

## **Green Climate Fund accreditation of Deutsche Bank sparks concern about integrity and reputation of Fund**

As representatives of development, environment and social justice organizations engaged with the Board of the Green Climate Fund (GCF) in Songdo, South Korea, we are tremendously discouraged and disappointed by today's decision of the Board to accredit Deutsche Bank to receive and distribute GCF funds.

Deutsche Bank is one of the world's largest financiers of coal. It has been criticized for its very poor record on human rights monitoring, was awarded the "Black Planet Award" for environmentally destructive business policies, and recently received a record fine for market manipulation and obstructing regulators. The GCF claims zero tolerance towards money-laundering, but has accredited Deutsche Bank despite the fact that two national regulators have this year fined it for the poor state of its anti-money-laundering governance.

The World Bank was also accredited by the GCF, despite its top-down, donor-driven nature that flies in the face of the GCF's mandate to be more directly responsive to developing country and community needs – not to mention its poor track record on climate finance and concerns around human rights. Two other multilateral development banks with similar records, the European Bank for Reconstruction and Development (EBRD) and the Inter-American Development Bank (IDB), were likewise accredited.

Civil society has pushed for the creation of the Fund since the beginning, seeing it as an opportunity to break from bad existing practices and shift towards a model that is more responsive to the needs of vulnerable countries and communities, adopting a gender-sensitive approach and supporting a real paradigm shift to low-carbon, climate-resilient societies. By rushing the accreditation of large international private entities like Deutsche Bank through a non-transparent process, the Fund is at a real risk of losing credibility.

This is an outcome none of us want. We want the Green Climate Fund to succeed. But for it to do so, it needs to change direction away from accrediting controversial big banks that are

heavily invested in fossil fuels and thus actually exacerbating climate change. If the GCF continues in such a direction, this would reinforce our fears that in the near future we may have to protest an institution we have thus far been supportive of and integral to creating.

The issues here go deeper than the individual entities mentioned. We are concerned that the GCF is becoming ever-more like the multilateral development banks and international private banks that it was meant to provide an alternative to.

The GCF decided to outsource the management of its programmes and projects to other institutions (“entities”), originally with the idea of making decisions more responsive to the needs of the countries and communities most affected by climate change. But the accreditation of many of the first 20 of these entities, and the process leading to their accreditation, tells a different story.

- The Board chose to approve all 13 applicants presented for accreditation at the current GCF meeting in a single bloc, accrediting groups of entities in one go. This encouraged political horse-trading between Board members over which applicants get approved, leading to tit-for-tat approval of applicants despite very serious reservations. Some Board members raised concerns about Deutsche Bank, while other concerns were raised about the ability of the newly accredited CAF (Development Bank of Latin America) and the public-private African Finance Corporation to conduct due diligence on the highest risk (category A) projects.

- Information presented to the Board by the Accreditation Panel was often partial and one-sided, with no substantial assessment of the track record of the institutions concerned, and reliance on official sources that are long on glowing praise and short on critical information about shortcomings and controversies. Civil society groups are not allowed to know the names of the applicants in advance of their approval. This makes it impossible to provide input on the track records of applicants, despite civil society’s in-depth, on the ground experience of the work of these institutions.

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**Signatories:**

ActionAid InternationalActionAid USA

Asian Peoples Movement on Debt and Development

Center for International Environmental Law (CIEL)

Consumers Association of Penang, Malaysia

Friends of the Earth England, Wales and Northern Ireland (EWNI)

Friends of the Earth Malaysia

Friends of the Earth US

Germanwatch

Global Alliance for Incinerator Alternatives (GAIA)

Global Justice Now

Heinrich Böll Stiftung

International Institute for Environment and Development (IIED)

Institute for Climate and Sustainable Cities (iCSC)

Institute for Policy Studies – Climate Policy Program

Interamerican Association for Environmental Defense (AIDA)

Oil Change International

Oxfam

Pan-African Climate Justice Alliance

Sawit Watch Indonesia

Tebtebba Foundation

The Development Institute

Third World Network

Women's Environment and Development Organization (WEDO)