

Implementation review of the Policy on Restructuring and Cancellation

Access the document: <https://www.greenclimate.fund/board-document/gcf-b45-16>

We appreciate the review of the current Policy on Restructuring and Cancellation. While we recognise the genuine operational pressures raised by a growing portfolio, and thus a tendency to devolve some Board responsibilities to the Secretariat in the name of efficiency, challenges related to funded activity implementation that are of a severe nature or pose a reputational risk to the GCF are best addressed with the Board, ensuring transparency and accountability in line with the GCF's Governing Instrument.

This is particularly important for restructuring requests linked to funded activities where serious concerns have already been raised, including through redress cases indicating harm to communities. We would point to FP034 as an example; a project with multiple grievance cases brought forward under the IRM, and which today came forward for restructuring. We think cases like this – which are likely to increase with the growing scale and complexity of the GCF portfolio – warrant a higher level of Board attention, precisely because restructuring decisions may not be purely technical or financial, but intersect with fundamental questions of Board responsibility for the GCF's accountability to do good.

According to the review, only a small subset of the requests processed under the Policy, in the range of 4.9 to 7.5% for the past three years, have been brought to the Board for consideration. This does not seem overly burdensome, nor an impediment to progress writ large on portfolio implementation. Indeed, this review is helpful in quantifying the issues - for instance, paragraph 46 discusses some avoidable delays in implementation, but identifies that these affected only "a very small number" of projects.

The subsection entitled, "Multi-country programmes face particular challenges under current consultation requirements," points to issues with the AE-NDA relationship and related communication, which are part of the ongoing discussions on country ownership. A particular issue seems to be private sector cases, where AEs do not feel they can communicate effectively the reason for a change request, for example, without revealing commercially sensitive information.

Nevertheless, as the review found, the criteria for what constitutes a "Major Change" remain unclear, requiring clearer, more objective criteria. This would help ensure that significant decisions, including ones with severe social or environmental implications, are not determined informally without the Board ever seeing them.



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The comparative review of policies from other institutions, which is indicated as a basis for the implementation review, would have been helpful to have as an annex here. It should be included as an annex when the draft revised Policy is circulated for inclusive consultation before Board consideration at a later meeting. This review is a helpful first step to inform a necessary and transparent policy revision process.