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

FP315: Bhutan Livable and Resilient Cities Project (LRCP)

Access the document: https://www.greenclimate.fund/board-document/gcf-b46-02-add08

We welcome the GCF's support to Bhutan in moving urban mobility away from fossil fuel-based transport and in building climate-resilient water management. However, we wish to highlight several risks that could undermine the benefits this project seeks to deliver.

First, we are concerned about the social and cultural impacts of the proposed infrastructure works. The construction of bus terminals, road and footpath expansion, and roadside drainage upgrades carry a real risk of displacing households, causing the loss of small businesses and affecting cultural heritage. The Secretariat's own review indicates that nearly 670 households will be directly affected. The AE must be fully accountable for a fair and adequate approach to land acquisition and resettlement, grounded in free, prior and informed consent. This should be the minimum standard. We urge the AE to uphold its commitments and meaningfully consult affected households and small business owners throughout implementation to guarantee that compensation and livelihood restoration measures are adequate, and that cultural heritage is protected.

Second, access and affordability must remain at the center of this project. Improved water and transport services must remain accessible to the general public. Tariffs and public debt should not be raised to repay GCF loans at the cost of equitable access. We are also concerned that the planned removal of "non-revenue" water sources may cut off access to water to low-income households. We encourage the AE to put safeguards in place, including consultations, so that access to water is not reduced for those who can least afford it. Access to water is a human right.

Third, adaptation measures such as "climate-proof" water infrastructure, slope stabilization and erosion control should not be assumed to be environmentally or culturally appropriate. Poorly designed interventions can limit groundwater recharge and disrupt the water flows on which ecosystems depend. We strongly encourage the project to incorporate Indigenous knowledge and experience into the design and implementation of these measures.

Fourth, the institutional capacity-building component relies heavily on consultants, raising questions about its sustainability beyond the project's lifetime. Local personnel should lead these interventions from the beginning, so that knowledge and skills remain within national and municipal institutions.

Fifth, we question the financing structure of this proposal. In line with the aspirations of the Paris Agreement, capacity building and technology transfer for systems that vulnerable communities rely on should be supported through grants, not loans. We invite the Board to reflect on whether a loan component is appropriate for an intervention of this size and nature.

In conclusion, while we support the objectives of this project, addressing these concerns will be essential to ensure that its gains are not achieved at the expense of the very communities it is meant to serve.