

Status of the GCF Resources, Portfolio and Pipeline

Access the document: <https://www.greenclimate.fund/document/gcf-b43-inf10>

We remain deeply concerned that the trends reflected in the report point to a continuing imbalance in access and equity across the Fund's operational modalities. Despite repeatedly stated commitments to prioritize direct access, we note that the share of DAE-led proposals appears to be declining, as the Board member from Germany also mentioned. In addition, around 40 percent of PPF resources continue to go to International Access Entities, channeling available funds away from the purpose of the PPF as an instrument of support to DAEs. A similar trend can be noted in the PSAA proposals, prioritizing larger international and private sector entities, when the PSAA was claimed to be designed to support small-scale unaccredited DAEs. After a decade of funding operations, this persistent skew in resource allocation cannot continue to be justified as transitional.

Regarding the pipeline cleaning exercise and collaboration in that exercise, the Board must ensure that the drive for so-called efficiency does not erode the Fund's foundational commitments to direct access, country ownership, climate impacts and accountability. The delivery of climate finance cannot be judged only by volume or speed, but by whether it strengthens the capacities of national and local actors to design, implement, and monitor climate action on the ground. The Fund's pipeline must not be streamlined at the expense of equity and transparency, and as we see quantitative tracking of new proposals against the nine-month timeline, it would be good to have data on moving older proposals forward when the NDAs and AEs so wish.

Correspondingly, to measure the effectiveness of reforms, apples-to-apples data is often required, and we have not seen the data on the previous time-to-accreditation that removes the time the application sat with the applicant, as is critical to the new promise of more timely review.

We appreciate Annex III to the report detailing a list of funded activities at various stages of implementation that are facing difficulties for the transparency it provides as well as the heads up for approved projects potentially coming back to the Board for required adjustments. This includes a SAP project, whose Category C risk categorization with expected changes might shift to Category B and thus exceed what is allowable under a simplified approval process approach. This raises important questions about more encompassing implications of shifts in risk recategorizations that we feel that the proposed revision to the policy on restructuring and cancellation fails to sufficiently consider.

We further note that several private equity projects seem to be flagged for possible restructuring, and that many of these have not produced the promised levels of leveraged finance. This outcome confirms concerns that civil society observers have repeatedly raised – that the leverage assumptions underpinning private equity investments are overstated, and that the financial risks and governance opacity of such structures undermine the Fund’s integrity. Observers have consistently cautioned against excessive reliance on complex financial vehicles whose climate mitigation and adaptation impacts are based on unproven claims of leverage, and we ask for accountability and a transparent reporting on the individual project as well as on the GCF portfolio level of how much of the promised leverage and co-finance - which the GCF proudly uses in its portfolio dashboard – has actually been realized.

What is unfortunately missing from the online portfolio dashboard is the amount of funding flowing to DAEs, in both nominal and grant-equivalent terms, which we appreciate seeing in Figure 18 of this document.

Correspondingly, any information on repayment status seems to be missing as a key part of understanding resources at hand and projected. With several projects in the GCF portfolio now closed, at the very least reporting on how those with non-grant financial instruments fared against their expected repayment schedules and amounts would be useful - noting any effect on the overall resources and commitment authority from these repayments.