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

FP328: Transformation Pathway Initiative (TPI) – Finance in Motion

Access the document: https://www.greenclimate.fund/board-document/gcf-b46-02-add21

We are surprised to see this Finance in Motion fund come forward under the PSAA, which is focused to allow applicants a one-time only access to GCF funding otherwise not accessible to them. This does not fit FiM, which has implemented FP128, the Arbaro Fund, as executing entity for MUFG, and hence seems to have sufficient means to access GCF and other funding without needing the PSAA.

We note that the Arbaro Fund is listed as proof of FiM's track record of success in the light-touch PSAA documentation. That seems questionable, in light of the FiM-managed Arbaro Fund's failure to raise the 175 million USD in co-financing it promised, instead delivering only 86 million USD, and requiring its mitigation target to be almost halved, while the GCF contribution stayed the same. This casts doubt on FiM's ability to attract the promised 525 million USD in institutional investor co-financing for the blended finance debt fund worth 700 million USD with 175 million USD from the GCF as a junior interest equity investor. We therefore urge that individual tranches of GCF junior equity shares will only be drawn down if corresponding private co-financing is invested in parallel, although we ask why FiM seems to have no or little of its own financial skin in the game.

The cross-cutting revolving loan fund would focus only 20% on adaptation investments in climate-resilient agrifood systems with the rest targeting industrial mitigation through on-lending through financial intermediaries to SMEs and in direct corporate investments. The ten countries it plans to invest in have little in common and are spread out over several continents. A commitment to target a minimum allocation of 75 million USD per participating country over the Fund's lifespan is welcome; however, it is clear that emerging market countries like Mexico or South Africa can expect to draw the bulk of the revolving loan funding instead of participating countries like Cote d'Ivoire where barriers to accessing such finance are much higher.

As in other private-sector equity programmatic structures, the Board approves a large sum without knowing what it will finance: no subprojects are identified in publicly available documentation, most lending is through local banks whose sub-loans will never be visible, and there is no commitment to publish standardised information even on the direct lending investments.

Suggested GHG emissions reductions seem high, but are, in the absence of an identified investment pipeline, preliminary estimates at best. For adaptation benefits, with most of the proposed finance going either to Financial Intermediaries or corporate loans, only 38,000 direct adaptation beneficiaries are identified at a very high GCF cost of nearly 1,000 USD each.

Lastly, the proposed Fund-level Gender Action Plan is highly generic, with no country-specific actions, and lists only basic requirements for complying with the GCF gender policy instead of ambitious programme targets, such as targeting a substantial share of its investment flows to benefit women-owned enterprises instead.