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

Policy for contributions to the Green Climate Fund for the third replenishment (GCF-3)

Access the document: https://www.greenclimate.fund/board-document/gcf-b46-12

The Policy on Contributions' essential role in enabling replenishment pledges to be received reinforces the criticality of its provisions. As this draft is considered and deliberated including in continued work by Board members and their representatives outside this Boardroom, we ask the Board to keep in mind the cascading impacts of their decisions on the project-affected peoples that should be at the heart of any decision-making.

While noting the effort to provide so-called "flexibility" for contributors who contribute part of their pledges in loans, such flexibility cannot be afforded through an erasure of both individual and aggregate loan caps. If existing caps were truly restrictive, an increase to slightly more generous terms instead of removal should have been the first adjustment proposed. The Secretariat has presented only anecdotal evidence that these limits have constrained contributions in the past. Caps on non-grant contributions are necessary to ensure that the overwhelming majority of the GCF's contributions remain in the form of non-repayable grants, and to signal the imperative of grant-based public finance as the core of the third replenishment.

The removal of loan caps coupled with the inclusion of guarantees as a new financial input undercuts the GCF's ability to provide grant financing, while counting these inputs in grant equivalency gives a false impression of higher concessionality and higher replenishment numbers than in actuality.

Beneficiaries' needs, not the preferences of contributors, must guide policymaking. This Policy on Contributions risks further increasing the debt burden of developing countries already constrained by debt servicing and policy pressures that subordinate public priorities, including responding to the climate crisis, to the interests of creditors and investors. The policy should explicitly preserve the Board's discretion to decline contributions whose terms are incompatible with the Fund's mandate or financial sustainability.

Changing the nature of the GCF's resource mobilization in these ways could set precedent beyond GCF-3, curtailing developed countries' mandated public contributions irrevocably for all future GCF replenishments.

The updated policy should include clear provisions for enforcement and remedial actions in the case of non-fulfillment of contributions under signed agreements. For developed country Parties providing climate finance, agreements associated with legal obligation and dispute

resolution must be the default, in keeping with their Paris Agreement and Convention responsibilities, which are legal obligations affirmed by the International Court of Justice.

Any contributions from Parties and non-Parties outside of those providing climate finance in alignment with Paris Agreement Article 9.1 do not lessen the obligation of developed countries to provide their fair share, and no provisions in this policy must be interpreted as doing so. Those with obligations must be held accountable, rather than having the Fund restructured to accommodate their failure to pay.