

CSO Comments on Replenishment (BM20, July 2018)

We look forward to an ambitious replenishment of the GCF, guided by an open and transparent process, and which takes into account the growing needs of developing countries.

The replenishment process should formally start no later than at the next GCF Board meeting (B21) and be concluded as soon as possible to avoid gaps in the ability for the GCF to do its work. In line with the precedent set at the Initial Resource Mobilization process, including the IRM pledging conference in Berlin in November 2014, it should allow for participation of a CSO Active Observer in related workshops and/or a pledging conference.

Re contributions from philanthropic foundations and other sources

- While we see the merits of exploring the financial input from alternative sources in the GCF in general, we have some concerns with the presented "draft policies for contributions", as well as the draft decision.
- Firstly, we see NO compelling reason why the GCF should prioritize the development of policies for contributions for accepting loans or debts, the issuance of green bonds, etc. For instance, the complexities and potential controversies of the GCF taking loans from private corporations would result in a distraction from the Fund's core business. Similarly, the issuance of green bonds by the GCF is something that requires careful consideration and is therefore premature to be given the mandate to explore further. We therefore would like to see a deletion of paragraph c) in the draft decision.
- Regarding the "draft policies for contributions", we would like to highlight that while we welcome some elements – for example, noting that accepting grant pledges should avoid "reputational or other damage to the GCF", we also have some concerns. For instance:
 - The element of "environmental, social and governance criteria screening" should be further developed to ensure that contributions to the GCF could not be used as a means of "greenwashing" polluting companies (or investors in polluting industries).
 - Paragraph 17 (a) suggests that non-sovereign contributors could " earmark" grants for specific projects or windows. We would like to stress that the Board has previously decided against earmarking, and for good reason: it distorts the investment priorities of the Fund, risking that they are donor-driven rather than shaped by the needs of recipient countries. We would therefore like to see paragraph 17 (a) be deleted.
 - Allowing contributors to advertise their donations by usage of the GCF donor logo, as suggested in paragraph 17 (d), should be given further consideration. It should be expressly clear that the GCF logo is not intended as an endorsement of the organization or its practices and that this should not extend to the consideration of "sponsorships and partnerships" (as implied in Annex III, section 2.3). The GCF should not engage in formal partnerships with private sector corporations as there is a significant reputational risk in doing so, which the GCF does not currently have the capacity to assess.

- Last but not least, we are concerned about the proposed establishment of an "advisory panel" for large contributors, as suggested in section 2.3, even though in the section it is not specified what a "large contributor" would constitute. The possibility of for example a high net worth individual paying to receive influence in the GCF to potentially distort its public good mandate for personal political reasons has to be avoided at all cost. Private contributors should not be granted the opportunity to provide institutionalized "guidance to the GCF".