

GCF Observer Network of Civil Society, Indigenous Peoples, and Local Communities

Letter to the GCF Board on

Board Effectiveness**Access the document:** <https://www.greenclimate.fund/board-document/gcf-b46-18>

Dear Board members, alternate Board members, and advisors:

The GCF Board bears ultimate responsibility for the Fund's decisions, including funding approvals and the selection of its partners. As an operating entity of the UNFCCC financial mechanism, the GCF must remain accountable to the COP and CMA and uphold its mandate. While we welcome further efforts to improve Board processes and effectiveness, the changes laid out in this proposal take unacceptable procedural and due diligence shortcuts that could put this mandate at risk, as they propose making Board decisions on core Board responsibilities by simply running out the clock through a passive no-objection approach instead of through active consideration and engagement of the full Board. These shortcuts do not fully appreciate that the "Fund will operate in a transparent and accountable manner guided by efficiency and effectiveness" (as in para. 3 of the Governing Instrument). Efficiency cannot come at the expense of transparency, accountability and the integrity of the Fund's decision-making processes.

We urge the Board not to adopt this decision during B.46, but to continue to engage so as to ensure steps taken are indeed steps forward that do not undermine key dimensions of the Fund's functionality and mandate and dismiss years of previous discussions and prior Board understanding on decision-making. In particular, taking steps such as between-board-meeting approvals of some funding proposals and all accreditation applicants have serious implications and require significantly more consideration before potential adoption. We welcome you to also consider our September submission on the earlier consultation draft, as many of our elaborated comments remain relevant and applicable.

Transparency and accountability of Board decisions are also fundamental to securing the trust of the wider public in general, given the GCF's role as an operating entity of the UNFCCC's financial mechanism and its flagship role for the implementation of the Paris Agreement. Decision-making by the Board in webcast meetings of the full Board meets this standard. Furthermore, the opportunity for observers, particularly civil society, Indigenous Peoples, and local communities, to be adequately informed about upcoming Board decisions on funding and accreditation proposals, let alone have their voices heard in such Board proceedings that have a direct impact on their lives and livelihoods, is essential. The GCF allocates billions of dollars – with proposals seeking USD 1.8 billion in GCF support at B.46 alone. The ability of civil society and Indigenous Peoples to be on the record with both positive and negative feedback and channeling the voices of affected people prior to any such allocation has been, and must continue to be, a hallmark of a fund intentionally

designed to deliver climate finance in a way that prioritizes the most vulnerable yet ground-level actors, and differently from top-down MDB approaches.

Considering funding proposals in a forum that allows public discussion and accountability builds public trust and maintains public support for the GCF and its allocation of public funds. There is value in sharing views, as well as hearing responses from actors with authority - the Secretariat and Accredited Entities - regarding any concerns, as is currently the case regarding all funding and accreditation proposals in publicly webcast Board meetings. Secretariat and AEs' on-floor responses and assertions are key to accountability and the Board's understanding of the full implications of the projects and programmes to which they give the stamp of approval with their decision. Such exchanges are essential to ensuring transparency, accountability, and informed decision-making, and must be preserved in any revised Board procedures. Participating in decision-making is a human right, as elaborated in the Aarhus Convention and the Escazú Agreement.

Board effectiveness must not shortsightedly be equated with speed alone, or how quickly money flows out of the GCF's coffers to recipient countries, as flows that lack due diligence in turn risk either causing greater harm to those communities whose concerns are not adequately heard, or risk not considering the needs or priorities of communities in the first place. In current proceedings and under the Information Disclosure Policy, the review time for full funding proposals is, at a minimum, 21 days. The proposed procedures would effectively cut this disclosure time to 14 days, which is a third less time, in violation of both the Information Disclosure Policy and paragraph 41 of the Rules of Procedure. It is unclear as to what the justification for this violation is. Adequate disclosure periods are essential not only for technical scrutiny, but also for enabling Indigenous Peoples and local communities to review proposals, engage in their own consultation and decision-making processes, assess potential impacts on their rights, territories and livelihoods, and provide informed input before funding decisions are made.

Without an expected timeline tied to Board meetings, any unannounced releases of funding proposals and accreditation applications could easily result in less real time for review. The predictability and lead time between Board meetings is also a key feature of the current system to be considered, allowing civil society and Indigenous Peoples to plan their network coordination around document review and to reach out to people in project-affected areas. For Indigenous Peoples and local communities, meaningful engagement also requires sufficient time to access information in appropriate languages and formats, assess potential impacts, and undertake their own consultation and decision-making processes. These processes cannot be compressed into short and unpredictable review periods without compromising on meaningful participation. It is difficult to see how this proposal considers, let alone operationalizes, the Information Disclosure Policy's principle of maximum access to information. Our only conclusion is that it is not following the IDP's first principle.

The decision-between-meetings process, because it was conceived as a way for the Board to make decisions “on an extraordinary basis” only in line with paragraph 41 of the Rules of Procedure, does not have an established process for the effective engagement of active observers, and thus undercuts their ability in this case to “participate in the proceedings of the Board” as laid out in paragraph 37 of the Rules of Procedure. Without the measured consideration and design of appropriate and robust channels for timely information-sharing from the Secretariat; and public recording and accountability of issues informing decisions (not only notifications of decision outcomes), approval procedures could undermine effectiveness. These measures are poised to shortchange those people and communities that the GCF is mandated to serve.

While decisions between-Board meetings could be designed to reflect key features of transparency and accountability. This proposal, though, has failed to demonstrate how it would preserve the same standards of public scrutiny, meaningful participation, and accountability as formal Board meetings. Nor does it provide sufficient justification for procedural efficiency over the essential safeguards.

Originally, the between-board meeting approach was adopted only after a guarantee that it would not be used for decision-making on funding decisions. Given capacity-constraints among many developing country Board members, there were significant concerns that such a process would result in proposals not receiving their full consideration and consent. Efficiency and effectiveness also mean ensuring new decisions consider and build on the foundations of previous ones.

We are also concerned that in the name of Board efficiency, Board documents, information notes and reports are increasingly streamlined to the point where they lose important data, cut out justifications or underlying analysis for proposed approaches or policy changes, neglect context and policy linkages. Board documents are lasting records of Board proceedings and testament to the level of due diligence that Board applies and applied in making its decisions. Nor are standard reports “non-strategic” - a fundamental understanding of Fund operations, dynamics, and challenges informs all decision-making. As the complexity of Board decision-making increases, due diligence is not served with the simplification of Board documentation, and any removed data, analysis, and information should remain easily, publicly accessible.

If speed is the main argument for taking this major decision, board effectiveness must also then be measured by how quickly approved funding reaches communities and delivers meaningful results. The Fund continues to face challenges in delivering on confirmed pledges even with contributor countries actually represented on the Board. The ability of approved proposals to meet and respond to on-the-ground needs and priorities also remains wanting. Board effectiveness should be measured therefore not only by speed of decisions, but also by how well the Fund delivers on its mandate and commitments to developing countries, including timely disbursements. Faster approvals should not come at the expense of



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meaningful Board oversight or the opportunity for observers to provide relevant inputs and on-the-record comments at the point of decision-making.

We therefore urge the Board to reconsider the proposed changes and engage in further consultation to ensure that any reform strengthens, rather than weakens, the GCF's transparency, accountability, and inclusive governance. The credibility of the Fund depends not only on the decisions made, but also how those decisions are made.

Best,

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