

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

Intervention on

Consideration of Funding Proposals**Access the document:** <https://www.greenclimate.fund/document/gcf-b42-02-rev01>

Though we appreciate the efforts of the Secretariat to bring forward a record number of funding proposals that could potentially benefit developing countries and communities, we noticed that the alarming imbalance between GCF funding channeled through international access entities vs. funding flowing to DAEs remains. Just 3 of the 19 proposals are from DAEs, representing 7% of the requested financing. We would also like to highlight some concerns with this batch of proposals, and the broader trends they reflect within the GCF.

First, we are concerned about the inclusion of carbon markets as a potential alternative for future financing and the contribution to carbon market readiness in two of the funding proposals. Carbon markets are not and should not be confused with climate finance. The GCF should not engage with carbon markets through its funded activities and if it does, it should include a strict assessment of how AEs propose this engagement, and ensure that it is done at the request, and with the necessary safeguards and focus on the interests of, developing countries and vulnerable communities, particularly Indigenous Peoples, where relevant.

We also want to highlight the incredibly high and likely unrealistic mobilisation ratios included in some funding proposals. In the past, we have pointed out unrealistic ex ante mobilisation ratios, which have allowed the GCF to claim higher mobilisation ratios than many other funds, and which in the end rarely materialise. As part of the monitoring and revision that the GCF does for its projects and programmes, the GCF should include systematic monitoring and reporting of ex post mobilisation ratios, in a format that enables direct comparison to proposal claims, to both provide a more realistic picture of funding impact and ensure the GCF, as a learning institution, is not repeating the mistakes of previously restructured and cancelled projects and programmes. These include notably several private sector ones highly praised at the time of approval which folded because additional private sector finance could not be mobilized and leverage promises proved untenable.

We also want to identify and call out a recurring tendency, particularly in funding proposals in the agriculture sector, to strike a paternalistic tone towards smallholder farmers, pastoralists and other local stakeholders. This propensity to characterize the issues driving degradation and exacerbating climate impacts as rooted in these communities' lack of capacity, knowledge and inability to find solutions on their own is not only insulting and colonial, but, in its systems-analysis failure, can contribute to ineffectiveness. One example of this is the characterization by ITAP in one of the funding proposals under consideration that an earlier "...project idea and the concept of net zero itself, however, were perceived as too complex,

unclear and difficult to understand by many government and development partners.” Indeed, such projects often propose solutions based around the need to provide capacity and solutions in a top-down manner, instead of supporting the development of local solutions through appropriate frameworks that recognise local smallholders and governments’ agency, knowledge, practices and experience.

As in previous meetings, we also worry about the persistent risk of the concessionality provided by the GCF’s funding not being transferred to the final beneficiaries and the lack of transparency about how the terms offered to end users and borrowers are calculated and operationalised. There is often a danger, especially with private sector proposals, that in the end, expected beneficiaries are only used as a vehicle and excuse for private sector development, through the provision of concessional finance, often with little focus on the local private sector and local technologies. When the GCF loses the focus on beneficiaries, which should be central to all funding proposals, we risk seeing proposals that are at cross-purposes, as we have seen in this batch.