



GREEN
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Independent
Redress
Mechanism



INDEPENDENT REDRESS MECHANISM

Building on Accountability

ANNUAL REPORT

2018

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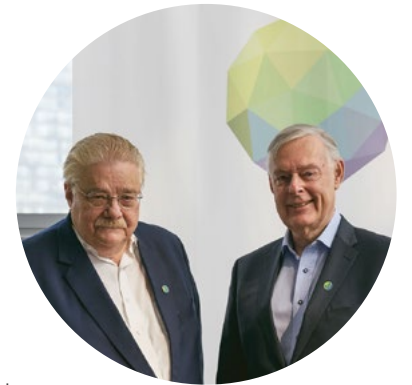
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BOARD DOCUMENT GCF/B.22/INF.10.



Message from the Co-Chairs of the Board



We are delighted that the IRM has successfully completed its second year. The IRM has established itself and has begun to implement its mandate. Over the last year, it has responded to reconsideration requests and complaints, held public consultations on its Procedures and Guidelines, begun working with its Standard Operating Procedures on a pilot basis, initiated proceedings under its suo moto modality, conducted effective outreach to stakeholders, and begun the work of capacity development of the grievance redress mechanisms of direct access entities.

These advances should signal to everyone that the GCF takes its accountability seriously. Through our policies and procedures, we want to ensure that our programmes and projects protect the environment, avoid social dislocation, and result in gender equality and safeguarding of indigenous people. The IRM is one of the key means for ensuring that the GCF, its staff and its partners achieve these goals and comply with GCF's policies, procedures and safeguards.

Another key function of the IRM is to address requests for reconsideration of funding proposals. This is a novel function entrusted to the IRM. Its genesis lies in negotiations at the UNFCCC. Developing countries advocated for a redress mechanism that would independently address such requests. We are pleased to note that the IRM addressed its first request this year.

We wish the IRM well and assure the Head and staff of the IRM of our fullest support, and that of our colleagues on the Board, for implementing its mandate.

Lennart Båge and Paul Oquist

2018 Co-Chairs of the Board

Green Climate Fund

Message from the Executive Director a.i.



2018 has been the most successful year for the Green Climate Fund to date. We approved 42 new projects, doubled the number of projects under implementation, accelerated disbursements and launched the replenishment process. The success of the replenishment will be critical to ensure that GCF continues and increases its efforts to channel climate finance to developing countries and promote a paradigm shift to low-emission and climate-resilient development.

The rapidly growing portfolio and the replenishment process require that principles of accountability, fairness, and transparency underpin every aspect of GCF projects, programmes, and the secretariat work. The Fund's Independent Redress Mechanism (IRM) ensures a robust accountability system, which is critical to fostering trust and openness in the GCF relationships with project partners, donor countries and other stakeholders.

Within the landscape of global climate finance, GCF is a young organization. It is still growing, developing new policies, learning from its experience and continuously striving to find new ways to become more effective and efficient. The work of IRM is indispensable in supporting this effort. It helps to swiftly identify and address problems and gaps in our activities and remedy their negative impacts.

We are thrilled that in just two years the IRM became a core pillar of the GCF organization, with firm policies and procedures in place. With a challenging and exciting year ahead of us, we are looking forward to working with the IRM and further increasing accountability in our work.

Javier Manzanares

Executive Director a.i.

Green Climate Fund

Message from the Head of the IRM

The year under review has been one of considerable activity for the IRM. We were active on a number of fronts including preparing procedures and guidelines for the IRM through a public consultative process, developing supporting operating procedures, engaging with a wide array of stakeholders, and handling complaints and requests. Clearly, the IRM has come of age and is building accountability at the GCF as envisaged in the governing instrument.



The year has also brought its trials and tribulations in the evolution of the GCF and the IRM. On the positive side, the IRM effectively processed its first request for reconsideration and first suo moto inquiry and provided advice to the Secretariat on a number of matters. The IRM also established relationships with NDAs, AEs and civil society through outreach and capacity building. In October, the Board approved the 2019 work plan and budget of the IRM providing adequate funds for it to undertake and complete its mandate well.

On the negative side, the year began without a fully funded budget for the IRM. This was remedied in February 2018 when the Board approved the IRM's 2018 budget. There were also delays in getting the draft Procedures and Guidelines of the IRM into public consultations, mostly because there was a backlog of draft policies and procedures to clear with the Ethics and Audit Committee. The installation of the case management system was also delayed, largely because of procurement processes at the GCF which took a considerable time to complete.

Through this year though, the Board has remained supportive of the IRM and our interactions with the Secretariat have remained positive and constructive. The IRM has sought to nurture a culture of learning and reforms based on accountability at the GCF. Overall, the Secretariat has been responsive to these efforts. The IRM believes that 2018 represents a consolidation of accountability at the GCF and that the culture of accountability and learning will continue to be fostered by all at the GCF.

Lalanath de Silva

Head, Independent Redress Mechanism
Green Climate Fund



Who we are

The IRM is the independent accountability and redress mechanism of the Green Climate Fund. The IRM’s mission is to address complaints from project affected people and requests from developing countries for reconsideration of funding denied by the Board, in a way that is fair, effective and transparent, and enhances the performance of GCF’s climate finance and the overall mission of the Fund to address climate change globally. Through its functions, the IRM serves as a mechanism that enables the GCF to be accountable to its own policies and procedures. The IRM’s mission is articulated in the GCF’s Governing Instrument as well as the IRM’s Terms of Reference adopted by the Board in September 2017. In delivering its mandate, the IRM is guided by principles of fairness, equity, independence, transparency, effectiveness, expedition and justice.

The IRM is independent of the Secretariat of the GCF and reports to the Board of the GCF on all substantive matters.

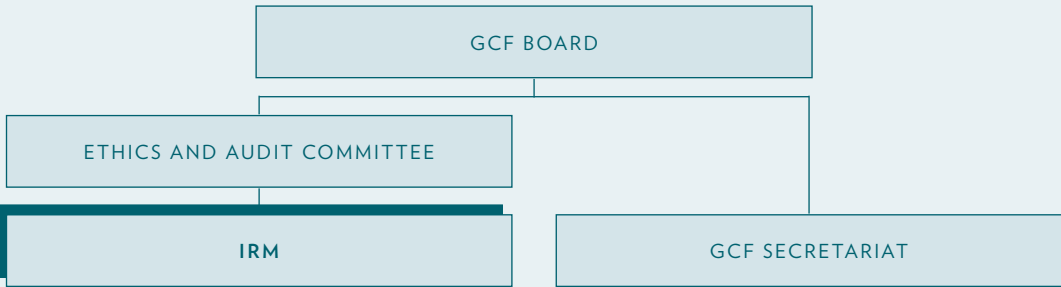


5 ROLES

The IRM’s main goal is to help the GCF to be faithful and accountable to its own policies and procedures. The IRM plays five roles in order to accomplish its mission.

- 1 RECONSIDERATION REQUESTS:** Addressing requests from developing countries for reconsideration of Board decisions denying funding to a project or programme
- 2 COMPLAINTS AND GRIEVANCES:** Addressing complaints and grievances from persons adversely impacted by projects or programmes of the GCF
- 3 ADVISORY:** Recommending reconsideration of GCF policies, procedures, guidelines and systems based on lessons learned from IRM cases and from good international practice; providing guidance to the GCF’s readiness and accreditation activities based on best practices
- 4 CAPACITY BUILDING:** strengthening the capacities of accountability and redress mechanisms of direct access entities (DAEs)
- 5 OUTREACH:** Providing education and outreach on the IRM’s work to stakeholders and the public and to staff at the GCF

THE IRM IN THE GCF STRUCTURE



The Board of the GCF is composed of 24 Board members – 12 from developed countries and 12 from developing countries.

The IRM reports to the Board, and actively consults with the Ethics and Audit Committee, a sub-committee of the Board.

2018: A Year Building on Accountability

In September 2017, the Board updated the TOR of the IRM which were first adopted in 2014. The update reflected good international practices in the field of accountability and gave the IRM a few new functions. The year under review consolidated the IRM’s contribution to GCF’s accountability and continued to build on the foundation laid in 2017. The IRM had its first experiences with complaint and request handling, and put in practice all the different modalities envisaged in the 2017 TOR. The IRM also engaged in significant outreach and capacity development activities to advance its mandate.



SETTING UP THE GOVERNING FRAMEWORK

PROCEDURES AND GUIDELINES (PGS): The PGs supplement the TOR, and are meant to give detailed guidance on how the IRM will process complaints, requests and provide advice. The PGs cover a wide range of issues including reconsideration requests, problem solving, compliance review, due process, access to information and confidentiality, response to retaliation, language requirements, time limits, standards of evidence and costs. Draft PGs were presented to the Ethics and Audit Committee (EAC) of the GCF Board and opened for public and stakeholder consultations in June 2018. The consultations took the form of public notifications calling for feedback, 11 webinars for National Designated Authorities (NDAs), Accredited Entities (AEs), Accredited Observers and Board members, and three informal consultations for all GCF stakeholders. The EAC considered revised versions based on the public consultations and the draft PGs are scheduled for adoption at the Board’s 22nd meeting in February 2019. The draft reflects good international practice relating to independent accountability mechanisms and innovations necessary in the context of the GCF.

SUPPORTING OPERATING PROCEDURES (SOPS): The IRM drafted supporting operating procedures meant as internal instructions and guidance to IRM staff on the routine implementation of the TOR and PGs. While the TOR and PGs are outward facing, the SOPs are inward facing. They form a staff manual on the IRM’s day-to-day operations. The SOPs will be piloted for an 18 month period after the PGs are adopted by the Board. Thereafter they will be issued by the Head of the IRM. The TOR, PGs and SOPs will together form the legal mandate, policy, institutional and procedural framework of the IRM.



Exercising the IRM's 5 Roles

REQUESTS FOR RECONSIDERATION
OF FUNDING DECISIONS

COMPLAINTS AND GRIEVANCES

ADVISORY

CAPACITY DEVELOPMENT OF
DIRECT ACCESS ENTITY GRIEVANCE
MECHANISMS

COMMUNICATIONS & OUTREACH

Requests for Reconsideration of Funding Decisions

The IRM has a unique mandate to address requests for reconsideration from developing countries whose projects or programmes were denied funding by the GCF Board. During the year under review, the IRM processed one request for reconsideration filed by Argentina in relation to Funding Proposal 057 – Climate Action for Rural Development: Community-based Adaptation and Mitigation. FP057 was denied funding by the Board at its 18th Board meeting, and Argentina submitted its request to the IRM in January 2018.

In March 2018, while the IRM was assessing the question of eligibility of the request and following several consultations with the NDA of Argentina, the IRM received written notification from the NDA that the country was formally withdrawing its request for reconsideration, opting instead to make adjustments to the project to present to the GCF Board. After confirming the decision with the NDA, the IRM suspended its eligibility process and closed the case. In accordance with the interim procedures on requests for reconsideration, the IRM informed the Co-Chairs and requested them to inform the Board.

PROFILE OF FIRST REQUEST RECEIVED

- COUNTRY:** Argentina
- GCF PROJECT:** FP057 - Climate Action for Rural Development: Community-based Adaptation and Mitigation in Argentina
- ACCREDITED ENTITY:** Unidad para el Cambio Rural (Unit for Rural Change, UCAR)
- DATE INITIATED:** January 26, 2018
- ISSUES:** Whether the GCF Board denial of funding for the project was in compliance with GCF policies and procedures
- STATUS:** Withdrawn; closed



Complaints and Grievances

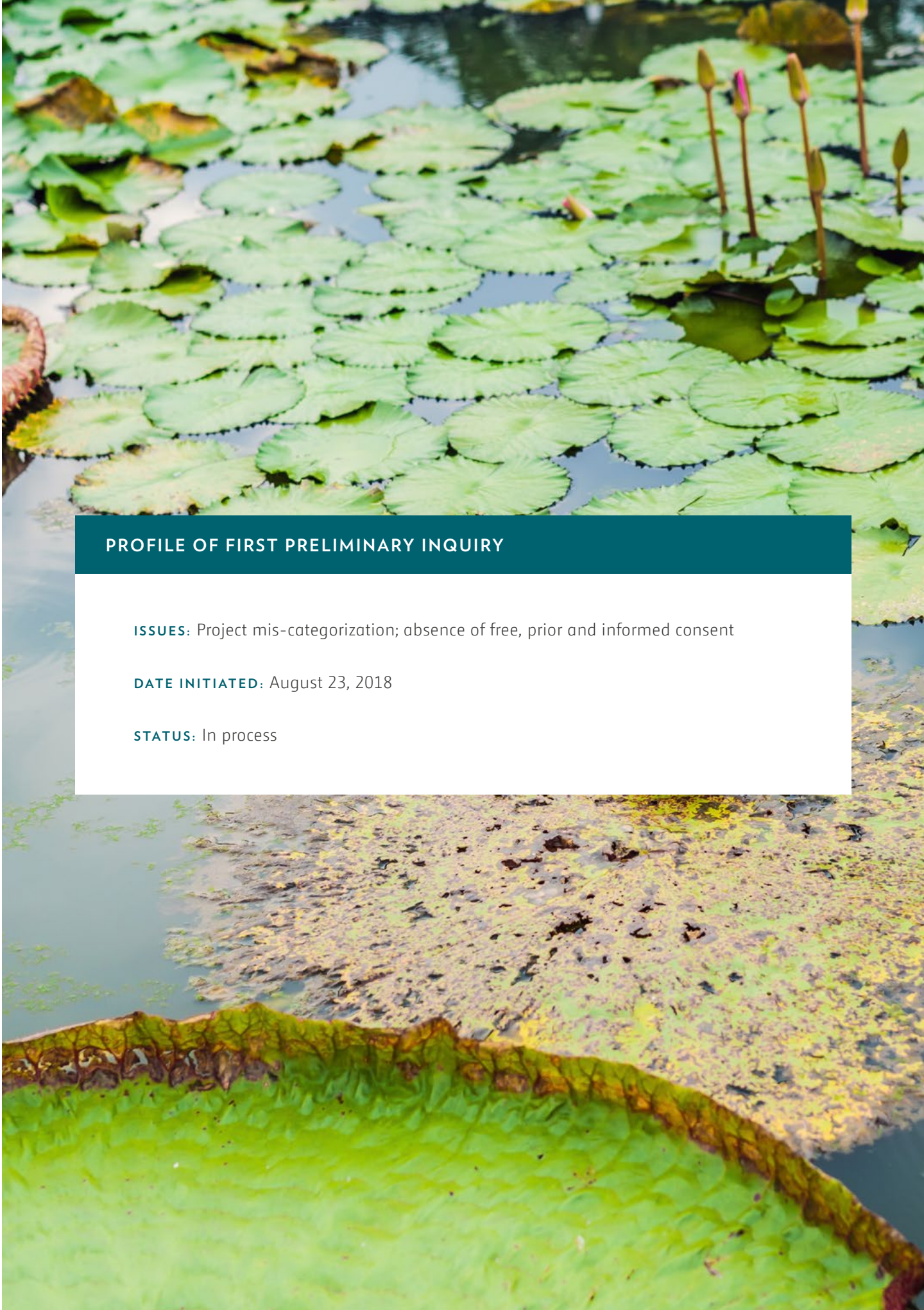
The IRM did not receive any complaints in 2018. However, the IRM is able to initiate proceedings on its own accord when it receives or becomes aware of information related to adverse project impacts that may pose a significant reputational risk to the GCF. This year, the IRM exercised this modality by initiating a preliminary inquiry based on publicly available information raising concerns about mis-categorization and lack of free, prior and informed consent in a GCF funded project. The purpose of the preliminary inquiry is to assess if there is sufficient material to initiate proceedings under paragraph 12 of the IRM’s TOR. The preliminary inquiry is ongoing, and the IRM will communicate its decision in early 2019.

PROFILE OF FIRST PRELIMINARY INQUIRY

ISSUES: Project mis-categorization; absence of free, prior and informed consent

DATE INITIATED: August 23, 2018

STATUS: In process



Advisory

In 2018, the IRM provided further advice to the Accreditation Panel on criteria for evaluation of applicants seeking accreditation on the adequacy of their grievance redress mechanisms. The Accreditation Panel is mandated to evaluate applications by entities seeking accreditation from the GCF. Accreditation enables an entity to present funding proposals to the GCF Board for its consideration.

On a more institutional level, the IRM was active in providing feedback to the Secretariat on accreditation master agreements with entities, administrative instructions, and some of the policies and evaluation approaches being developed by the Independent Integrity Unit and the Independent Evaluation Unit of the GCF.

Of particular note in 2018 is the on-going engagement with the GCF's Sustainability team on the environmental and social safeguards, gender and indigenous peoples policies and how these can be strengthened at the GCF. The IRM specifically highlighted the importance of GCF safeguards staff having the ability to visit projects on the ground, and not rely on desk reviews alone. The IRM is pleased to note that this critical element for properly assessing project impacts and preventing risks has been taken on board, and safeguards staff will be able to routinely assess and monitor projects in the field.



Capacity Development of Direct Access Entity Grievance Mechanisms

The GCF is committed to accrediting larger number of direct access entities. However, these mostly national institutions may not have had an opportunity to develop their grievance redress mechanism to the level expected by the GCF. The accredited entities are closest to project affected people, and ideally, those affected ought to be able to access quickly and cheaply a local redress mechanism that can provide redress to them. The IRM is now developing capacity building activities to help these entities strengthen their redress mechanisms. The IRM conducted a survey of these mechanisms in 2017 and did background research to enable it to develop targeted capacity building activities.

Based on the survey and interactions with direct access entities, the IRM designed and conducted its first workshop at the 2018 Empowering Direct Access workshop that took place in June 2018, convening all the direct access entities working with the GCF. The workshop was aimed specifically at increasing the capacity of DAEs to understand the best practice principles that underpin a grievance mechanism, and different ways that each of the principles can be operationalized. Subsequent to the workshop, the IRM has reviewed the toolkits and manuals related to grievance mechanisms, and is intent on transforming these into learning modules that could be accessed online, as well as for delivery in person through the course of 2019.

4



Image provided by XacBank

Communications & Outreach

Guided by its communications strategy, the IRM stepped up its outreach activities in 2018. It more than doubled its participation in outreach events, engaging extensively with its stakeholders this year.

ENGAGING KEY STAKEHOLDERS

- 4 structured dialogues
- 2 civil society workshops
- 1 financial intermediary workshop
- 2 global conferences for NDAs and the private sector
- Inreach sessions within the GCF

Partnerships and liaisons were established that will increase knowledge and understanding of the IRM’s work, and how it can be accessed when it is needed.

The IRM collaborated with other accountability mechanisms in organizing a workshop for Central Asian civil society in Mongolia, and co-hosted a civil society outreach for South East Asia with UNDP’s accountability mechanism in Thailand. Working with several accredited entities of the GCF, the IRM participated in a workshop for financial intermediaries in India and the region to exchange ideas on improving environmental and social due diligence and redress in this important and growing sector.

A new avenue for the IRM was its participation in GCF events to reach out to NDAs and AEs. The IRM participated in four Structured Dialogues in Mali, Vietnam, Grenada and Tajikistan, making both plenary presentations on requests for reconsideration and complaints, and hosting specialized clinics for those participants who wanted to deepen their knowledge.

Another first was the IRM’s intervention at the GCF Global NDA conference where the IRM highlighted what developing countries can do if their projects are denied funding, and its intervention at the first Private Investment for Climate conference where the IRM presented on the business case for establishing effective grievance mechanisms at the local level.

Finally, apart from its routine participation in staff inductions, the IRM organized the first of a series of inreach sessions with GCF project divisions. The first session was prepared for the Division of Mitigation and Adaption at the request of the head of the division, signaling the importance of the topic. The session was structured to increase awareness of the GCF’s social and environmental safeguards, what project teams can do to prevent social and environmental impacts and ensuing complaints, and how to engage when a project has resulted in a complaint to the IRM. The IRM relied on interactive exercises to help GCF staff build skills, and it will continue to improve the sessions based on feedback from participants.



Working with Partners

ROSTER OF EXPERTS

The IRM has developed rosters of experts to assist it in its work. Experts are likely to be needed when cases investigated by the IRM require specialized skills or knowledge, such as technically complex environmental or social issues. Mediation, which will be an important way in which the IRM implements its problem-solving function, is best conducted in the language of the participants and closest to where the project impacts are being felt. The IRM will therefore need ready access to a pool of expert mediators around the world. The rosters have been constituted through a transparent selection process in accordance with GCF procurement procedures. There are three rosters: a roster of subject matter experts; a roster of mediators; and a roster of translators for key world languages.

INDEPENDENT ACCOUNTABILITY MECHANISM NETWORK

The Independent Accountability Network (IAMnet) is an international network of accountability and redress mechanisms of public institutions which finance or support development-related activities. The IRM has been a member of IAMnet since 2017 and attended the annual meeting of IAMnet in November 2018 in Washington DC. It has actively participated in the IAMnet evolution, as well as the collaboration and dispute resolution working groups of the network. These working groups currently address the governance of the network, outreach, cooperation among IAMs, and best practices in dispute resolution. The secretariat to the network is currently provided by the Independent Consultation and Investigation Mechanism (ICIM) of the Inter-American Development Bank.

The Future: Looking Ahead to 2019

HANDLING CASES: The IRM's main role is to address complaints from project affected persons and requests for reconsideration of funding decisions. The IRM is now fully staffed, and is well on its way to put in place the procedures and guidelines and operating protocols needed to ensure that this work is performed efficiently and delivers high quality outcomes.

CAPACITY BUILDING: In 2019, the IRM will develop learning modules on grievance mechanisms with the support of an independent expert. The learning modules will form the basis of the IRM's roll out of in person training as well as online training for direct access entities. The IRM also hopes to create a peer-to-peer network for direct access entities to learn from each other as they establish and operate their grievance mechanisms.

LESSONS LEARNED: Based on its experiences in handling complaints, suo moto investigations, providing advisory services and handling requests, the IRM will formally gather and produce lessons learned from such cases and propose institutional and policy improvements based on those lessons in 2019.

OUTREACH: In 2019, the IRM plans to continue its active outreach programme, and will focus on regions such as Africa and Latin America where it has had less presence. It will join accountability/redress mechanisms of accredited entities to have greater convening power with civil society, and will continue to strategically use GCF events to reach its stakeholders.

CASE MANAGEMENT SYSTEM (CMS) AND NEW WEBSITE: In order to increase transparency, awareness and knowledge sharing, the IRM will be designing and launching a new website in 2019. The website will be a one stop shop for information about the IRM, and for public updates on the IRM cases and its other work. The IRM aims to make this a user friendly and informative website where case specific as well as overall trends can be highlighted.

In parallel, the IRM has commenced installing a case management system that will be the repository of all key case information. The CMS will allow the IRM to analyze the caseload in an efficient way to (1) track trends or patterns to provide well-grounded advice to the GCF Secretariat; (2) monitor the IRM's case handling process and where improvements need to be made; and (3) understand the complaints related to GCF activities managed by accredited entities to tailor the IRM's capacity building efforts to direct access entities. An IT provider has been selected and has commenced its work in designing the CMS for delivery in mid-2019. Eventually, the website and CMS will be linked, with the CMS driving the upload of public case information, while also allowing for internal management of case data.

CONCLUSIONS

The IRM has had a positive experience with the evolving culture at the GCF Secretariat. The Secretariat has been responsive to facilitating the institutionalization of the IRM and has shown sensitivity to environmental, social, gender and indigenous peoples' issues. This is in sharp contrast to the culture of some other financial institutions.

The past year may be characterized as a year of consolidating the IRM's role in the accountability of the GCF. The next year will present a different set of challenges – those related to handling complaints and requests and implementing the terms of reference effectively. The IRM also faces a unique environment, given the funding model of the GCF is different than that of other institutions, with significant reliance on accredited entities to provide adequate and appropriate levels of social and environmental safeguards commensurate with those of the GCF, for projects and programmes funded by the GCF.

We are confident that the IRM is ready to meet those challenges with the support of the Board, the GCF Secretariat and the GCF stakeholders, including accredited entities.



Appendix 1

BOARD APPROVED WORK PLAN AND BUDGET FOR 2018

Please visit this link:
<https://irm.greenclimate.fund/documents/1061332/1197271/IRM+Work+Plan+and+Budget+2018.pdf/c603b354-f7c3-eec4-8a7e-1ee5d4cee9a4>

Appendix 2

INDEPENDENT REDRESS MECHANISM BUDGET 2018

Independent Redress Mechanism Unit Budget Execution as at 31 December 2018 (in USD)

ITEMS	2018 BUDGET	ACTUAL	COMMITMENTS ³	SUB-TOTAL	% SPENT
Staff costs ¹					
Full-time staff	574,824	628,724		628,724	109%
Consultancies ²	133,996	101,987	13,271	115,258	86%
Sub-total	708,820	730,711	13,271	743,982	105%
Travel					
	78,000	26,080	32,598	58,678	75%
Contractual services & other operating costs					
	125,000	17,267	73,300	90,567	72%
TOTAL	911,820	774,058	119,169	893,227	98%

¹ Staff costs includes staff salaries, benefits, staff training and development costs
² Consultancy costs include consultants’ fees, benefits and travel costs
³ Commitments are orders issued or invoices received for 2018 but were not yet paid as of 31 December 2018

Appendix 3

IRM TEAM PROFILES



LALANATH DE SILVA

HEAD OF UNIT

Dr. Lalanath de Silva is the Head of GCF’s Independent Redress Mechanism. He has extensive experience in legal affairs, with more than 30 years of service as a practicing lawyer. In Sri Lanka, he supported the Ministry of Environment as a legal consultant, and was a member of his country’s Law Commission. Lalanath previously worked at the Environmental Claims Unit of the UN Compensation Commission in Geneva, and served as Director of the Environmental Democracy Practice at the World Resources Institute (WRI) in Washington DC. As a member of the Compliance Review Panel of the Asian Development Bank (ADB), he led the review of multiple compliance cases. Lalanath has a PhD from the University of Sydney, a Master of Laws from the University of Washington, and graduated from the Sri Lanka Law College as an Attorney-at-Law.



SUSANA RODRIGUEZ

COMPLIANCE AND DISPUTE RESOLUTION SPECIALIST

An Ecuadorian and Spanish national, Susana holds a Master’s degree from Johns Hopkins School of Advanced International Studies (SAIS) and a Bachelor’s in Political Science from Davidson College, NC, USA. Prior to joining the IRM, Susana worked at Compliance Advisor Ombudsman (CAO) – the independent accountability mechanism for the World Bank’s private sector lending arms, IFC and MIGA. While at CAO, she supported the growth and development of the accountability mechanism, leading efforts related to case management, dispute resolution processes, and lessons learned. She also previously worked for UNDP in Ecuador. Susana is an accredited mediator and her professional interests include sustainable development and African studies.



ARIAN JOVENA

TEAM ASSISTANT

Arian hails from the Philippines and holds a Bachelor’s degree in Social Work from Centro Escolar University Manila. She is pursuing a Master’s Degree in Development Policy at the Korea Development Institute School of Public Policy and Management, focusing on Sustainable and International Development. Prior to working at GCF, Arian spent 6 years working as a social welfare officer in a local government unit in Manila. She was a project manager in local assisted social protection programmes that focused on poverty reduction, women empowerment and localizing the Millennium Development Goals. She has a professional background in social welfare, community development and local governance.

ADVISORS



ASANGA GUNAWANSA

ADVISOR

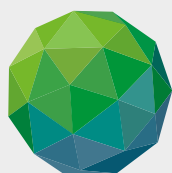
Dr Asanga Gunawansa has a Ph.D. in law from the National University of Singapore (NUS) and a Master of Law (LLM) from the University of Warwick. He is an Attorney-at-Law of the Supreme Court of Sri Lanka with over 24 years of professional experience. He is an International Arbitrator, a visiting academic/researcher with NUS, the University of Moratuwa and the Sri Lanka Law College. He is the Chairman of the Sri Lanka International Arbitration Centre, an Honorary Consultant to the Ministry of Justice of Sri Lanka, and an Executive Member of the Asia Pacific Centre for Environmental Law. In the past, he had worked for the Asian Development Bank as a Consultant, a Legal Officer for the United Nations Compensation Commission and the United National Relief and Works Agency, and as a State Counsel at the Department of the Attorney General of Sri Lanka.



HALINA WARD

ADVISOR

Halina Ward is a lawyer with 25 years of applied policy research, partnership-building, and advisory experience in the fields of sustainable development, responsible business, public participation, and governance of foreign direct investment. A trained mediator and facilitator, she has worked in law firms, consultancies and a technology innovation agency as well as in senior roles with non-governmental organisations including the Royal Institute of International Affairs and the International Institute for Environment and Development. She is currently an independent analyst and advisor, and has served as a Project Complaint Mechanism Expert with the European Bank for Reconstruction and Development’s Project Complaint Mechanism since 2015. She speaks English, Russian, Spanish and Polish and holds a Bachelor of Laws (LLB) and a Master of Laws (LLM) (Law and Development) from the University of London.



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