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

FP287: Novastar Ventures Africa People and Planet Fund III

Access the document: https://www.greenclimate.fund/document/gcf-b43-02-add21

The programme has several shortcomings that are common to GCF programmes of this sort and that should be addressed when the GCF develops its programmatic financing policy next year. Notably, there is a lack of transparency in the pipeline, an inability to adequately assess the emissions reduction and adaptation claims made in advance, and little practical way to provide input or monitor the selection and relevance of sub-projects.

The Novastar Ventures Africa People and Planet Fund III is proposed as a multi-sector, multi-country programme with few limits on how financing would actually be employed, rendering the ex ante emissions reductions and resilience estimates fairly meaningless. In effect, the GCF is being asked to take on trust that the entity - with which it has no prior relationship - has an effective project selection process that is sensitive to its climate objectives and the co-benefits. Unfortunately, it is not possible to judge whether the proposed Fund has a robust and effective project selection process based on the information provided to civil society in the publicly available version of the proposal.

We do note, however, that ITAP "has some reservations regarding the methodology used to calculate emission reductions, as it appears to lack sufficient conservatism." We have also seen little evidence that there are meaningful checks to ensure that the projected balance of sectors, or mitigation and adaptation, that are estimated in the proposal would be respected in the outcome. This is worth stressing because private investment funds have shown a consistent tendency to prioritize mitigation and somewhat larger-scale or more developed companies than those they have the stated intention of reaching.

Beyond this lack of transparency - which is a product of how GCF evaluates private investment funds rather than a failing specific to this programme - the extent to which the GCF can meaningfully ensure its climate and other objectives are met by an investment programme that takes minority stakes in early stage companies is limited.

We would further note that some of the examples of potential investments have not shown themselves to be particularly effective, efficient or needs-based. Two of the Fund's four existing investments identified at the technical session are home food delivery companies, but to build a climate case around the claim that DoorDash-style deliveries are "reducing food waste" seems tenuous, at best. Or, to take a second example, climate insurance is stressed as a potential solution at various points in the proposal, though such products have a poor track record. When private insurers are required to pay out on such policies the payments to smallholders have often been too little and too late to meet their needs. Community-led adaptation models that also pool risk in case of disasters have proven more effective. This type of comparison is particularly relevant because - despite this being a “private sector” venture capital programme, the vast majority of projected financing would come from public and non-profit sources. In our view, directly financing community-led resilience efforts is a more effective use of GCF resources than directing funds to programmes that reduce transparency and accountability in order to function under a “private” label without actually doing much to mobilize private sector resources.

FP287 once again exposes the limitations of the PSAA when assessing the capacity of the proposed Accredited Entity to implement environmental and social safeguards and adequate redress mechanisms. In this case, the AE Novastar was a core backer of Bridge International Academies (now New Globe), a private education company that failed to ascertain, prevent, and immediately redress child sex abuse in its schools – a shocking case that was taken up by the IFC’s Compliance Advisor Ombudsman. To the best of our knowledge, Novastar has made no effort to participate in remediation for the harms enabled by its investee, and while the IFC and British International Investment exited from directly funding NewGlobe in 2022 as this scandal came to light, Novastar continued its investment well past this date. This speaks to a potentially significant failure in Novastar’s approach to grievance and redress, and safeguarding (including SEAH policies) more generally. Indeed, its online complaint form intended to satisfy the GCF’s grievance mechanism requirements falls short of being legitimate and effective in several areas, including with respect to procedural transparency, disclosure of a complaints log, and orienting to rights-compatible remedy.

Notably, as with other PSAA applicants, we see a markedly different standard being applied to this entity compared to accredited entities. As the Secretariat’s assessment outlines, not only does Novastar not have a standalone gender policy or strategy as a fund manager, its previous two funds “have not applied an explicit gender-sensitive or gender-responsive approach in the investment process.” Without a policy framework, without intentional experience, we are asked instead to consider the lowest bar of indicative gender inclusion and consideration - that the previous funds indeed included businesses led by women, that they indeed included women beneficiaries, that gender discrimination against employees is against policy and gender-based violence should be reported, and that reporting of fund data is often sex-disaggregated. We remind the Board and the Secretariat that the promotion of gender equality, as codified in the GCF Gender Policy, is not equivalent to the incidental recognition that projects or investments have included group members from half the world’s population, and the expected and fundamental safeguarding of employees. The Gender Action Plan target-setting for this fund, however, being informed by previous fund data, with higher targets established, is appreciated. There are indeed some strengths to this Fund’s Gender Action Plan, but the institutional capacity to fully implement it was not demonstrated.

All GCF entities implementing funding proposals, accredited or not, should have a robust, public grievance mechanism, publish their policies on redress, and make public a complaints registry. However, Novastar does not share its complaints policy, does not have a public registry of existing complaints, and keeps its complaints form well-hidden half way down a general contacts page linked only from the footer to its website. At the very least, a more transparent redress mechanism and complaints registry should be conditions for approval of this programme. It is concerning that the Secretariat's assessment has failed to note any such concerns and deems the entity's E&S safeguarding policies and grievance mechanism sufficient with no conditions attached. This is particularly concerning because venture capital is risky and, by its nature, assumes quite high failure rates, increasing the likelihood that grievances would occur.