

July 11, 2023

36th Board Meeting of the Green Climate Fund (GCF)

GCF Observer Network of Civil Society, Indigenous Peoples, and Local Communities

INTERVENTION

FP211: Hardest-to-Reach (Acumen)

Access the document: <https://www.greenclimate.fund/document/gcf-b36-02-add06>

We welcome the focus of this programme that targets the poorest communities and tries to ensure access to clean energy. This is an important step in ensuring the sustainable development and rights of these communities in a manner that does not lead to a significant increase in emissions.

However, we have reservations on the framing of this programme as cross-cutting, and the attribution of 50% of the finance as adaptation finance. Though we agree that access to clean energy for the poorest and most vulnerable communities and households is an important prerequisite for enhancing their adaptive capacity, we do not agree that this is a direct and immediate outcome of this access. For example, the proposal claims to support adaptation outcomes because a portion of the new clean energy customers will be able to diversify their sources of income, or access climate-related information through the use of technologies such as mobile phones and radios. However, the programme does not include nor target any activities promoting the diversification of incomes or access to climate-related information. Therefore, the programme and the companies that it will invest in will not be in a position to actually ensure these outcomes, or be able to claim that they are linked to their interventions, as they will depend on factors external to the programme.

Even though the interest rates of the impact-linked loans will be based on impacts, which will be monitored, these impacts are not adaptation-related, as they mostly include first-time energy access. The AE intends to conduct user surveys to determine beneficiaries with improved and/or new climate-resilient livelihood options or reporting access to early warning systems, but cannot prove any direct link between these improvements and the programme's investments. Therefore, adaptation should be framed in this case as a co-benefit.

This is an important issue as the GCF will claim to have supported adaptation in the target countries and for the most vulnerable people without actually being able to deliver on this. This will likely artificially inflate the percentage of adaptation finance—and in this case, private adaptation finance—provided to developing countries, potentially without any actual impact on the ground. Likewise, the Key Performance Indicators for the impact-based loans do not include differentiation by particularly vulnerable groups, such as women or Indigenous Peoples, in order to incentivize reaching out to these often marginalised groups in particular.

We welcome the fact that this programme has developed guidance on Indigenous Peoples as part of their ESMS. Nevertheless, we are concerned about how the proposal seems to cherry-pick parts of the definition of FPIC, only as “aimed to establish bottom-up participation and consultation of an indigenous population prior to the beginning of development on ancestral land or using resources in an indigenous population’s territory”, as opposed to the definition of FPIC in the GCF Indigenous Peoples Policy as an iterative process and as intentional in obtaining consent.

Finally, we find some of this programme’s gender elements unambitious. The 10-to-12 year programme should strive to go beyond the industry benchmark of having 32% of its customers as women, a target maintained without any progression across the programme lifespan and that results in a direct beneficiaries ratio of two men to every one woman. The same goes for setting the goal of women employees at 33%, the global benchmark. It is important that any project or programme creates mechanisms for reviewing and increasing ambition through progressive goals, as data and learning throughout implementation should inform ways to better design and implement activities to progressively move the needle toward gender equality, the goal of a GAP exercise.

Likewise, while the GAP claims it will work to identify women-led or women-owned businesses for funding, it does not provide a target for the investment amount/share and/or minimum number of businesses it will support (including to ensure that there are some in each programme-participating country).

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