

FP223: Project GAIA (MUFG)

Access the funding proposal: <https://www.greenclimate.fund/document/gcf-b37-02-add14>

We express our profound concerns with Project GAIA. As with many programmes of this nature, the target countries are mere potential investment destinations, rather than providing a clear affirmation that investments will definitely be catalyzed in those countries. Greater public transparency on indicative country allocations and sub-project pipelines, as well as accurate and public reporting on the actual flow of resources and investment to target countries once implementation has started, is crucial to ensure accountability of impacts and co-financing.

As this is a private sector program proposal, CSOs did not have access to important details to evaluate the proposal, as those are in undisclosed annexes, in particular the eligibility and selection criteria, the indicative pipeline, and the stakeholder engagement plan – despite the fact that a “stakeholder engagement plan” does not contain any commercially sensitive information used as justification for non-disclosure.

Indonesian CSOs also raised concerns about this lack of transparency during consultation with the NDA back in July 2022. It is particularly concerning in this case given the I-1 high risk rating and the fact that it allows for Category A sub-projects.

We are deeply concerned that individual transactions of up to US\$100 million in potentially sensitive activities – including afforestation/reforestation; road construction and maintenance; biofuels; geothermal power; and freight transport – are in essence “pre-approved” as part of this proposal, with little opportunity for public scrutiny in advance of the actual financing decisions. For example, while the proposal allows for “second and third generation biofuels sourced from a sustainable feedstock,” the biofuels industry’s track record of such claims is poor. We do not support the inclusion of biofuels in this proposal, and would at a minimum like to see “sustainability” and related terminologies strictly defined to ensure that best practice is followed.

Likewise, we do not support the inclusion of the term “Climate-proofed road design, construction and maintenance” in the scope of this proposal without providing clear and meaningful context of what “climate-proofing” means.

In addition, the proposal seems to have a lot of frontloaded promises about compliance with GCF policies, processes, and safeguards on gender, Indigenous Peoples, and environmental and social safeguards. Yet, there are no clear or reasonable references on the assurance that

these will be complied with from the proposal and approval, to implementation of future projects

The proposal also lacks the consideration of gender impacts as part of the due diligence and subproject proposal development process. There should be an explicit, mandatory consideration of gender impacts as part of this process to ensure that Outcome 4 on the enhanced economic opportunities for women is achieved.

Lastly, subproject redress mechanisms are not detailed and elaborated in this programme. There should be a clear outline even at the funding proposal stage to ensure compliance with GCF policies and standards. The delivery of easily accessible, public, and well-communicated redress mechanisms must be properly provided and should be imperative towards the programme's approval.

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