GCF WATCH

46th Board Meeting of the Green Climate Fund

October 26-29, 2026, Songdo, Incheon, Republic of Korea

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

Intervention on

FP314: Southern African Industrial Decarbonization Facility (SIDF)

Access the document: https://www.greenclimate.fund/board-document/gcf-b46-02-add07

We have several reservations about FP314.

First, the programme risks financing business as usual. Industrial decarbonisation, mostly renewable energy supplied directly to South African industry rather than the grid, accounts for almost 2/3rds of the projected impact, yet ITAP doubts there will be an adequate pipeline of "additional" subprojects in an already rapidly growing, commercially viable private market. The GCF should not subsidise what the market already delivers.

On industrial efficiency, the exclusion list lacks adequate published criteria. Investments should be required to meet a best-available-technology standard or align with credible 1.5°C transition plans. The Climate Investor Three exclusion list also permits continued fossil fuel use "for processes where feasible alternatives do not exist", an exception that in steel, cement and chemicals could cover almost anything. This loophole should be closed so that coal-reliant industries are not funded for incremental changes that extend the life of fossil assets.

Second, the green hydrogen components, especially in Namibia, risk serving export markets rather than domestic mitigation needs, while the GHG estimates seem overstated given how hydrogen leakage is accounted for.

Green hydrogen is already controversial in Namibia and South Africa. Hyphen, a planned 7 GW project in Namibia's Tsau /Khaeb National Park, already receives investment from Climate Fund Managers and we understand it is in the potential pipeline. It is disputed by indigenous leaders, including the Nama Traditional Leaders Association, and CSOs, as it is planned on the ancestral lands of the Nama people, who have not granted consent. It also threatens biodiversity. A project built without indigenous communities' consent cannot be called green, and there should be a commitment not to invest in it.

Third, the explicit eligibility of carbon capture, use and storage (CCUS) calls the programme's real climate impact into question. About 6% of projected mitigation is assigned to CCUS, an expensive, unproven technology that can prolong fossil assets and is unlikely to deliver emissions reductions. CCUS should be excluded.

Fourth, the gender assessment and Gender Action Plan (GAP) remain vague, with no quantified programme-level targets for women's participation or benefits and no costed budgets. Every target is deferred to project-level GAPs, so we would like a commitment that these are shared before subprojects are approved.

Fifth, ITAP notes that carbon credits could further undermine climate impact. The AE offers only a "case-by-case assessment" to avoid double counting, which is not a sufficient safeguard; a clear and binding "no offsets" rule should be applied, monitored and reported on.

Finally, DBSA's grievance mechanism has proven non-responsive to community grievances, yet an effective mechanism is a fundamental prerequisite for a compliant GCF programme. As an accredited entity, DBSA must address this across its portfolio.