

REQUEST FOR RECONSIDERATION OF FUNDING DECISION – SAP052

TO: The Independent Redress Mechanism (IRM) of the Green Climate Fund
FROM: Ms. Maha Al-Balushi, National Designated Authority (NDA), Sultanate of Oman
DATE: 28 January 2026
SUBJECT: Request for Reconsideration of the Board Decision Denying Funding Proposal SAP052

EXECUTIVE SUMMARY

This Request for Reconsideration concerns the decision taken by the Green Climate Fund (GCF) Board at its Forty-third meeting (B.43) to deny Funding Proposal SAP052, titled “*Building Oman’s Climate Intelligence and Early Warning Ecosystem for Risk-Informed Planning and Inclusive Climate-Proof Investment.*”

The National Designated Authority (NDA) of the Sultanate of Oman submits that the decision reflects a procedural inconsistency with approved GCF policies governing the selection of financial instruments and country eligibility.

First, the effect of the decision is to require non-grant (loan) financing for a project that is intrinsically non-revenue generating. This is inconsistent with the Initial Investment Framework (Decision B.07/06), which explicitly limits loan financing to revenue-generating activities that are financially viable. The proposed Early Warning System constitutes a public good that generates societal benefits but no commercial cash flows capable of servicing debt.

Second, the decision appears to rely on Oman’s income classification as a basis for denying grant eligibility. The Governing Instrument establishes that *all* developing country Parties are eligible to receive resources from the Fund, and no formal policy exists establishing income-based exclusion from grant financing. Conditioning eligibility on income rather than vulnerability introduces an unwritten criterion not adopted by the Board.

The NDA respectfully requests that the Board re-examine Decision B.43 for consistency with approved policies, reconsider the eligibility of SAP052 for grant financing, and provide formal clarification of the policy basis applied.

1. BACKGROUND AND CONTEXT

The National Designated Authority (NDA) of the Sultanate of Oman hereby submits this formal request for reconsideration of the decision taken by the Green Climate Fund (GCF) Board at its Forty-third meeting (B.43) regarding Funding Proposal SAP052, titled “*Building Oman’s Climate Intelligence and Early Warning Ecosystem for Risk-Informed Planning and Inclusive Climate-Proof Investment.*”

The NDA submits that the denial of this proposal reflects a misapplication of the GCF Investment Framework and the Governing Instrument with respect to the selection of appropriate financial instruments. We respectfully request that the decision be reviewed to ensure technical consistency with the Fund’s approved policies.

2. GROUNDS FOR RECONSIDERATION

This request is based on two specific procedural grounds where approved GCF policy appears to have been applied inconsistently.

A. Misapplication of Decision B.07/06 (Investment Framework) regarding Financial Instruments

The primary ground for reconsideration concerns the effect of the Board’s decision, which is to require non-grant (loan) financing for this proposal. This outcome contradicts the explicit provisions of the Initial Investment Framework (Decision B.07/06, Annex XIV).

- **Policy Mandate:** The Investment Framework specifies the eligibility of financial instruments and states:

“Only revenue-generating activities that are intrinsically sound from a financial point of view will be supported through loans by the Fund.”

- **Nature of the Project:** SAP052 establishes a national Early Warning System (EWS). In economic terms, an EWS constitutes a pure public good: it is non-excludable and non-rivalrous. While it generates substantial societal value through avoided losses to lives and assets, it produces no commercial cash flow capable of servicing debt.
- **Policy Inconsistency:** A project without revenue generation cannot be considered “intrinsically sound” for loan financing under the Investment Framework. Requiring loan financing for such an intervention is inconsistent with the principle that the *nature of the activity* must determine the appropriate financial instrument.

B. Application of Uncodified Exclusionary Criteria (Country Eligibility)

The second ground concerns the reference to Oman’s “High Income” status as a basis for denying grant support. The NDA contests this interpretation in light of Paragraph 35 of the Governing Instrument.

- **Legal Eligibility:** The Governing Instrument provides that “*All developing country Parties to the Convention are eligible to receive resources from the Fund.*” The Sultanate of Oman is a Non-Annex I Party to the UNFCCC. The Fund has not adopted any formal policy establishing income-based exclusion from grant eligibility.
- **Misalignment with Climate Risk:** Income level does not mitigate exposure to physical climate risks such as cyclones, flash floods, droughts, and extreme heat. Conditioning grant eligibility on GDP rather than climate vulnerability introduces an unwritten criterion that is not grounded in approved policy and creates procedural inconsistency.

- **Constructive Resolution:** The NDA acknowledges Oman's economic capacity and is prepared to explore **enhanced domestic co-financing** as an appropriate means of addressing income considerations, provided that the GCF contribution remains aligned with the Investment Framework as grant financing for a non-revenue public good.

3. CONCLUSION AND REMEDY SOUGHT

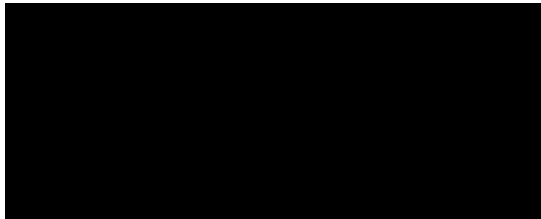
The Sultanate of Oman seeks a resolution that enables the protection of its population without establishing a precedent requiring sovereign debt for non-revenue public goods.

Accordingly, the NDA respectfully requests that the Board:

1. **Re-examine Decision B.43** to ensure consistency with Decision B.07/06 governing the use of financial instruments.
2. **Reconsider the eligibility of SAP052** for grant financing, with openness to restructuring the project if required.
3. **Provide formal clarification** of the policy basis relied upon to deny grant eligibility, should the Board maintain its position.

The NDA looks forward to a constructive and transparent review.

[Signature]



Ms. Maha Al-Balushi National Designated Authority (NDA) Sultanate of Oman