Recommendations to the Green Climate Fund’s first Board meeting
Transparency International

The Green Climate Fund is a global centralised fund which by 2020 could manage up to US $100 billion per annum to help developing countries adapt to the effects of climate change and decarbonise their economies. The first meeting of the fund’s newly elected Board will be held in Geneva, Switzerland from 23rd - 25th August 2012.

Transparency International is conscious of the balance needed between the urgency to achieve results and the due diligence required to protect climate money against potential risks which could compromise best value for money and effectiveness.

The Heinrich Boell Stiftung has outlined and explained many of the key issues that need to be addressed in the early phases of the fund’s design. Building on that analysis, Transparency International recommends the following issues be considered at the forthcoming Board meeting.

Transparency of fund operations

The Governing Instrument of the Green Climate Fund lays down a fundamental requirement that the fund ‘will operate in a transparent and accountable manner guided by efficiency and effectiveness.’ Bearing this in mind, consideration and adoption of the Additional Rules of Procedures should aim to ensure that:

- Regarding S.5.4 and 5.13, all documentation from Board meetings is made publicly available on the Green Climate Fund website in a timely manner. This should include optimum transparency of Board decisions taken at meetings (S.6.1) and outside meetings (S 6.2)

- In instances when the Board and/or its co-chairs decide not to disclose documentation, reasons for non-disclosure should be clearly stated and publicly available

- Opportunities should also be made available for concerned stakeholders to provide submissions as value-added inputs to Board decision-making. Guidelines regarding the scope, time-frame and authenticity of interventions should be developed to facilitate this process. Board meeting documentation should take account of these inputs and at minimum be made publicly available on or via the Green Climate Fund website.

Transparency of Board meetings

All Board meetings should be transparent and open. In addition to permitting the participation of non-governmental observers, meetings should as far as possible be webcast. Beyond lending greater visibility to decision-making processes, this will also avoid high environmental and financial costs of direct meeting participation.

S5.8 of the Additional Rules and Procedures document suggests that the Board can hold closed sessions at its discretion. We recommend that the Board publishes guidelines for
when such discretion might be used, and considers at minimum a public statement on its reasons for meeting privately.

Confidentiality and conflicts of interest

S.7 of the Additional Rules and Procedures states that the Board and their alternate members are required to adhere to the fund's policies and standards on ethics and conflicts of interest. We urge the Board to adopt high standards of ethical conduct and conflict of interest policies in conjunction with clear compliance procedures. The Board’s Work Plan indicates that the adoption of such policies may take place at its next meeting, but this is not specifically stated. The Board may wish to clarify this in the Work Plan schedule.

For purposes of transparency and accountability, we encourage that declarations of financial interests and disclosure of conflicts of interest be made public.

Work plan

The following items that are outlined in the Board’s Roles and Responsibilities are not fully elaborated in the current Work Plan. As such it is not clear to what extent progress will be achieved on all responsibilities. These should be included in the Work Plan and endorsement reached prior to the fund’s formal execution in 2014.

- Adopt and apply policies and standards on ethics and conflicts of interest (see above).
- Develop and adopt best practice environmental and social safeguards, which will be applied to all programmes and projects financed with Fund resources (S.17 para 42)
- Establish modalities to support the strengthening of capacities in recipient countries, where needed, to meet the Fund’s environmental and social safeguards; (S.17 para 43)
- Develop, adopt, and ensure the application of best practice fiduciary principles and standards to the Fund’s entities, the Trustee’s function related to the Fund, and to all operations, projects and programmes financed by the Fund, including the implementing entities (S.18 para 44)
- Establish modalities to support the strengthening of capacities in recipient countries, where needed, to meet the Fund’s fiduciary principles and standards (S.18 para 45)

Discussions on the establishment of an independent integrity unit, ‘to work with the Secretariat and report to the Board, to investigate allegations of fraud and corruption in coordination with relevant counterpart authorities’ (S.23 para 54) are absent from the work plan. We urge that this unit be established prior to the fund’s operations in 2014.

Observer participation
In consideration of the document Arrangements for observer participation in the Board meetings Transparency International would like to present the following views, taking into consideration previous recommendations made by civil society organisations.

- We welcome the arrangements that non-governmental organisations with observer status with the UNFCCC and GEF may be admitted to the fund as Observers as well as other organisations not admitted to either body through an accreditation process. We note that the Board may exclude any organisation in the former category which is not deemed relevant or appropriate to its proceedings. In such cases, we recommend that the reasons for exclusion be made transparent, at least to the excluded organisation, and that that organisation have the opportunity to appeal (S.4.1, para 14.a.)

- Active observers include one civil society observer and one private sector observer representing all developed countries and one civil society observer and one private sector observer representing all developing countries. In consideration of the roles and responsibilities listed this scope of representation presents a number of challenges regarding the transparency, accountability and integrity of the active observers. We therefore recommend that:
  
  o An independent communications platform be established external to the fund website to facilitate the exchange of views and information relevant to the Green Climate Fund. This should help active observers more effectively collect and represent independent views and inputs of constituency members, and report back on Board meetings.
  
  o Active observers be allowed to make written submissions to the Board, in particular prior to meetings as a part of meeting documentation. At present, it appears that active observers are permitted to make oral interventions in meetings. While this is important, given time constraints and other matters, written submissions may more satisfactorily capture the views of constituencies in a transparent and accountable way.
  
  o To the extent that Board meetings are limited to public view (i.e. it is decided that meetings are not to be webcasted) the role of active observers to report back on the meeting discussions and outcomes to their constituencies is important, notwithstanding the participation of other non-active observers. In some cases, active observers may not be skilled in writing reports, however. As such it may be useful to request the services of an independent non-governmental organisation such as the IISD Earth Negotiations Bulletin team to report on meetings for wider public consumption. This would ensure an independent transparent reporting function. (S.4.2, para e.)
  
  o The eligibility criteria of active observers should include individual commitments to transparency, accountability, integrity and independence. For this purpose, we suggest that active observers be bound to a code of conduct and ethics which includes a requirement to avoid conflicts of interest and appropriate compliance measures (S. 4.2 para 27)

  o At the same time, the independence of active observers must be respected by the Board. Observers should be free to express in a fair and impartial ways the views of their constituencies without prejudice to their position or standing at Board meetings. This principle should be reflected in the overall policy on observer participation.
The process of selecting active observers must also be transparent, accountable, independent, and protected from fraud. The World Bank Climate Investment Funds has developed a model process. The Climate Action Network among others has also proposed a viable selection model.

Active observers should have enough resources to be able to accomplish their roles and responsibilities with efficiency and effectiveness. Representing the views of the two constituencies (developed and developing countries) well requires a significant amount of preparation and follow-up in addition to actual meeting participation. An accurate accounting of time involved to fulfill the roles and responsibilities needs to be calculated and should be compensated by the fund or another independent financial source. In this way, the financial independence of the active observer would be greater.

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Transparency International is the global civil society organisation leading the fight against corruption. Through more than 90 chapters worldwide and an international secretariat in Berlin, we raise awareness of the damaging effects of corruption and work with partners in government, business and civil society to develop and implement effective measures to tackle it. Our Climate Governance Integrity Programme is aimed at helping ensure that climate financing decisions and actions are conducted with sufficient transparency, accountability and integrity to prevent corruption from undermining effective adaptation and mitigation. We also want to increase civil society capacities to contribute to climate finance governance policy development, implementation and oversight.