



45th Board Meeting of the Green Climate Fund

June 29 - July 2, 2026, Dushanbe, Tajikistan

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

Intervention on

FP307: Mekong Earth Regeneration Fund (MERF)

Access the document: <https://www.greenclimate.fund/board-document/gcf-b45-02-add08>

We call on the Board to *reject* FP307. We deliver these comments informed from inputs sent by a community organization based in Lao PDR, and in line with their grave concerns.

This proposal is presented as benefitting smallholders, but in reality it is a programme that would mainly benefit agribusiness and financial intermediaries. Smallholders are expected only to benefit from the hypothetical trickle-down effects of agribusiness investment.

It is difficult to imagine why vertically-integrated agribusiness companies would engage with smallholders they have not had engaged with prior. Agribusiness companies hire agricultural workers to work large farmlands, often under exploitative conditions and through contractual labor arrangements. It is unclear what would incentivize them to engage with smallholders under improved conditions. To ensure smallholders *do* benefit from GCF projects, the GCF would be better off directly financing them rather than relying on trickle-down benefits.

Moreover, US\$11.5 million of the GCF's US\$50 million contribution is earmarked for "investment management, reporting and exit from beneficiary companies," with a further US\$375,000 for operationalizing the investment facility. These are management fees and transaction costs, meaning that nearly a quarter of precious GCF financing does not accrue direct climate impacts and co-benefits.

As is typical with equity funds that come to the Board, investments are not identified in advance and the projected climate impact and co-benefits are speculative. This underscores the importance of clear guidance on equity funds and programmatic approaches. We share ITAP's concern that actual impacts are likely to fall short of projected ones.

Since this is the first time the EE will be managing a climate focused fund, we support the condition that the MERF's "E&S Manager" will be granted veto power, though we anticipate a continued focus on profitability. We demand full transparency on the programme's targets, and its identification of benefits and potential or actual overlaps, to enable independent monitoring. Further, we are concerned that private equity funds have proven to face difficulties in fundraising and mobilizing co-financing, even with GCF derisking or equity, raising questions of feasibility.

We appreciate the AE's response that the funding structure running through Luxembourg, Singapore, and the Cayman Islands does not allow for tax evasion. However, taking GCF financing on a tour of secrecy jurisdictions does not inspire confidence.



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We also note that the programme allows for the development of plantations on degraded land, but were unable to find a clear definition of “degraded land”. We would appreciate a definition of degraded land, and an explanation of what precautions it will take to avoid environmental destruction, displacement, and unwarranted changes of legal status of land of affected communities (as potentially anticipated in the Indigenous Peoples’ Planning Framework). Plantations are not a climate solution.