



# GREEN CLIMATE FUND

## RIGHTS AND EQUITY

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### » **WHAT ARE GREEN CLIMATE FUND (GCF) ENVIRONMENTAL AND SOCIAL SAFEGUARDS?**

The safeguard policies of financial institutions are supposed to ensure that they do not fund activities that harm people and the environment.

The GCF is using the International Finance Corporation's Environmental and Social Performance Standards on an interim basis. These provide benchmarks covering eight topics: 1) the assessment and management of environmental and social risks and impacts; 2) labour and working conditions; 3) resource efficiency and pollution prevention; 4) community health, safety, and security; 5) land acquisition and involuntary resettlement; 6) biodiversity conservation and sustainable management of living natural resources; 7) Indigenous Peoples; and 8) cultural heritage.

The GCF will develop its own "best practice" safeguards by 2018 through a multi-stakeholder process.

### » **WHO APPLIES GCF SAFEGUARDS?**

GCF "accredited entities" (public institutions and agencies, development or commercial banks, and others) are in charge of applying the safeguards. These entities are accredited according to the level of potential environmental and social risks and the size and financial complexity of the projects and programmes that they are supposed to be able to manage.

An Accreditation Panel helps determine accredited entities' capacity to manage and oversee different levels of project risk, and the GCF Board ultimately approves accreditation.

### » **WHAT HAPPENS IF THE SAFEGUARDS ARE NOT MET?**

The GCF has established a monitoring and accountability framework, which requires accredited entities to self-report

annually on how well they meet safeguards. The Fund's Secretariat will undertake occasional spot-checks to ensure that accredited entities are meeting their requirements.

The Secretariat's efforts are anticipated to be insufficient due to lack of staff resources and other constraints, so citizens in countries with GCF-funded activities could play an important monitoring role in raising red flags when safeguard requirements are not met.

If GCF-funded activities cause problems, affected communities should inform the GCF Secretariat and the country's National Designated Authority (NDA) or focal point. In many cases, the accredited entity implementing the programme will also have some reporting procedure, so they should also be formally notified.

If problems persist, affected communities can file a complaint with the Fund's Independent Redress Mechanism (IRM).

### » **HOW DOES THE INDEPENDENT REDRESS MECHANISM HELP COMMUNITIES?**

The IRM offers people who are negatively affected by GCF-financed activities an opportunity to have their complaints addressed. The IRM will evaluate the complaint, assessing its allegations of failure to implement environmental and social safeguards or other Fund policies, in order to decide whether to take the grievance process further. Eligible complaints will first be dealt with by informal mediation. If that process fails, the IRM can recommend that the Board take further actions.

### » **HOW ARE INDIGENOUS PEOPLES REPRESENTED AT THE FUND?**

Unlike many other UN processes, including the UN Framework Convention on Climate Change (UNFCCC), Indigenous Peoples are not recognised at the GCF as a constituency with a voice of their own. Their concerns and interests are instead supposed to be represented by two "active observers" who

speak on behalf of all civil society globally at the Fund's Board meetings. Indigenous Peoples' organizations have formally requested "active observer" status at the GCF Board.

Additionally, a number of Indigenous Peoples organizations are accredited as GCF observer organizations, meaning they can attend Board meetings. Indigenous Peoples advocacy efforts include meetings and correspondence with the GCF Board, staff and consultants, and communicating concerns directly to NDAs or focal points of the country where they live.

## » **WHAT MECHANISMS ENSURE INDIGENOUS PEOPLES' FREE PRIOR AND INFORMED CONSENT?**

The GCF's interim safeguards require the Free, Prior and Informed Consent (FPIC) of Indigenous Peoples for projects and programmes operating in areas that impact their territory or livelihoods. This safeguard (IFC performance standard 7) also requires the companies implementing GCF activities to protect and preserve the culture, knowledge and practices of Indigenous Peoples.

However, a project in Peru, one of the first to be approved by the GCF Board, has raised concerns about how FPIC is applied, including how to proceed in the context of disagreements between and within different Indigenous Peoples' groups. Other climate funds, including the Adaptation Fund and UN-REDD, have addressed such issues by developing an Indigenous Peoples' policy, including a protocol for the proper application of FPIC.

## » **ARE THERE SPECIFIC CHANNELS FOR TARGETING FUNDING TO INDIGENOUS PEOPLES?**

Currently, there is no mechanism that would facilitate direct access to GCF funding for Indigenous Peoples. Most Indigenous Peoples' organizations lack the capacity to negotiate the complex process of becoming "accredited entities". The GCF's US\$200 million Enhanced Direct Access pilot programme is potentially more promising, but it would be conditioned and managed by national public entities, which are often not representative of or responsive to Indigenous Peoples' concerns. An alternative approach could be to set up a GCF small grants programme dedicated – at least in an initial phase - to supporting Indigenous Peoples' capacity to operate Community Based Information and Monitoring

Systems as part of the Fund's monitoring and accountability framework.

## » **WHAT ROLE DOES GENDER EQUITY PLAY IN GCF OPERATIONS?**

The GCF was set up with a mandate to ensure a "gender-sensitive approach", which is to be implemented through a gender policy and three-year gender action plan. The gender policy asks for resources and staff capacity, including the appointment of a senior gender and social expert within the GCF Secretariat.

Gender considerations are also integrated in some core GCF policies, including the criteria for making investment decisions, and those for measuring the success of its projects and programmes. All of the Fund's accredited partners are required to have gender capacity, such as having their own gender policy.

The GCF Board and Secretariat staffing (including in senior positions) are supposed to reflect gender balance. The Fund currently falls far short of this goal.

## » **IS THE GCF GENDER RESPONSIVE?**

The GCF has taken some good first steps toward gender responsiveness. For example, it requires that accredited entities have the capacity to perform a mandatory gender and social impact analysis for every project/programme they propose.

A number of further steps could be taken to improve gender responsiveness that would also be advantageous to Indigenous Peoples and other frequently marginalised groups. These include improved opportunities to participate in decision-making, better access to information, more decentralised projects/programmes, and access to smaller tranches of grant or loan financing with low interest rates and long repayment rates.

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