GCFWATCH

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

FP326 Catalytic SMA (G) ("CSG")

Access the document: https://www.greenclimate.fund/board-document/gcf-b46-02-add19

We call on the Board to reject FP326 due to significant concerns about the justification for concessional GCF financing, transparency, and environmental and social risks.

First, the financial structure raises fundamental questions about the use of scarce GCF resources. The proposal requests up to 250 million USD in GCF equity in a 1.3 billion USD private equity program alongside major institutional investors. Yet the GCF's returns would be capped at 6%, with returns above this going to other investors, while losses would be shared pari passu. The Board should require a clearer justification of this structure's additionality and value for money, explaining why public resources should bear these risks while private investors capture the upside.

Second, the lack of transparency prevents meaningful assessment of the programme's climate benefits and risks. The investments have not been publicly disclosed, and ITAP notes that mitigation outcomes are "illustrative" and "not underpinned by identified, appraised subinvestments at the time of Board consideration", which limits their reliability.

The Operations Manual, which sets eligibility criteria, environmental and social workflows, and monitoring, reporting and verification, remains unfinished. ITAP warns that approval without it would "leave a core fiduciary control document unverified". A programme of this scale should not be approved without full disclosure of the investment pipeline and final Operations Manual.

Third, the eligible activities raise significant environmental and climate concerns. Without stringent feedstock and sustainability requirements, sustainable aviation fuels could drive land conversion and deforestation. Carbon capture and storage is among the technologies the portfolio is expected to deploy, despite the risk that this unproven technology prolongs fossil fuel production. "Low-carbon hydrogen" need not even be produced from renewable energy. And renewable natural gas investments require safeguards against methane leakage and the extension of fossil gas infrastructure. These concerns are compounded by executing entity Brookfield's fossil fuel interests, including its ownership of a major Brazilian gas pipeline network.

Finally, protection of Indigenous Peoples' rights remains inadequate. ITAP highlights the absence of a stand-alone Indigenous Peoples Policy and of pre-investment veto authority for BNDES and the GCF over Indigenous Peoples' plans. These plans and Free, Prior and

Informed Consent processes are deferred until after each investment closes. This is especially concerning as the program may support investments near Indigenous territories, including those of Peoples in voluntary isolation in the Amazon. The programme must ensure meaningful participation by Indigenous Peoples, quilombola communities and other potentially affected groups throughout decision-making.

While Category A subprojects are “not expected”, they should be explicitly excluded.

The Gender Action Plan, whose indicators are largely procedural, also needs measurable targets for women’s participation and a dedicated budget.

In conclusion, public climate finance must deliver demonstrable climate benefits, protect rights and ecosystems, and provide clear public value. The Board should not approve FP326 without adequate transparency, appropriate safeguards and a convincing justification for using concessional resources.