

Consideration of Funding Proposals

As delivered during B.43

Access the document: <https://www.greenclimate.fund/document/gcf-b43-02-rev01>

Thank you, co-chair.

As we look at this package of 24 funding proposals, we want to emphasize that in contravention of both the Information Disclosure Policy and the Rules of Procedure, three were not published 21 days before the Board takes action. The Board's choice to consider late-disclosed proposals is surprising for a fund whose maturity and efficiency should be reflected in the adherence to its own policies. That the largest of these proposals has an incomplete Environmental and Social Impact Assessment is also setting a dangerous precedent that exposes the GCF to considerable reputational risk if anything goes wrong with this large Category A proposal. Safeguarding is not just a "nice to have" add-on but exists to protect the Fund and the people affected by the projects it supports, and it is not something that should be sacrificed at the altar of getting large sums of funding out of the door at all costs. The founding principles of the GCF, in its Governing Instrument and then written into its policies, stress that the GCF should be transparent and accountable. For us, that transparency and accountability also includes ensuring every proposal with the potential to receive scarce public GCF funding is discussed in an open session rather than a closed executive session.

The dissonance between these foundational ideas of the GCF and this funding proposal package also includes the continued double-standards perpetuated by the PSAA. Across the PSAA proposals, we see clear-cut indications of standards that are not equivalent to those applied to accredited entities and their proposals. These failures to provide evidence of institutional capacities and track-records on a variety of topics not only carry the risk of approving programmes that fail to realise climate benefits and their other stated goals, but also dismantle trust with AEs and developing countries. The original impetus behind the PSAA, which was to give more access primarily to unaccredited DAEs, has been perverted into the pursuit at all costs of so-called innovative private-sector finance.

This failure to apply equal standards across the board also speaks to a concern raised by the GCF's continued partnerships with MDBs, where the spectre of functional equivalency threatens the application of the GCF's environmental and social safeguards and inclusion policies. This is also evidenced by an MDB restructuring proposal noting that delays in finalizing the funded activity agreement are related to disagreements over the application of the Indigenous Peoples Policy and ESS standards.



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The over-reliance on multilateral development banks to deliver climate finance is in opposition to the GCF's original vision of creating an alternative model to better serve developing countries – just three MDB proposals here together claim 745 million USD in scarce concessional GCF support, or 53% of the entire funding package for 24 proposals - using local communities and Indigenous Peoples as window-dressing for the same failed models of top-down finance. We remind the Board that a high co-financing ratio is not a sign of the GCF's fantastic ability to leverage funding, particularly when the GCF is partnering as the junior partner with MDBs providing funding at many times that scale, but in contrast undermines the GCF's own leverage in demanding policy compliance and real adaptation and mitigation impacts.

Correspondingly, the GCF's commitment to serving local communities and Indigenous Peoples is being tokenized in several proposals, with the promise of local support disappearing after inquiry into actual funding flows or only considered as "readiness" to take up loans in the future, but without any of the GCF concessional funding reaching these groups directly.

The persistent intransparency of subprojects within programmes likewise undermines accountability to communities as well as country ownership.

Ultimately, at this ten-year mark of GCF funding proposals, as some of our network members who were here at that time look back on their expectations for what we would see in 2025, we see those expectations fulfilled primarily by the smallest stream of funding to be approved today, that supporting DAEs. There are indeed several welcomed and appreciated proposals on which we unfortunately will not be making individual comments, noting the time pressure with such a packed meeting, leaving us to focus on ensuring our greatest concerns are noted on the record, in the hopes the GCF can still fulfill its vision as a learning institution.