



**GREEN  
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**GCF/B.19/26**

12 February 2018

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# 2017 Independent Redress Mechanism Annual Report

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## **Summary**

This is the 2017 Annual Report of the Independent Redress Mechanism (IRM). It gives a thorough review of the activities of the IRM in 2017 and insights on the IRM's future plans and activities.

## I. Introduction

### 1.1 Background

1. The Independent Redress Mechanism (IRM) is mandated in paragraph 69 of the GCF's Governing Instrument. This para states that "(t)he Board will establish an independent redress mechanism that will report to the Board. The mechanism will receive complaints related to the operation of the Fund and will evaluate and make recommendations." The IRM performs a key function within the GCF's accountability mechanisms. The Independent Redress Mechanism (IRM) reports directly to the Board and is subject to the decisions of the Board. It is independent of the Secretariat of the GCF.
2. The Updated Terms of Reference of the IRM were adopted in September 2017 by the Board. Section VII, Clause 22 of the Terms of Reference states that the "The IRM will prepare an annual report on its work for presentation to the Board, and dissemination to the public." In line with such provision, the IRM is presenting its Annual Report to the Board, covering the period of 01 January 2017 to 31 December 2017. The Annual Report is attached below as Annex 1.



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Independent  
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Mechanism

# Laying the Foundation

2017 ANNUAL REPORT

Independent  
Redress  
Mechanism

LAYING THE FOUNDATION

INDEPENDENT REDRESS MECHANISM

2017 ANNUAL REPORT

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<http://www.greenclimate.fund/independent-redress-mechanism>

GREEN CLIMATE FUND

INDEPENDENT REDRESS MECHANISM

# Laying the Foundation

2017 ANNUAL REPORT

BOARD DOCUMENT GCF/B.19/26

# Independent Redress Mechanism



## Message from the Head of the IRM

The field of accountability has grown immensely in the last 10 years, with the emergence of many independent mechanisms, good practices, and parent institutions that are learning to value and support efforts to increase accountability and responsible financing. Our vision is to establish and operate a state-of-the-art redress and accountability mechanism at the GCF, built on applicable international best practices. The IRM has the unique advantage of being one of the most recently established mechanisms in international financial institutions and can learn from these wide range of experiences. The challenge of laying the foundations for and nurturing such an institution was a great attraction for me to join the GCF and head the IRM.



Beyond learning, the IRM is also looking to contribute its bit to advance accountability in the GCF and globally. Some of these efforts such as providing capacity building for redress mechanisms of direct access entities or receiving reconsideration requests from governments will push the envelope, and I am sure will be sources of rich learning. The IRM therefore remains committed to being a reflective and open mechanism, looking to grow and improve its practices to facilitate the delivery of just redress to those who need it, and accountability in the world of climate finance.

### **Lalanath de Silva**

Head, Independent Redress Mechanism  
Green Climate Fund

## Message from the Executive Director



The Green Climate Fund is working to usher in a new era of climate finance that fundamentally changes how we address climate change and the impacts it has on our planet, particularly on those most vulnerable. In seeking this paradigm shift, there will no doubt be many challenges ahead.

We won't always get everything right. There may be times when our projects or programmes have unintended consequences. This is where the IRM plays a critical role as part of our accountability structure. The IRM provides avenues for identifying problems and working together to correct them, and where harm has occurred, redressing it as quickly as possible. The Secretariat welcomes the IRM as a valuable and necessary institution to the growth and accountability of the GCF.

In this context, the Secretariat will seize the opportunities to learn, change and improve our operations, while ensuring that beneficiaries of GCF's projects are not harmed. We need to go further and ensure that they are much better off. These are some of the features of an international fund that aspires to lead in climate finance.

We extend to the IRM our congratulations in completing a successful first year and look forward to working with it to ensure the GCF is accountable and responsive as it meets the challenges and opportunities of combatting climate change.

### **Howard Bamsey**

Executive Director  
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 addressing 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.

### 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.



## What we do

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 within this broad goal. These are:

- 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 cases handled by the IRM 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; and
- 5 Outreach: Providing education and outreach to stakeholders and the public and to staff at the GCF.

The IRM must be activated by a request from a developing country to perform its reconsideration function. With regard to complaints and grievances, the IRM can be activated by a project affected person, group or community or it can act on its own when it receives credible information. The advisory, capacity building, and outreach functions are proactively pursued by the IRM as part of its annual work programme.

## Highlights of the Year: Institution Building

The IRM's TOR was first adopted by the Board in 2014. The Head of the IRM was recruited in November 2016. The year under review has therefore been one of institution building. Moving into new offices at the GCF Headquarters, recruiting a small yet full complement of staff, developing and shaping day-to-day relations with the Board, Co-Chairs of the Board, the Executive Director and Secretariat of the GCF and stakeholders, and establishing the IRM as part of the GCF has been a year-long set of activities. Below are the highlights of the year, including, key institution building outcomes and outputs of the IRM.

**UPDATED TOR:** As mandated by the Board, the IRM presented an updated TOR to the Board in April 2017. The draft was produced following consultations with civil society, National Designated Authorities (NDAs), accredited entities and Board members and built on international best practices of accountability mechanisms of international financial institutions. The Board adopted the updated TOR in September 2017.<sup>1</sup> The updated TOR sets the stage for the IRM to build a state-of-the-art redress mechanism drawing on international experience and best practices.

**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 are expected to 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) in mid-August. Once the EAC has deliberated on them, they will be opened for public and stakeholder consultations. Following the consultations, the draft will be finalized in consultation with the EAC and presented to the Board for adoption in 2018.

<sup>1</sup> [http://www.greenclimate.fund/documents/20182/620292/B.BM-2017\\_10\\_-\\_Decision\\_of\\_the\\_Board\\_on\\_updated\\_Terms\\_of\\_Reference\\_of\\_the\\_Independent\\_Redress\\_Mechanism\\_\\_Revised\\_.pdf/dc4fef96-fd30-4aae-bcf6-dd9088d7123b](http://www.greenclimate.fund/documents/20182/620292/B.BM-2017_10_-_Decision_of_the_Board_on_updated_Terms_of_Reference_of_the_Independent_Redress_Mechanism__Revised_.pdf/dc4fef96-fd30-4aae-bcf6-dd9088d7123b)

**SUPPORTING OPERATING PROCEDURES (SOPs):** The IRM has 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 IRMs day-to-day operations. The SOPs will be piloted for 12-18 months before they are 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.

**COMMUNICATIONS STRATEGY:** The IRM has a mandate to provide education and outreach to stakeholders and the public. To fully effectuate this mandate, the IRM developed and implemented a communications strategy which identifies key audiences, messages and methods of communication. In 2018 the strategy will guide the IRM in its communication and outreach activities.

**ACCREDITATION MASTER AGREEMENTS:** The current template for accreditation master agreements was drafted at a time the IRM was not operational. Since then, the Board has adopted an updated TOR for the IRM and many relevant decisions pertaining to the IRM. As a result, certain provisions in the accreditation master agreement template required adjustments. The IRM has worked closely with the Office of General Counsel (OGC) to the GCF to make the necessary changes.

**MEMORANDA OF COOPERATION:** Under the accreditation master agreements and the newly adopted TOR of the IRM, the relationship between the IRM and that of the redress mechanism of accredited entities (AEs) are partially shaped through agreements. These agreements are referred to as memoranda of cooperation (MoCs). The IRM has, together with OGC developed a template MoC consistent with the AMAs and current Board policies applicable to the IRM. This template has been sent to several redress mechanisms. MoCs, where appropriate, are expected to be signed starting in 2018.

**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 was admitted as a member of IAMnet in February 2017. Since its admission, the IRM has attended the annual meeting of IAMnet in August 2017 in Greece and has actively participated in the various working groups of the network. These working groups currently address the governance of the network, outreach, cooperation among IAMs, and best practices and standards. The secretariat to the network is currently provided by the Independent Consultation and Investigation Mechanism (ICIM) of the Inter-American Development Bank.

In May and November 2017, the IRM received visits from the Special Project Facilitator and the Office of Compliance Review Panel of the Asian Development Bank to discuss collaboration and outreach. During the year, the IRM also met with the accountability and redress mechanisms of the International Finance Corporation, the World Bank, the Inter-American Development Bank, the UN Development Programme, and the Caribbean Development Bank to discuss bi-lateral relations between the mechanisms, progress memorandums of cooperation and learn about their case management systems.

## IRM Role and Functions: Progress Report

### RECONSIDERATION REQUESTS

The IRM has a mandate under its TOR to address requests from developing countries for reconsideration of Board decisions denying funding to a project or programme. No requests for reconsideration were filed during 2017.

### COMPLAINTS AND GRIEVANCES

The IRM has a mandate to address complaints and grievances from persons adversely impacted by projects or programmes of the GCF. During the year the IRM received, one complaint from Bangladesh, which was found ineligible and was closed.

**COMPLAINT 17/C001 - BANGLADESH** The complaint was filed by Transparency International Bangladesh on behalf of the mayor and 427 residents of the Satkhira municipality. The complaint alleged that funds had not yet been disbursed on GCF Project No. FP004, though it had been approved by the Board in 2015. The complaint asserted that the complainants had suffered loss and damage because of this delay. The IRM, examined the complaint and obtained preliminary information from the Secretariat and the representative of the complainant, and after due consideration declared the complaint ineligible. The IRM concluded that the alleged damage or loss, if any, was due to climate change and not the impacts of a project or programme of the GCF, as contemplated under the TOR of the IRM.

At the request of Transparency International Bangladesh, the IRM also referred the communication to the Secretariat as a request for information under the information disclosure policy of the GCF. The Secretariat provided information in response to that request.

#### PROFILE OF FIRST COMPLAINT RECEIVED

**COUNTRY:** Bangladesh

**GCF PROJECT:** FP004 - Climate Resilient Infrastructure Mainstreaming in Bangladesh (CRIM)

**ACCREDITED ENTITY:** KfW

**DATE OF RECEIPT:** October 23, 2017

**COMPLAINANTS:** The mayor and 427 residents of Satkhira municipality, with the support of Transparency International Bangladesh

**ISSUES:** Loss and damages caused by climate change

**STATUS:** Not eligible; closed

### ELIGIBILITY CRITERIA FOR COMPLAINTS

- 1 The complaint is presented by or on behalf of a person or group of persons or communities who have been or may be affected by the impacts raised.
- 2 The complaint relates to the adverse impacts of a project or programme funded by the GCF, including those submitted for funding to the GCF.
- 3 The complaint does not trigger any exclusions.

### ADVISORY

The IRM has a mandate to recommend to the Board reconsideration of policies, procedures, guidelines and systems based on lessons learned from cases handled by the IRM and from good international practice; and providing guidance to the GCF's readiness and accreditation activities based on best practices.

The IRM provided preliminary 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 organisations seeking accreditation from the GCF. Accreditation enables an organization to present funding proposals to the GCF Board for its consideration. Further interaction with the accreditation process is planned for 2018. Additionally, the IRM provided advice and feedback to the Secretariat on the draft gender policy, draft indigenous peoples policy and the draft environmental and social management system.

**CAPACITY BUILDING:** The 2017 TOR of the IRM has a mandate to strengthen the capacities of accountability and redress mechanisms of direct access entities. The GCF is committed to accrediting a 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 has conducted a survey of these mechanisms and done background research to enable it to develop targeted capacity building activities. These activities will commence in 2018. Direct access entities interested in taking advantage of this programme, should contact the IRM to express their interest.

The IRM also plans to collaborate with the Readiness program to build capacity development of redress mechanisms into that program. The Readiness programme of the GCF is implemented by the Country Programming Division and provides resources for strengthening the institutional capacities of National Designated Authorities/focal points and direct access entities to effectively engage with the Fund.

**OUTREACH:** The IRM has a mandate to provide education and outreach on the IRM's role and work to stakeholders and the public and to staff at the GCF. The first outreach events by the IRM were in early 2017 when it conducted a series of ten webinars for NDAs, AEs, Board members and accredited observers of the GCF as part of its consultation on the updating of the TOR. The IRM also called for public comments and received significant and useful feedback. Additionally, the IRM has raised the awareness of GCF staff through presentations at staff meetings, orientations of new recruits and at an inreach social in September. The IRM has also held briefing meetings with accredited observers and civil society on the fringe of all Board meetings. The IRM has produced an information brochure for the public.

## The Future: Looking Ahead to 2018

**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 will put in place the procedures and guidelines and operating protocols needed to ensure that this work is performed efficiently and delivers high quality outcomes. It will gather and produce lessons learned from such cases and propose institutional and policy improvements based on those lessons.

**CAPACITY BUILDING:** In 2018, the IRM will develop and offer capacity building through targeted in country training workshops, distance learning modules, guidebooks, advisory services, internships and exchange programs for the accountability/redress mechanisms of direct access entities.

**OUTREACH:** In 2018, the IRM plans to make a series of presentations about its work to NDAs and AEs at structured dialogues organized by the GCF Secretariat and at other international events. It will also join accountability/redress mechanisms of accredited entities in outreach events organized by them for governments and civil society so that awareness can be raised about the IRM's mandate. The IRM will be developing a new website to be launched in July 2018.

**ROSTER OF EXPERTS:** The IRM plans to develop a roster 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 roster will be constituted through a transparent procurement process in accordance with GCF procurement procedures.



**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 2018. 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 will be designing 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. 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.

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## 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 laying the foundations for the IRM. The next year will present a different set of challenges – those related to 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 2017

Please visit this link:

[http://www.greenclimate.fund/documents/20182/490910/GCF\\_B.15\\_19\\_-\\_Work\\_plan\\_and\\_budget\\_of\\_the\\_Independent\\_Redress\\_Mechanism\\_for\\_2017.pdf/757dae02-09cf-4407-a3a6-18caca1f81a6](http://www.greenclimate.fund/documents/20182/490910/GCF_B.15_19_-_Work_plan_and_budget_of_the_Independent_Redress_Mechanism_for_2017.pdf/757dae02-09cf-4407-a3a6-18caca1f81a6)

## Appendix 2

### INDEPENDENT REDRESS MECHANISM BUDGET 2017

|  | 2017 APPROVED BUDGET | ACTUAL EXPENDITURES TO 31 DECEMBER | BALANCE        | % SPENT    |
|--|----------------------|------------------------------------|----------------|------------|
| <b>4.1 Salaries and consultants</b>          |                      |                                    |                |            |
| 4.1.1 Full-time staff                        | 722,791              | 424,676                            | 298,115        | 59%        |
| 4.1.2 Consultancies                          | 163,350              | 154,257                            | 9,093          | 94%        |
| <b>Sub-total: Salaries &amp; consultants</b> | <b>886,141</b>       | <b>578,933</b>                     | <b>307,208</b> | <b>65%</b> |
| <b>4.2 Travel</b>                            |                      |                                    |                |            |
| 4.2.1 Travel                                 | 93,000               | 45,073                             | 47,927         | 48%        |
| <b>Sub-total: Travel</b>                     | <b>93,000</b>        | <b>45,073</b>                      | <b>47,927</b>  | <b>48%</b> |
| <b>4.3 Professional services</b>             |                      |                                    |                |            |
| 4.3.1 Operating costs                        | 20,000               | 552                                | 19,448         | 3%         |
| <b>Sub-total: Professional services</b>      | <b>20,000</b>        | <b>552</b>                         | <b>19,448</b>  | <b>3%</b>  |
| <b>Grand total (1+2+3)</b>                   | <b>999,141</b>       | <b>624,558</b>                     | <b>374,583</b> | <b>63%</b> |

## 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.



#### 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.



#### 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.





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