GCF WATCH

43rd Board Meeting of the Green Climate Fund

October 27-30, 2025, Songdo, Incheon, Republic of Korea

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

Consideration of Funding Proposals

Full version

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

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. In an unusual case, one of these late proposals had been disclosed 21 days prior to B.42, and is once again on the agenda here in identical form. The transgression of a mere two-week disclosure for new funding proposals has not been seen since 2016 for a regular proposal, though, and 2018 in the case of the SAP.

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, and risks significant environmental or social harms. Safeguarding is not just a "nice to have" add on but exists to protect the Fund and people affected by the projects it supports, and 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 it should be transparent and accountable, but taking forward these proposals so hastily undermines that goal.

The dissonance between the foundational ideas of the GCF, and this funding proposal package is not limited to the failure to ensure adequate transparency, nor to the dismissal of a key component of safeguarding climate action in a major proposal. It also includes the continued double-standards perpetuated by the project-specific assessment approach and the over-reliance on multilateral development banks to deliver climate finance 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 - with tolerance for using local communities and Indigenous Peoples as window-dressing for the same failed models of top-down finance, and the continued allowance for the opacity of programmatic approaches.

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 dismantles 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, whose connection to developing countries is often not more than the incorporation as a special purpose vehicle in a tax haven and their unabashed profit pursuit. Even the cover document for the funding proposals reveals the lie of the PSAA, as the touting of two applicants as "first time regional PSAA applicants" is meaningless when the PSAA was supposed to be a single-use mechanism for non-accredited applicants.

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 coming back to the Board where the main reason for the asked for second extension to deal with delays in finalizing the funded activity agreement is related to disagreements over the application of the Indigenous Peoples policy and ESS standards (FP242). The GCF risks throwing away the integrity of its policies in pursuit of large-ticket proposals. 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. A high co-financing leverage ratio is more often than not a signal that the GCF has little meaningful leverage to ensure that the big ticket activities it is supporting with its all-too-scarce concessional resources achieve real adaptation and mitigation impacts.

Correspondingly, the GCF's commitment to serving local communities and Indigenous Peoples is being tokenized in several proposals we see here, 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 them directly. The model of building an enabling environment for the future is unfortunately predicated on the same focus on institutions over communities, staff over beneficiaries, without a commitment to operationalize those promises.

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

Ultimately, at this ten-year mark of GCF funding proposals, as some of our network members here at that time look back on their expectations for what we would see here today, 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 on the floor, noting the time pressure with such a packed meeting, leaving us to focus on ensuring our greatest concerns are marked on the record, in the hopes the GCF can still fulfill at least its vision as a learning institution.