No to Deutsche Bank and World Bank as Green Climate Fund partners!

The Asian Peoples' Movement on Debt and Development strongly opposes the Green Climate Fund Board decision approved today, July 9, to accredit the Deutsche Bank and World Bank as its international financial intermediaries. We call on the GCF board to reverse the decision to accredit both banks.

Intermediaries are institutions allowed to access GCF funds, and in turn disburse them to other groups who will be implementing projects and programs in developing countries. They have a significant role in enlisting and overseeing implementing entities, as well as soliciting projects and programs for approval by the GCF Board.

Intermediaries should be held to the highest fiduciary and financial accountability standards, as well as have the capacity for enforcing social-economic and environmental safeguards. But weighed against these measures, both Deutsche Bank and World Bank are found wanting. In addition, they continue to be among the biggest bankrollers of dirty energy, as well as false solutions such as palm oil and agrofuels. And despite their public commitment to the transition to renewables and clean energy, they show no signs of slowing down.

Deutsche Bank is embroiled in multiple scandals which put its suitability in question. It was fined three times in the first half of this year alone - $2.5 billion by the United States and United Kingdom last April for rigging interest rates, $8.4 million by Dubai also last April for misleading information and inadequate controls over money laundering, and $857,000 by South Africa last February also for inadequate controls on money laundering as well as terrorism financing. The bank has also been investigated several times on suspicions of tax evasion, currency manipulation, money laundering, and the misselling of derivatives.

The German bank is also one of the biggest coal funders in the world. It extended a whopping $20.3 billion to the coal industry from 2005 to April 2014, according to the NGO network BankTrack, making it the tenth biggest coal funder among commercial banks last year. It has profited from Coal India, the second largest coal mining company in the world, which has a record of environmental and human rights violations. And it has funded similarly problematic projects in China, Indonesia and Turkey, among others.

The GCF Board approved the World Bank as international financial intermediary without adequately addressing questions on potential conflict of interest, given that the World Bank serves as the GCF's interim trustee. As such, the World Bank would be privy to a lot of internal information, giving it advantage over other intermediaries.

We have long criticized the Bank for policies and projects which have harmed communities and environments. Just last April, Indian fishermen sued the International Financial Corporation, the World Bank Group's private sector arm, over the Tata Mundra coal plant. As was detailed in a petition signed by over 30,000 supporters, the IFC discovered in its investigation that the project, which it provided a $450 million loan to in 2008, went wrong in all levels. However, the IFC has refused to take action.

The World Bank has also increased its dirty energy funding last year despite its public commitments to climate action. The World Bank Group invested $6.2 billion of public finance for coal from 2007 to 2014, according to the NGO Oil Change International. It provided $3.4 billion of fossil fuel financing in its 2013-2014 financial year, and increased its lending for this by 32 percent since 2012.

It must be also noted that the World Bank has been plagued over the years by accusations of corruption.

We are also outraged about the apparent the prioritization of the international financial intermediaries over national and local institutions, undermining country ownership and direct access.

Unfortunately, with this decision, Green Climate Fund is proving to be more business as usual" rather than "transformational".

9 July 2015

Asian Peoples' Movement on Debt and Development