

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

Intervention on

Status of the GCF resources, portfolio, and pipeline

Access the document: <https://www.greenclimate.fund/document/gcf-b44-inf08>

This document now combines what were once several distinct documents that provided a lot more granularity and detailed information into an amalgamation of data that is less helpful and non-comparable to previous years, thus calling into question how the Secretariat is fulfilling its requirement to provide the Board – and the broader public – with relevant and precise information on how the Fund is performing. This document was created in the name of ‘rationalising’ the Secretariat’s reporting function, and without proper consideration of the impacts on transparency and coherence over time.

The presented summary report with each iteration from Board meetings feels less like a full account of the information to assess the Fund’s performance and more like a curated narrative. Example projects are even being introduced to underline points. We are concerned that the information presented is selective, leaving out critical details, such as those needed to assess the Fund’s real financial position. The lack of clear transparent calculations on the available commitment authority highlighting outstanding encashment from the various replenishment cycles, which we used to receive, is particularly concerning.

Without transparent accounting of how much funding is truly available and when - especially as we are nearing the end of GCF-2, trends about the Fund’s liquidity and forward pipeline remain unclear. This concern is reflected in the Trustee’s report, no longer annexed, but now only provided as a link, which surprisingly omits a disaggregated picture of outstanding pledges - how much remains unpaid and by which contributors. At a time when predictability and adequacy of climate finance, both features that are highly relevant to recipients and that are under threat due to shrinking climate budgets, this is not just a minor omission; it goes directly to the credibility of the GCF.

On co-financing, the report shows an upward trend, but this presumably based only on ex-ante calculations. These ratios do not match what we are hearing from the ground. Funding disbursement, while growing, still fails to ensure projects are delivered in the expected timeframe. We are glad the Secretariat is doing an analysis of the root causes of disbursement delays but we would inquire when and in what form that information will be released.

Quite a number of projects and programmes continue to face delays, restructuring or even withdrawal or cancellation of funding proposals due to the inability to secure promised

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co-financing commitments. Several of the funding proposals highlighted in Annex III face this challenge. In the case of DAEs, this suggests a structural problem where co-financing is not enabling ambition, but constraining access. For many private sector programmes these data reflect unrealistic and hyped up leveraging promises, showcasing a picture of hypothetical GCF performance that is never revised or corrected. The Board needs to seriously examine whether these expectations reflect realities, especially for countries in vulnerable contexts and focused on adaptation support.

We are also concerned with the narrative that the GCF is successfully bridging the adaptation-mitigation gap. While adaptation is reported at 59% in grant-equivalent terms, the face value of commitments is closer to 50:50 with the report still showing a portfolio largely driven by energy access and power generation. This raises basic questions about how adaptation is being defined, counted and verified, especially when many subprojects under programmatic approaches lack project-level transparency, including any adaptation/mitigation or results area breakdowns.

The reported increase in medium- to large-scale projects, mostly channeled through IAEs, is another red flag. This runs counter to the Country Ownership mandate of the GCF, which cannot be reduced to merely accrediting more DAEs while they continue to receive only marginal support, both in terms of financing and access to projects, stagnating at around 20% of approved funding despite continued and varied efforts, including in readiness and project preparation support, where 8% of PPF funding is now directed to PSAA applicants. This report gladly points to the overall share of private sector projects as 36%, and we cannot help but question the primacy of this information compared to the 20%.

Indeed, this Frankensteined document is where we find reporting against USP-2 targets, which should be a stand-alone document or dashboard, and the second part of the USP-2 target is still not fully presented, with the information on the allocation of resources through DAEs not listed. As we consider too that one IAE is changing its designation to DAE, another national DAE is implementing a project in a country outside its region, and PSAA applicants are being errantly considered DAEs, we also have concerns about how these DAE numbers are derived.

The low DAE share is not only a portfolio imbalance, but also a reflection of the Fund's failure to shift power and resources to where they are most needed, including through simplifying access, locally-led action and inclusion. Notably, the sections on locally-led climate action, co-benefits and inclusion in the GCF portfolio are quite short, and supplemented by random examples or a short case study instead of being informed by more in-depth analysis. This illustrates the current limitations in tracking and aggregating data related to women, Indigenous Peoples, and other priority populations, including youth, and underscores the critical need to enhance portfolio-level tracking mechanisms to better understand the



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differentiated impacts on these groups. We look forward to the presentation of structured options for estimating financial flows and results pertaining to Indigenous Peoples.

We note in reporting on the readiness program the update on the implementation of the new readiness strategy, including growing requests for support under the DAE window and through the expert placement scheme which are welcome. More details would be needed in how a just retrofitted Readiness Results Management Framework (RRMF) may be integrated into a Harmonized Readiness Framework to be tackled soon.

Overall, the Fund's descriptions of progress in its consolidated reporting is uneven and misses the deeper analysis on why some of the same barriers to transparency, accountability and equity remain in place. If the GCF is to remain credible as an operating entity of the financial mechanism under the Paris Agreement, it has to address those barriers honestly on paper in order to tackle them in practice.