

## FP038 GEEREF NeXt (EIB), Multiple Countries

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*CSO comments on the project given as intervention during the 16<sup>th</sup> GCF Board Meeting, April 2017*

- We welcome the focus of this project on catalysing renewable energy and energy efficiency, and are glad to note that we have received informal assurances from the EIB that it will not invest in funds that directly or indirectly support fossil fuel infrastructure. However, we do not see such assurances written into either the project proposal or the ESMS. We are also disappointed by the lack of criteria for biomass projects. We would therefore propose an additional condition is added to the project, stating that: “The Accredited Entity shall update the ESMS Excluded Activities list (Annex II) to include “electricity generation from oil, gas, coal or biomass, and infrastructure (eg. transmission lines) directly related to such facilities”
- More broadly, we would like to see greater consistency between the Intermediation-2 risk rating and the environmental/social risks of subprojects, with an additional condition stating: “funds and projects supported under GCF financing should not be invested in subprojects with potential significant adverse environmental and social risks that are equivalent to GCF environmental and social risk category A.”
- We are concerned about a lack of transparency on sub-projects. As currently described in the ESMS, it falls some way short of best practice, and compromises the ability for independent scrutiny of potential GCF-funded investments. We would therefore suggest that additional transparency requirements are made a condition of GEEREF NeXt approval, and written into the project’s legal agreements with the Fund. These should ensure that information about investments under appraisal is provided to the public through the GEEREF NeXt web page and/or the GCF website in conformity with the GCF information disclosure, that is at least 30 days in advance of approval. This information should include environmental and social appraisals of proposed projects. In addition, a full list of approved Fund Managers and sub-projects (including environmental and social monitoring reports) should be made available through the GEEREF NeXt and/or GCF website;
- We have several more detailed comments on this proposal, which we could submit in writing in the interests of time. These include questions on the EIB (and European Union’s) own (relative lack of) investment in the GEEREF, on the inconsistent application of leverage criteria, and a request that Technical Assistance grant financing should be concentrated in host countries. We would also like to see a clearer elaboration of gender impact goals, including gender disaggregation of key indicators. Finally, we would like to see the GEEREF team include an environmental/social safeguard and gender specialist as a matter of priority, to ensure that it has adequate capacity to oversee the actions of investee funds.

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(MORE DETAILED COMMENTS TO BE SUBMITTED IN WRITING AS SUGGESTED DURING THE INTERVENTION)

- Looking at the financing structure we feel that the EIB should have put in more “skin in the game”, both in terms of the sum of financial contribution, as well as in their willingness to take risk in the form of taking “A” shares alongside the GCF; instead of the USD 30 mio in “B” shares they are willing to put in.
- We also find the leverage claims quite unrealistic – with suggestions of up to a 1:50 ratio of funds leveraged. It is not clear what the risk management strategy for the project is if these assumptions are not realized. More generally, the GCF should seek to improve the consistency of how leverage is calculated. We don’t find convincing the claim that GEEREF financing would cause 50 times that amount of money to be invested.
- We welcome the inclusion of Technical Assistance Facility, but would like to see a clear statement that grant-financing would be focussed on activities or staffing in project host countries (for example related to environmental/social guidance or gender capabilities).
- We welcome the elaboration of a Gender Action Plan. But the proposal would benefit from a clearer elaboration of gender impact goals, for example some targets for support of women-owned SMEs in which Fund managers are to invest, or minimum percentage of female employment benefits. Likewise, key impact indicators need to be gender-disaggregated (for example on direct beneficiaries – with a target/percentage for inclusion of female-headed households). It is not enough to assume that ‘on average in each household 50% will be female beneficiaries’. GEEREF NeXt should also commit to a detailed Gender Impact Assessment in every country it plans to operate in as a way to guide its Fund manager partners operating in those countries.
- Finally, in order to fulfil the proposal’s promise that GEEREF will use best practice environmental, social and governance (ESG) standards, the GEEREF NeXt team should include an E&S and gender specialist. This should be addressed as a priority, to ensure that the GEEREF team has adequate capacity to provide oversight and assistance as needed for the implementation of environmental/social safeguards and project specific gender actions by the investee funds in their project implementation. Adequate GEEREF NeXt capacity for this important oversight function should be made a condition of the project support by the GCF.