

**Dear Board members, alternates, and advisors:**

We have strong concerns about the proposed Partnership and Access Strategy and call on the **Board not to adopt** this document as it stands.

We fully agree with the need to improve access to climate finance and have championed that cause throughout our history as an observer network. Unfortunately, this policy does not address many key access issues and instead opens the door for a weakening of many of the policies that make the GCF a leader and pioneer in transformative climate action. Moreover, the document, as it stands, runs against one of the core reasons why the GCF was formed, which is to **provide direct access to local communities, civil society, and Indigenous Peoples**.

Much deeper collaborative work with Board members and advisors as well as civil society and Indigenous Peoples, the latter of which are not mentioned once, is merited, and this measured delay would in no way prevent clear, actionable steps between now and B.40 already within the Secretariat's purview. This Strategy has not had the robust discussion and consultation, including through the solicitation of public inputs at least from the GCF CSO observers, that it merits. Instead, it was a limited distribution document (which hinders the ability of observers to fully comment as a network) and only made public a little over a week before the Board meeting. The Indigenous Peoples Advisory Group was also not consulted.

**Unacceptable Elements**

There are five substantive elements of this partnerships and access approach that must be addressed and remedied through ensured meaningful engagement before developing a valid framework that operates within the context of the GCF's existing policy and practices.

1. **Lack of Local Access:** Failing to recognize and value civil society and Indigenous Peoples as partners in country program development, pipeline development, project/program conceptualization/origination, design, implementation, or monitoring is not acceptable. Indigenous Peoples are not mentioned even once.
  - a. None of the access priorities focus on access for local actors and rights-holders or the many ways in which direct access could be enhanced through partnership models with them.
  - b. The lack of specificity is a lack of inclusion. A new country platform approach cannot be assumed to be inclusive nor innovative without bringing grassroots and Indigenous solutions to the table in partnership, especially given the historical ways in which local actors including civil society, Indigenous

Peoples, and local communities have not been consistently or transparently engaged in GCF processes, such as country program development. Therefore, it is crucial to ensure that this strategy of ‘partnership and access’ does not repeat the history of historical marginalisation and social-environmental harm in climate and development finance.

2. **Advancing Principles-Based Policies without Definition, Detail, or Context:** The push for principles-based policies, without specifying details on which principles and how these “principles” would be operationalised opens the door for the strategy to undermine and weaken the existing Gender, Indigenous Peoples and Environmental and Social Policies of the Fund.
  - a. At a time when the GCF’s own ESSs have been under development and delayed for many years, this short-sighted decision does not posit how these policies would work. While the observer network maintains that principles-based policies are not an appropriate approach for the GCF, whose projects and programs are often much bigger, riskier and more complex than those of the Adaptation Fund, this conversation is impossible without real mapping (promised, but not provided in the consultant’s report), without waiting for the ESSs to be finalized and implemented, or without an adequate understanding of knock-on policy impacts.
  - b. While there is a need to support the ability to fully comply with the GCF policies in a differentiated manner, more capacity-building resources are needed for direct access entities as well as local communities, civil society, and Indigenous Peoples to directly access the GCF based on their needs, priorities and the mandate of the GCF. These are not the needs and priorities dictated by multilateral banks and large financial institutions.
3. **Shifting the Risk to Communities:** While the GCF maintains its ability to absorb risks that can strengthen much-needed investments in climate action, it is vital that we consider who is actually taking on the risks—to their lives, livelihoods, and ecosystems and landscapes.
  - a. This type of approach shifts the risk burden of a project or program to the people on the ground, particularly those most vulnerable, and away from the GCF and its accredited entities. It also raises the question of the ability of the independent functions of the GCF to fulfil their compliance-based mandates and ensure accountability if such a shift were to happen.
  - b. This potential shift from a compliance to a risk and opportunity-based review of projects could have extremely negative impacts for accountability, particularly accountability to and remedy and redress for communities and people affected by projects and programs. This is especially problematic for

those bigger multi-country and private sector programs and approaches that already raise serious concerns when it comes to accountability, transparency and redress and grievance provisions.

4. **Lack of Clarity with Readiness:** At a crucial time when the new readiness strategy has been adopted but the operational modalities have only been soft-launched in a webinar without an accompanying document, this approach only muddies the waters. Would it not make sense to give the new readiness strategy a chance to work before implementing a new approach that carries with it major potential for harm? How this approach will interact with the readiness operations and preparation of NDCs and NAPs in ways that are cohesive, coherent, and not duplicative is not clear. Nor are key institutional actors supporting climate policy and planning, such as the NDC Partnership and NAP Global Network, mentioned.
  - a. How will these “country platforms” work? How do they compare with the comprehensive and multi-stakeholder country coordinating mechanisms with devolved decision-making we have been asking for?
  - b. What is the role of the GCF in these platforms, considering that this concept is also used by MDBs and through partnerships that are more focused on “investments”, using loans and other non-grant instruments?
  - c. How does this approach complement the country-based efforts of the UNFCCC and its climate finance mechanism? Existing GCF policies suggest building on existing efforts as they are already designed to lead to country programs and pipelines rather than something different and totally new.
5. **Undermining the Monitoring and Accountability Framework:** The decision explicitly opens the door for reforming the Monitoring and Accountability Framework (MAF), without first analysing how it has-and has not-been implemented. The full effect and intent of the MAF is yet to be realized; there needs to be remediation first on its implementation rather than an update.

### **Adapting this Strategy is the Wrong Direction**

The adoption of this strategy risks repeating the experience of the Accreditation Strategy, which was adopted quickly in an attempt to prove it was done, and in a form that only partially resolved many of the issues that needed to be addressed. But the issues that rushed strategy was trying to solve, still largely persist. This lesson is one reason not to adopt this strategy as it stands, and to instead further develop and clarify the approach.

This strategy fails to align itself with the GCF investment criteria such as ‘country ownership’ and ‘the need of the recipient countries’--where country ownership means not just governments’ ownership and needs, but also ownership by the peoples of the country

based on their needs. It also fails to mainstream para 8, 21 (b-iii), and section 4.2 (g), 4.3 (f) of the GCF's Strategic Plan 2024-2027, in which the Strategic Plan has explicit reference to working with Indigenous Peoples, women, and marginalised communities.

Adopting this flawed document would move the GCF further away from the purpose for which it was created and instead refashion the GCF in the image of a multilateral development bank. The adoption of similar language, like introducing "client" designations, is only one element of this potential transformation; the inherent questioning of having best-practice standards for doing good rather than harm, environmental integrity, and gender equality strikes at the heart of the GCF's ability and mandate to promote a paradigm shift instead of business-as-usual. **The GCF was intentionally designed to be different**, and there is no need to create any more MDBs. The needs that the GCF should be addressing are different and therefore, its approach needs to remain different.

#### **Access Can Be Enhanced Now**

Meanwhile, as robust consultation and refinement continues on this approach, the Secretariat can implement actions to enhance access in alignment with its DAE Action Plan. The Secretariat, especially within its reorganisation, can:

- tackle internal processes that render the development of funding proposals slow, including, among others, improving communication and cooperation with DAEs, and reducing the burden of climate rationale documentation and rethinking climate rationale in light of scarce data and a commitment to rely on indigenous knowledge
- understand better the capacity constraints at the level of local partners, including DAEs and NDAs, and find sustainable ways to address them, beyond assigning consultants to the task
- enhance transparency around the life cycle of projects and programs to engage more local actors to support origination, design, implementation, and monitoring
- publish the AE self-assessments required under the Monitoring and Accountability Framework, which for IAEs, include a "report on the support provided to direct access entities for accreditation or to build their capacity" to enable identification of best practices and cross-learning

#### **Advancing Access**

We have long been committed to making the GCF accessible and to live up to its paradigm shifting potential. Let us again be part of this process. A partnerships and access strategy can be robustly developed while drawing on the resources of civil society, Indigenous Peoples, and local communities. We champion access and ease of access to climate finance that does not risk violations of human rights, destruction of environmental integrity, or failing to advance gender equality. We would like to be "partners" in this effort and that



## 39th Board Meeting of the Green Climate Fund

July 15-18, 2024, Songdo, Incheon, South Korea

means more than simply our elected Active Observers having some access to a limited distribution document a few days before it is finalized.

As it stands, this would take us backwards; the document fails to streamline itself with the GCF investment criteria and strategic plan 2024-2027. We know access needs to be improved. But do not let the desire to get something done, get in the way of getting it done right.

Thank you,

The GCF observer network of civil society, Indigenous Peoples, and local communities

**NOTE:** The observer network circulated this letter to Board members, alternates, and their advisors prior to the [39th Board Meeting of the Green Climate Fund \(B.39\)](#). An intervention was also delivered on the Partnerships and Access Strategy on the first day of B.39, July 15. The copy of the intervention can be accessed [here](#).