GCF WATCH

42nd Board Meeting of the Green Climate Fund

June 30 - July 3, 2025, Port Moresby, Papua New Guinea

GCF Observer Network of Civil Society, Indigenous Peoples, and Local Communities
Intervention on

FP271: India Green Finance Facility (IGFF)

Access the document: https://www.greenclimate.fund/document/gcf-b42-02-add13

We have serious concerns about the broader impact that the proposed Facility's financing will have for communities on the ground, their rights and their development, and the potential risk miscategorisation of the Facility, and therefore its sub-investments, which further opens the door for potential violations of communities' rights.

Our main concern, also highlighted by the ITAP, is the lack of concrete measures to prevent the risk of exacerbating water scarcity in certain areas already facing water availability issues, due to hydrogen production. The proposal itself identified that 9 liters of water may be needed for every kilo of hydrogen produced, a demand that, if not managed properly, is likely to have negative impacts on local communities' access to water. Though the proposal identifies this risk, it does not address it in any way in the proposed Facility's investment decision-making process. Decisions on financing do not integrate these potential risks, or even include minimum requirements like water availability assessments, before providing finance for hydrogen production. This complete disconnect between the identified risks and the management of those risks shows little concern from the accredited entity for potentially affected communities and their rights.

In light of this, we believe that this programme has been miscategorised as I-2, when it should have been categorised as I-1. This miscategorisation will result in untimely disclosures of sub-projects, which will give interested parties, including potentially affected people, less time to review and engage with sub-projects that could negatively impact communities' access to water.

We also want to highlight that, as we have seen in previous proposals, this programme is promising an incredibly high finance mobilisation ratio of 1:14. In the past, we have pointed out how projects and programmes include unrealistic ex ante mobilisation ratios, which have allowed the GCF to claim higher mobilisation ratios that many other funds, and which in the end rarely materialise. We believe that, as part of the monitoring and revision that the GCF does to its projects and programmes, it should include a more systematic monitoring and reporting of ex post mobilisation ratios, in order to provide a more realistic picture.

At the same time, we have little concrete information about how much of the GCF's concessionality will effectively be transferred to the end borrowers, including MSMEs, in India. The proposal itself admits that the transmission of concessionality may be modest, raising the question of why the GCF is providing finance for such a programme, largely premised on the idea of addressing barriers related to concessionality. Additionally, the AE proposes to address the issue of DFIs potentially absorbing what little concessionality can be passed down by having periodic monitoring. But as with the risk of exacerbating water scarcity, there is no information on how the investment decision-making process will address the results of this monitoring, in cases where DFIs are shown to be absorbing the concessionality instead of passing it down to end borrowers.

Finally, we want to highlight the lack of intentionality and coherence around targets related to gender in this proposal. The gender assessment and action plan speak of two different targets for financing for women-led business: one that establishes that at least 10% of the women-led businesses in decentralised renewable energy solutions and e-mobility will receive financing from the programme, while in a separate paragraph the target is framed as an increase in gender responsive financing by 10% from the baseline for relevant clean energy solutions. Not only do these targets show a complete lack of ambition, with a mere 10% target for a programme implemented over 10 years; they also lack clarity, as a 10% increase in gender responsiveness is not the same as 10% of financing going to women. This highlights that gender is often an afterthought in many proposals, instead of a serious consideration that improves impact.