- We welcome the progress made in the accreditation pipeline, especially the increased number of DAEs up for approval at this BM. We recommend a prioritization for 2018-2019 of similarly strong Direct Access applicants in the pipeline especially from countries that do not have already DAEs. However we also note that the balance of the GCF portfolio is still heavily biased towards international access entities, especially MDBs, more of which are up for accreditation here.

- We also wanted to note with appreciation the efforts made in improving the structure and consistency of information provided in the assessment document of applicants. In particular, we are pleased to see that for international access applicants there is now a dedicated section included detailing how the applicant aims to provide support to potential direct access candidates, which was a requirement from the set of decisions approving the accreditation framework.

- We welcome recent efforts of the Accreditation Panel to move decisively forward on a Board mandate from November 2015 under the GCF Monitoring and Accountability Framework to assess and track the progress of implementing entities to align their overall portfolios with low emission and climate resilient development pathways, as part of their re-accreditation review required every five years under the accreditation framework. After two years of stalled progress, we appreciate recent efforts by the Accreditation Panel to advance the definition of methodologies for this assessment and the establishment of baselines, and look forward to a transparent and consultative process aimed at building on the best available methodologies for assessing and tracking the alignment of Accredited Entities' investment portfolios with the mandate of the GCF and the long-term objectives of the Paris Agreement. However, this achievement is somewhat tempered by the consideration of some applicants for accreditation who have had continued strong support for fossil fuel funding Post Paris.

- In relation to new accreditation proposals, we are concerned that the Accreditation Panel seems to have mostly used only websites of entities up for accreditation to complement information provided by the same entities (as in the MFEM in Cook Islands) and it appears that there was no third-party verification from local communities of civil society for example to ensure that the information gathered were objective and not self-serving. We want to reiterate our earlier calls that third-party verification, including among others, interviews with CSOs, be conducted as part of due diligence of the Accreditation Panel in assessing entities up for accreditation.

- Additionally we remain concerned about the number of proposed accredited entities that do not have adequate environmental and social, gender, indigenous peoples', and information disclosure policies that are at least equivalent to the GCF's. These are critical policies to help ensure that the GCF projects do good and it is essential that AEs are able to comply with the GCF's standards. Further, and as noted in prior interventions, we are concerned about the overall lack of *actual* independent grievance redress mechanisms at AEs that are capable of receiving complaints from communities related to GCF funded projects and to provide adequate redress.

APL 061 Caixa Económica Federal (CEX)

- Caixa Económica Federal, applying for large scale, Cat. A high-risk accreditation with the Fund is a government-owned financial institution in Brazil with – from a CSO point of view – a very mixed track record. It has participated, in the construction of large and destructive hydroelectric dams in the Amazon region of Brazil, including the world's third-largest hydroelectric project on one of the Amazon's major tributaries, the Xingu River. According to CSO observers, the Belo Monte Dam has diverted the flow of the Xingu, and risks devastating an extensive area of the Brazilian rainforest, displacing over 20,000 people, and threatens the survival of indigenous tribes that depend on the river. We certainly would not want to see Caixa, if accredited, attempt to bring any medium or large hydroelectric power plant proposals to the Board for GCF support.

- On the other hand, civil society colleagues in the country have also pointed out in particular the role of Caixa Economica Federal in developing and supporting a number of civil society initiatives through its Socio-Environmental Fund CAIXA (FSA CAIXA), including for example in direct partnership with grassroots funding organizations like the CASA Socio-Environmental Fund (Fundo CASA). This partnership is unique in the Brazil, as both funds complement each other's missions by entering into a cooperation agreement that enabled Fundo CASA to make donations, with FSA CAIXA resources, to community based groups that could not directly access Fundo CAIXA, supporting so far nearly 400 communities to develop sustainable solutions for their territories, while improving environmental conservation and their own livelihoods. Caixa is also able to reach through their extensive network of local financial branches a large segment of the Brazilian population, both households and businesses and has a history of delivering government-supported housing programs in Brazil, as well as programs for low-income people, and also for low-income family agriculture affected by extreme weather events.

- If once approved, Caixa focuses its project/program proposals to the GCF on such activities as expanding the access to GCF funding with direct benefits to a large and often underserved segment of the Brazilian population or business sector through beneficial approaches, for example under EDA or the MSME pilots, Caixa could be a good addition to the GCF's family of accredited entities.

- This is of course provided it fulfills the conditions suggested by the AP which we fully support. And given the potential for Caixa, like other large infrastructure funders, to participate in implementation of large-scale projects with devastating effects on the environment, human and indigenous peoples rights, civil society will in the future watch very closely in which direction Caixa's engagement with the GCF will go.

APL 063 IDFC Bank Limited

- We are deeply concerned that the IDFC has a significant portfolio of investments in coal and thermal power sector. This by itself should be a reason for the Board not to approve its application for accreditation. The applicant's thermal energy investments include Adhunik Power and Natural Resources Ltd, Essar Power Ltd, GMR Kamalanga Energy Ltd and DB Power Ltd, which are all coal-based thermal power plants with captive coal blocks and it also has a 23.5% stake in ONGC Tripura Development Company Ltd, a gas-fired power plant. The bank also financed equity for Industrial Financial Corporation of India Ltd, a government owned financial company which invests on fossil fuels including power plants.

- We had the opportunity to speak with the representative of the IDFC at B.20 and he informed us that IDFC is currently no longer investing in coal power projects in India. While this is a good development, the IDFC representative also acknowledges that the reason is not because of climate considerations, but because it considers coal and thermal plants an industry "under stress"– meaning to say it is not a profitable industry to invest in right now.

- We urge the Board to defer its consideration of IDFC's application until such time that it produces a written certification of its current policy of not investing in coal and other support documents verifying that this is true.

- Regarding recommendations made by the AP – they ask for a first condition to be met prior to the consideration of the first funding proposal by the Board and that is provision of evidence of the establishment of its oversight procurement function and the procurement procedures that it and entities who receive GCF funds from the applicant will be required to comply with. A relevant point here is the fact that the Essar Power Ltd., which is one of the applicant's investment recipients, has been indicted by the Department of Revenue intelligence. There is no evidence of action taken by the applicant as an investor against Essar Power Ltd in terms of any action taken by the company to indicate internal due-diligence was undertaken.

- There was mention of another second condition to be met prior to the consideration of the first funding proposal by the Board - that is provision of evidence of the establishment of its external communication system for environmental and social-related information that includes methods to (i) receive and register external communications from the public; (ii) screen and assess the issues raised and determine how to address them; (iii) provide, track and document responses, if any). It is important to refer to the gross environmental and social violations of several companies in the IDFC portfolio. For instance, concerns regarding one of its companies, - GMR Kamalanga Energy Ltd - include absence of publicly available information on the environmental impact assessment or the social impact assessment and on pollution emissions; compromise on community health, safety and security; flawed land acquisition process; misuse of community resources; exacerbation of poverty and economic displacement as well as harassment and intimidation of affected populations.

- We have highlighted only two of the companies in the portfolio of the applicant, but others have also various levels of violations which are not acknowledged or mentioned in any of its documents available in the public domain.

- We are also concerned that the applicant has invested in the India Infrastructure Fund, which has made questionable investments. This demonstrates the concerns often raised about intermediaries which is the model that the applicant is also seeking to take, through the GCF funds.

- Finally, we are concerned that the applicant does not have a gender policy, procedures nor competencies in line with the Gender Policy of the GCF, and has not demonstrated that it has experience with gender consideration in the context of climate change.

- Given all the concerns that we have highlighted, it is a huge reputational risk for the GCF if it were to accredit the IDFC Bank Ltd.

APL067 Pegasus Capital Advisors

- This applicant for medium-sized, medium category B international access accreditation is a US-based private equity fund manager. Its proposed accreditation clearly plays to efforts to boost the GCF's equity investment portfolio overall, but in our assessment should not be considered the highest priority in terms of re-balancing the accreditation portfolio.

- We find Pegasus' track record in financing climate change-related projects as listed by the AP hardly promising: one of the three examples is "USD 50 million to USD 100 million (equity and guarantees) in liquid fuels storage, distribution and marketing in Peru, including operations of private port facility and biodiesel production facility". In this investment in the biofuels company "Pure Biofuels del Perú", Pegasus "de-leveraged" the balance sheet of the company and sold a stake to BP in 2014, before selling its remaining stake of the company in May 2018.

- Pegasus also takes a significant interest in waste management, including incinerators. Its current portfolio (http://www.pcalp.com/investments/#accordant-energy) includes Accordant Energy, which creates "ReEngineered Feedstock, that can be co-fired with coal and biomass in power generation facilities, cement kilns and industrial boilers" (https://www.insightssuccess.com/accordant-energy-enabling-cleaner-coal-power-generation-with-improved-environmental-performance/). These activities obviously did not make it on the applicant's exclusion list to eliminate certain investments, which the AP refers to.

- Given that some of the more controversial projects that have come or will come to the Board have involved the GCF's engagement in biofuel investment and given that the GCF lacks biomass sector guidelines or even agreed principles for its engagement in biomass projects, we see this track record of Pegasus with some concern.

- It is therefore even more important that if accredited the fulfillment of the conditions proposed by the AP, especially on the need to revise its information disclosure, to upgrade its diversity policy to a full gender policy and to establish a grievance redress mechanisms are strictly followed and we would hope to see full documentation published of how Pegasus will comply with these conditions.

APL 069 – COFIDES (Spain)

- We would like to highlight that the promotion of the internationalization of the Spanish economy is part of the founding mandate of COFIDES. In the past, this Board has been very skeptical of applications from entities that are mainly concerned with the promotion of their domestic economy. This has been discussed intensively when an export credit entity had applied for accreditation. Civil society shares this skepticism. We are convinced that an entity that implements projects for the GCF should be primarily concerned with the promotion of climate action and development in the partner countries where the GCF projects take place.

- While in the past, COFIDES was only able to support projects with Spanish investors or another link to the internationalization of the Spanish Economy, we acknowledge that, in recent years, the entity is moving towards more "untied" investments where such a link is not required. GCF funds would be managed in such an "untied" way. According to information provided to us by Cofides in response to our questions, the entity clarified that 17% of the total number of projects since its creation were "untied," which of course means that 83% of the projects still are tied.

- While we acknowledge the fact that COFIDES is not an export credit agency, we nevertheless had a similar case involving one. In that case the Korea Exim Bank also argued in its application that GCF funding would be managed by a is a separate part of their institution (the Economic Development Cooperation Fund) that doesn't work like the rest of the bank and is solely focused on development in partner countries. Yet, many Board members argued then that the institutional culture in an entity primarily focused on the promotion of their own domestic economy would be a bad fit for the GCF, even if this is formally handled by a division with a different focus. Ultimately, Korea ExIm Bank was not accredited.

APL070 – Findeter (Colombia)

- We welcome Findeter, a national development bank organized as a credit union in Colombia, to the GCF for small-scale financial intermediation as this accreditation will expand the portfolio of GCF DAEs capable of Enhanced Direct Access (EDA). Nevertheless, we are concerned that it does not have an adequate Access to Information Policy and instead has a "general Security Policy and Information Privacy," which potentially creates more risks for communities, since as a credit institution subject to a private law regime Findeter has no obligation to comply with the provisions related to the disclosure of information and transparency established for public entities.

- If Findeter is accredited, it should be on the condition that its Access to Information Policy is at least equivalent to the GCF's and that it will comply fully with the GCF's "Information Disclosure Policy."

- Additionally, considering Findeter's approach of hiring consultants to carry out project planning and development, it is clear that Findeter's oversight function as well as internal ESS and gender expertise and capacity need to be significantly strengthened to ensure all GCF policies on gender and environmental and social safeguards, as well as Indigenous peoples and access to information are met without exception in GCF-supported project preparation and implementation. As such, we agree with the conditions that Findeter must have a gender policy that is consistent with the GCF's gender policy and on disclosure of information.

APL074 BNP Paribas

- We are concerned about the accreditation of yet another large bank, which will take the GCF further away from having a balanced portfolio and sufficient resources dedicated to direct access entities.

- We have significant concerns about BNP Paribas's track record related to fossil fuels. The applicant's lending policy is currently not aligned with the global temperature target set by the Paris Agreement. We appreciate that in recent years, BNP Paribas has adopted several policies to shift its portfolio away from funding fossil fuels and this is exactly the kind of movement we want to see from GCF accredited entities. However, it continues to have fossil fuel companies and projects in its portfolio. BNP Paribas' CRS policies do not prevent the bank from doing business with companies with unacceptable practices, and notably with companies continuously developing coal. It is for example RWE's seventh biggest investor. It has financed the 120 most aggressive coal-fired power plants developers with more than $4 billion between 2014 and 2017. And its financing to these companies increased by 200% in the year following the adoption of the Paris Agreement.

- Additionally, as noted by the Accreditation Panel, BNP Paribas does not have a gender policy nor an information disclosure policy consistent with the GCF's own policies and so recommends that they are developed before BNP Paribas submits a funding proposal. We support the inclusion of these recommendations as conditions, but find it concerning that the GCF is accrediting another large international institution for high risk projects that lacks core social policies at the time of accreditation.

- Lastly, we note with concern that BNP Paribas does not have a grievance redress mechanism. A customer complaints line is not the same as a grievance redress mechanism that can address the potential significant harms that may result from a high risk project. Further, providing an example of a funded project that had a project-level grievance mechanism is insufficient to show that an accredited entity has the capability and systems in place to address grievances and provide redress.

- Should it be accredited an additional condition should be added requiring BNP Paribas to develop an independent and effective grievance redress mechanism.

APL076 IDB Invest

- We have concerns that the GCF is accrediting another large MDB, this time the private sector lending arm of the IDB, which is focused primarily on promoting private enterprises and does not emphasize community engagement in project development and planning. Additionally, a 2016 review of Green Lending by the IDB group found that green credit lines lacked clear definitions, including related to environmental integrity.

- IDB Invest has a worrisome track record, especially as it relates to the promotion of large hydroelectric projects in the region as clean and climate-friendly. This is evidenced by inclusion of the Reventazón Hydro dam, the biggest dam in Central America, as an example of their track record of climate change-related projects in the accreditation assessment. As civil society has noted before, large dams are far from clean and often have accompanying environmental and social problems. IDB Invest is also supporting the Ituango dam, which will be the largest dam in Colombia, as well as the Pojom II and San Andrés dam project in Guatemala. Both dams are the subject of current complaints at the MICI, IDB Invest's independent accountability mechanism, from communities alleging negative impacts.

- Additionally, IDB Invest has financed energy and infrastructure projects causing severe violations of environmental and human rights, specifically on local communities' rights. Increasingly, many IDB projects have been implemented through public-private partnerships (PPPs), which, in countries like Colombia, has negatively affected public participation, transparency, and consultations in general.

- Currently, IDB Invest is revising its Access to Information Policy, and the proposed policy is not consistent with the GCF's Information Disclosure Policy. Worryingly, IDB Invest's proposed policy only requires a 60 day disclosure for high risk category A projects, which is half the amount of time that the GCF's policy requires. This is especially problematic in light of the fact that at this Board meeting a clause in two MDBs' AMAs has been invoked to justify disclosing two high risk projects less than 30 days prior to this board meeting.

- IDB Invest's proposed Access to Information Policy does not guarantee transparency nor effective or adequate consultation with potentially affected people. It focuses primarily on online access to information, which does not account for the reality that the Bank operates in areas where there is neither universal internet access nor universal literacy. It also does not address how to overcome barriers to access to information such as documents only being available in non-local languages.

- IDB Invest seems to confuse growth with development as it speaks of development but fails to include communities in the design of such development. Without adequate community participation, "development" can easily turn into growth that impacts local communities instead of benefiting them. With an institution that has as its goal the promotion of private enterprises, ensuring participation of communities from the beginning of project design is more important than ever and should be clearly stated and explained in their accreditation proposal.

- If IDB Invest is accredited, it should only be with a condition that its Access to Information Policy is at least equivalent to the GCF's and that it will comply with the GCF's Information Disclosure Policy.

PROFONANPE upgrade

- We are concerned with the proposal to upgrade PROFONAPE's accreditation type to including ability to have category B/intermediation 2 projects and urge the application of additional conditions beyond those just speaking to the financial ability of PROFONANPE to do grant awards to those that pertain to PROFONANPE's ability to apply fully the GCF's Indigenous Peoples' policy which was approved after PROFONANPE received accreditation. Thus, the accreditation update request should have included a gap analysis of PROFONANPE's ESS and thus a validation that PROFONANPE's ESS are fully in compliance with the GCF IP policy and it is not clear from the accreditation report that this happened.

- The report provides a track record of the AE's performance and also refers to the possibility of offering a grant awards scheme, but it is not clear whether indigenous peoples can directly access it, although the AE wishes to access the Enhanced Direct Access modality.

- The AE updated its Environmental, Social and Gender Policy (ESGP) in December 2017, but in addressing indigenous peoples, it only refers to indigenous peoples' cultural heritage, which falls short of internalizing the content and approach of the GCF's IP policy. The proposal does not refer to the need to ensure respect of Indigenous Peoples' rights, but only to respect Amazon indigenous communities and native people's systems and lifestyles.

- It should be recalled that the first project proposed by PROFONANPE for the Peruvian wetlands was pretty controversial and generated some internal disputes among Peruvian indigenous peoples, and, in particular, evidenced a poor understanding of how free, prior and informed consent (FPIC) works and whether the AE was able to properly carry it out. In a statement made in February 2017 Peruvian indigenous peoples issued a statement to the GCF regarding this project and asked PROFONANPE to provide information on how Indigenous Peoples had been consulted and how FPIC was sought.

- This proposed upgrade is also concerning is that risk for that initial project had been miscategorised to C while it should have been B, as it would affect – directly or indirectly, thousands of indigenous peoples. The Board had approved the project but provided some conditions for disbursement, and in June 2017 after what PROFONANPE referred to as a year and a half long consultations the first tranche of the financing was disbursed.

- There needs to be more clarity on how PROFONANPE intends to ensure Indigenous Peoples engagement from the very beginning, and how they intend to adjust their Indigenous Peoples related policies to ensure they are equivalent to the GCF's ESMS and IP Policy that, for instance, do envisage FPIC in line with the UNDRIP and other international conventions that may be applicable to the specific project/program funded by the GCF.