

FP264: Prosperete Growth Fund

Access the document: <https://www.greenclimate.fund/document/gcf-b43-02-add29>

Note: At B.41, civil society organizations expressed serious reservations about FP264 Prosperete Growth Fund and [called for the Board not to approve this proposed programme](#). We welcomed this proposal's withdrawal from consideration at B.41. This step back should have provided an opportunity for consideration of feedback and substantial modifications, such as deciding to work with an entity with an actual track record. Yet the proposal remains largely the same, and so do our reservations and conviction that approving FP264 is fundamentally unwarranted on the merits.

We call for the Board not to approve this proposal.

The GCF should not be providing US\$50 million in equity financing to an entity that has no track record of investments, no track record of closing a fund, no audit trail or past reporting, and no track record of actually using the governance mechanisms and safeguarding policies that it has only just put in place. This is not the type of risk the GCF should take.

Prosperete Investment Management, which would be the accredited entity, was only registered as a company on 24 October 2024. While the proposal repeatedly refers to work that Prosperete has done, this is misleading since the organization has not undertaken such work. As the B.41 Secretariat assessment made clear, the PSAA assessment was largely based on [quote] "the two founders' and team's personal track record in similar funds and projects" [end quote], as described in a third-party report that Prosperete itself provided. The fact that the current proposal - which is identical to one that was left unopened at B.42 - is little different and offers no new evidence of track record suggests that this is still the case. This implies a level of trust bordering on credulity that has never been extended to GCF accredited entities and is now being extended to a non-accredited entity.

It is also far from clear to us that GCF rules have been properly followed in assessing this proposal. As noted in the B.41 Secretariat assessment, the accreditation process began in June 2024 with the first review completed in July 2024, three months prior to the incorporation of Prosperete Investment Management Ltd as a business. Yet the very first question of the initial completeness check at the start of any accreditation is documentation confirming the legal status of the entity. "Legal status" and "track record" are also a part of the initial questionnaire for the PSAA. The B.42/B.43 Secretariat assessment now seeks to justify how this happened by stating that the accredited entity was switched from one

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company (Prosperete Growth Advisors) to another (PIML) without restarting the process. This does little to allay our concerns, not least as the 'older' company was itself only incorporated in October 2023 and is similarly lacking in any track record. Rewriting the timeline to simply remove any reference to the July 2024 review raises more questions than it answers.

Prosperete is ultimately being judged by a substantially different, lower standard to other entities the GCF works with. Smaller direct access entities are routinely asked to document their organizational track record, such as three years of audited financial statements, even to handle micro-scale projects that are far simpler to execute than this proposed medium-scale equity investment. Prosperete, by contrast, has provided no audited financial statements because none exist.

In addition, the proposal has proceeded to the Board with no co-financing secured, with mention only of some "discussions ongoing." Other proposals with secured co-financing have been criticized on the grounds that insufficient co-financing is secured. At the very least, the eighth month period since the proposal was first sent to the Board last February should have seen progress on co-financing but no update on has been provided.

This is a complete perversion of the fit-for-purpose principle that greater scrutiny should be applied to entities asking for more money to conduct riskier activities.

Additionally, the potential scope of the programme is not aligned with the no-objection letters provided. A no-objection letter for Bangladesh was added between B.41 and B.42, but the proposal still talks of scaling up "across Asia and Africa" and presents Indonesia, Nigeria and South Africa as being within its potential scope. In the eight months since this proposal was first sent to the Board, none of these countries have provided NOLs - including Indonesia, which the ITAP review assumes is included in the scope of the programme. Including countries in a proposal without an NOL and without providing evidence that meaningful dialogue has taken place with national authorities speaks to a lack of country ownership.

More broadly, there is no transparency on stakeholder engagement and no transparency regarding the pipeline. While there are indicative figures for the four broad sectors that the programme would engage in, there are no minimum allocation targets that would ensure these percentage figures are anything more than speculative. Adaptation impacts are assumed but the proposal refers to these in extremely vague, generic terms. On the mitigation side, there is no detail on the scale, business models or mix of technologies, fossil fuel exclusions, or guidance if the Fund were to support companies developing or supporting hydrogen or biomass power generation. Overall, the proposal claims it will apply a "rigorous screening approach" but only a highly generic description of what this entails is made available for public scrutiny, in addition to never having been used by the organization.



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Moreover, Prosperete's proposed grievance handling procedures do not offer a public registry documenting the management of grievances implicating environmental, social, and human rights performance. Instead, Prosperete has constructed a grievance handling system that functions to keep non-compliance issues in house and out of the public eye.

In short, we strongly urge that FP264 is not approved by the Board given the risks posed by offering US\$50 million in equity funding to an organization that has no track record and was not even in existence when the PSAA proposal was first submitted and assessed.