• This is a proposal that in many ways fits our vision of GCF private sector financing. There is considerable evidence that offgrid renewables are cost effective and transformative. There is a welcome focus on energy access and job creation. The proposed $3 million grant element for consumer protection is an important recognition that users must not be left with the bill for failed companies.

• We also welcome that the proposal takes seriously the gender-sensitive approach of the Fund with $2 million for the training of women as solar technicians and sales people, education and women-focused microfinance. But this could be strengthened through a commitment to a certain percentage of the 10-15 SMEs the Acumen fund wants to invest in being led by women entrepreneurs with an accompanying capacity-building component.

• There are two particular aspects of the proposal that concern us, however. First, we note that Acumen is not currently accredited for the scope of this programme. As noted in the documentation, the grant capital component is “subject to an upgrade of Acumen’s accreditation status” as it had not applied previously for the specialized fiduciary standard on grant award/funding allocation mechanisms. This could set a worrying precedent. Implementing entities should first be required to attain the appropriate accreditation level before putting forward proposals. Otherwise, an undue pressure is put on the process of assessing their safeguards and fiduciary standards.

• The second aspect that concerns us relates to the fact that the "KawiSafi Ventures Fund" would be set up in Mauritius, which is commonly used by multinationals for tax avoidance purposes, whereas the funded projects would take place in Kenya, Rwanda and Uganda. Mauritius currently has double taxation treaties with Kenya, Rwanda and Uganda, which severely limit the amount of source taxation a company would have to pay in those countries.

• We acknowledge the explanation that potential investors may favour this setup “because of the tax treaties and the favorable regulatory environment”, but business as usual is not an acceptable argument in this case. Tax avoidance should not be part of the business model of the GCF. As we mentioned yesterday, the GCF should strongly encourage onshore investment and provide support to enable onshore finance.

• More generally, we find that the level of information available for the private sector proposals is inadequate and its narrow scope cannot be justified for reasons of commercial confidentiality. As a minimum, there should be an early disclosure of sub-projects as investments are made in local SMEs to enable full stakeholder consultation, particularly with local communities on their technology needs and right approaches. The Secretariat should be tasked with identifying best practice on transparency for similar projects and programmes, and should aspire to exceed those standards.