

No to HSBC and Crédit Agricole at GCF

The Board of the Green Climate Fund must reject the applications for accreditation¹ of both HSBC and Crédit Agricole. Their accreditation would pose serious reputational and moral risk to the GCF via the banks':

- Well-documented involvement in recent money laundering and other fiduciary mismanagement scandals;
- Large exposure to the coal industry and other climate polluting sectors; and
- Poor-quality policies and weak compliance arrangements meant to manage the social, gender, and environmental impacts of their lending, and consequent harm on-the-ground.

The accreditation of HSBC and Crédit Agricole would run counter to the GCF's intent to be a game-changing institution with country ownership at its core. In turn, the GCF Board's rejection of their applications would be a strong mark in favor of maintaining the integrity of the Fund.

Major Financiers of Climate Pollution & Consequent Human Harm

HSBC and Crédit Agricole rank among the top 20 private sector banks financing coal.² Between 2005 and April 2014, HSBC extended over €7.9 billion to coal, despite its own public advice warning of the risks of investing in this dirtiest of fossil fuels.³ In this same period, Crédit Agricole channeled more than €7 billion to the coal sector.⁴

The negative impacts of such coal investments extend beyond climate. By May 2013, HSBC had, for example, invested \$3.133 billion in the companies behind the Cerrejón project in Colombia, South America's largest open-pit coal mine. In addition to its climate impact, Cerrejón is widely regarded as a human rights disaster, with widespread allegations of forcible displacement of farming communities and destruction of sacred sites, among others.⁵ Crédit Agricole is the lead arranger on a \$6.8 billion corporate loan to Glencore, which co-owns the Cerrejón project. Crédit Agricole is also involved in the financing of the massive Medupi and Kusile coal power plants in South Africa, with immense environmental, social, gender, and climate impacts.⁶

Both banks also back non-fossil-fuel-based sectors with a large negative impact on climate. HSBC is a major financier of Indonesia's palm oil sector, a sector characterized by driving deforestation on a vast scale, industrial agricultural excess, degradation of carbon-rich peatlands, human rights abuse, and labor exploitation.⁷

Poor Protection of Human & Environmental Rights

Accredited entities should have exemplary policies and practices in place to adequately deal with potential social, gender equality, environmental, and human rights risks of the projects they finance. This is not the case with HSBC and Crédit Agricole. For example, both fall far short in their implementation of the UN Guiding Principles on Business and Human Rights. In a recent BankTrack assessment of implementation of the Guiding Principles, Crédit Agricole scored 2.5 points and HSBC only one point, out of a maximum of 12 points, leaving them at the bottom end of a list of 32 banks.⁸

¹ Accredited entities are institutions approved by the GCF Board to receive and disburse GCF funds.

² http://www.banktrack.org/manage/ems_files/download/banking_on_coal_2014_pdf/banking_on_coal_2014.pdf

³ http://www.banktrack.org/manage/ems_files/download/150907_hsbc_briefing_pdf/150907_hsbc_briefing.pdf

⁴ http://www.banktrack.org/download/ca_briefing_en_digital_pdf/ca_briefing_en_digital.pdf

⁵ <http://www.theguardian.com/sustainable-business/cerrejon-mine-colombia-human-rights>

⁶ http://www.banktrack.org/download/ca_briefing_en_digital_pdf/ca_briefing_en_digital.pdf

⁷ For more on HSBC's role in the palm oil sector, see Forest Peoples Programme with Profundo, "HSBC and the Palm Oil Sector in South East Asia: towards accountability," <http://www.forestpeoples.org/guiding-principles/free-prior-and-informed-consent-fpic/publication/2010/hsbc-and-palm-oil-sector-so>.

⁸ http://www.banktrack.org/manage/ems_files/download/bankingwithprinciples_humanrights_dec2014_pdf/hr_banking_with_principles_digital_0.pdf

This has played out to devastating effect on the ground. In Malaysia, a Global Witness exposé revealed, “HSBC has bankrolled logging companies causing widespread environmental destruction and human rights abuses in Sarawak, Malaysia, violating its sustainability policies and earning around US\$130 million in the process....The bank is also providing financial services to companies widely suspected of systematic bribery and corruption.”⁹

Money Laundering & Financial Mismanagement

HSBC has been at the heart of one financial scandal after another, with serious global ramifications. In 2012, a U.S. Senate investigation found that HSBC allowed Latin American drug cartels to launder hundreds of millions of dollars. That same year, HSBC paid more than \$1.9 billion to settle U.S. criminal and civil investigations and agreed to a five-year deferred-prosecution deal.¹⁰ Crédit Agricole very recently agreed to pay U.S. authorities a \$787 million fine for violating sanctions. The bank allowed - and covered up - transactions from Sudan, Iran, Myanmar, and Cuba.¹¹

Meanwhile, the International Consortium of Investigative Journalists has exposed billions of dollars of HSBC involvement with serious criminal activity such as arms and diamond trafficking and misappropriation of state assets. U.S., U.K., and E.U. authorities are also investigating HSBC for manipulating Libor and Euribor benchmark interest rates.¹² Crédit Agricole has also been accused of manipulating these benchmark interest rates.¹³

Undercutting Integrity & Mandate of GCF

The banks’ accreditation would undermine the GCF’s commitment to robust fiduciary standards and strong environmental and social safeguards as well as gender equality, and would be contrary to what the GCF Secretariat has described as having “GCF standards [that] build on best practices of global institutions.”¹⁴

In addition, Crédit Agricole and HSBC would move the Fund even further from the diversity and balance that it is seeking to achieve.¹⁵ Thus far, the vast majority of GCF resources are expected to flow through developed country/international entities. None of the entities accredited for medium-sized activities and only 20% of entities accredited for large-sized activities are direct access.¹⁶ The imbalance in accreditation of national/regional entities versus international entities threatens the GCF’s claim to be a transformational institution, as the Secretariat has acknowledged “without a strong role of national and regional institutions the GCF will not be able to fulfil its mandate to create a paradigm shift.”¹⁷

Endorsed by:

⁹ <https://www.globalwitness.org/archive/hsbc-rakes-us130-million-bankrolling-rainforest-destruction-and-human-rights-abuses-malaysia/>. Full report available at <https://www.globalwitness.org/sites/default/files/hsbc-logging-briefing-gw.pdf>.

¹⁰ <http://www.icij.org/project/swiss-leaks/banking-giant-hsbc-sheltered-murky-cash-linked-dictators-and-arms-dealers>

¹¹ <http://www.ft.com/intl/cms/s/0/2dcf96e2-7744-11e5-a95a-27d368e1ddf7.html>;

http://www.nytimes.com/2015/10/21/business/dealbook/credit-agricole-to-pay-787-million-for-sanctions-violations.html?_r=0

¹² <http://graphics.wsj.com/libor-network/#item=HSBC>

¹³ <http://www.telegraph.co.uk/finance/newsbysector/banksandfinance/10843666/Three-banks-accused-of-rigging-Euribor.html>

¹⁴ GCF/B.11/Inf.08, Strategy on accreditation (progress report),

http://www.gcfund.org/fileadmin/00_customer/documents/MOB201511-11th/Inf.08 - Strategy on Accreditation 20151013_2115.pdf

¹⁵ GCF/B.11/Inf.08, Strategy on accreditation (progress report) “*Direct access. The Board, in decision B.09/07, paragraph (g), requested the Secretariat to aim to achieve a balance of diversity, including equitable representation of different geographical/regional areas, in the list of entities considered for accreditation between direct access entities, including some operating at scale, private entities and international entities.*”

¹⁶ Direct access allows entities within a developing country to access GCF resources directly, without having to go through multilateral/international institutions.

¹⁷ GCF/B.11/Inf.08, Strategy on accreditation (progress report),

http://www.gcfund.org/fileadmin/00_customer/documents/MOB201511-11th/Inf.08 - Strategy on Accreditation 20151013_2115.pdf

350.org (International)
ActionAid USA
AFREMO Ladies Club (Ghana)
Africa Emancipation Movement (Ghana)
Alyansa Tigil Mina (Alliance Against Mining-Philippines)
Aotearoa New Zealand Human Rights Lawyers Association
Asia Pacific Forum on Women, Law and Development
Asia Pacific Movement on Debt and Development
BankTrack (Netherlands)
Both ENDS (Netherlands)
CAFOD (UK)
Center for Earth Jurisprudence, Barry University Law School (USA)
Center for Environment/Friends of the Earth Bosnia and Herzegovina
Center for International Environmental Law (USA)
Centre for Social Impact Studies (Ghana)
CHANGE (Vietnam)
Chennai Solidarity Group (India)
CLEAN (Coastal Livelihood and Environmental Action Network) (Bangladesh)
Climate & Sustainable Development Network of Nigeria (CSDevNet)
Coast Rights Forum (Kenya)
Community Resource and Development Center (Kenya)
Consumers Protection Association (Lesotho)
Corporate Accountability International (USA)
Corporate Europe Observatory (Belgium)
ECASARD (Ghana)
Energy action coalition (USA)
Environmental Justice Initiative for Haiti (USA)
Equator Network (USA)
European Association of Geographers (Belgium)
Food & Water Watch (USA)
Forest Peoples Programme (UK)
Friends Committee on National Legislation (USA)
Friends of the Earth England, Wales and Northern Ireland
Friends of the Earth International
Friends of the Earth U.S.
Foundation HELP (Tanzania)
Gender Action (USA)
Germanwatch
Global Alliance for Incinerator Alternatives (International)
Global Witness (UK)
groundWork/Friends of the Earth South Africa
Heinrich Boell Stiftung North America
Human Rights Foundation Aotearoa (New Zealand)
Indian Social Action Forum
Indian Youth Climate Network
Institute for Agriculture and Trade Policy (USA)
Institute for Climate and Sustainable Cities (Philippines)
Institute for Policy Studies - Climate Policy Program (USA)
Interamerican Association for Environmental Defense, AIDA (Latin America)

International-Lawyers.org (Switzerland)
JA!Justica Ambiental/FOE Mozambique
JVE International (Togo)
JVE Zambia
Kenya County Government Workers Union
Khazer Ecological and Cultural NGO (Armenia)
Klima ohne Grenzen (Germany)
Korea Federation for Environmental Movements (South Korea)
KyotoUSA
Labour, Health and Human Rights Development Centre (Nigeria)
LEADS Nigeria
Leave It in the Ground Initiative
Les Amis de la Terre France
London Mining Network (UK)
Maryknoll Office for Global Concerns (USA)
MPIDO (Kenya)
Nature Code – Centre of Development & Environment (Belgium)
NOAH - Friends of the Earth Denmark
Nostromo Research (UK)
P3 Foundation (New Zealand)
Pacific Partnerships on Gender, Climate Change & Sustainable Development, PPGCCSD (Fiji)
Pan African Climate Justice Alliance, PACJA (Africa)
Policy Analysis and Research Institute of Lesotho
SAGRC (South Africa)
SONIA for a Just New World (Italy)
Southern Oregon Climate Action Now (USA)
SustainUS (USA)
Taiwan Environmental Protection Union
Tebtebba (International)
The Development Institute (Ghana)
The Institute for Policy Interaction (Malawi)
Third World Network (Malaysia)
Tipping Point Collective,(International)
Universidad Nacional Autonoma de Mexico
Urgewald (Germany)
WomanHealth (Philippines)
WoMIN African Gender and Extractives Alliance (South Africa)
Worldview-The Gambia
ZIMCODD (Zimbabwe)

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