

FP 028 - Business Loan Programme for GHG Emission Reduction (XacBank), Mongolia

CSO comments on the project given as intervention during the 15th GCF Board Meeting, December 2016

- We welcome this project which is tailored to support MSMEs to finance efficiency upgrades or RE investments in a context where this is otherwise very challenging due to high interest rates and short tenors.
- It is not sufficiently clear what types of sub-projects will be supported. In particular, we suggest that there be an explicit exclusion of fossil fuel projects. We would also like clarification about the maximum size of supported projects and about the maximum risk. We would expect that Intermediation-2 means that risks no higher than B can be supported, but we would like explicit clarification about this.
- We welcome that the proposal intends to explicitly support women-led businesses and offer them more favorable conditions. However, the definition of women-led is too weak and needs to be strengthened (currently, a business with only 30% of the directors or 40% of the workforce being women would already qualify).
- The proposal highlights the need for promoting awareness about viable EE and RE solutions among MSMEs, for capacity building and for identifying gender-sensitive technologies. But the programme does not include more specific activities to address these barriers along with the necessary budget. We are concerned that in the absence of a budget, such critical activities might not happen. Such activities could for example be carried out by competent local institutions or non-governmental groups who could be included in the proposal as executing entities and receive grants for technical assistance.