

July 11, 2023

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

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

INTERVENTION

FP213: The Blue Green Bank (BGB) (Barbados) (Pegasus)

Access the document: <https://www.greenclimate.fund/document/gcf-b36-02-add08>

We have a number of concerns about whether the Blue Green Bank proposal is the appropriate vehicle to achieve its stated goals and whether it is ready to receive funding, given the lack of fully developed governance structures or investment policy, and the lack of green banking experience on the part of the Accredited Entity. We do, however, welcome the fact that the proposal shows a high degree of country ownership and collaboration with the Government of Barbados.

Our overarching concern is that considerable effort is being put into creating a new financial institution, but the proposal does not offer a strong rationale for creating a “wholesale bank” of this nature. It remains unclear to us whether such an institution is needed or whether the relatively modest size of the proposed bank would provide an attractive option for structuring deals with other financial institutions compared to existing players in the region. As noted by ITAP, the projected demand for finance and mitigation impacts seem to be over-estimates.

Given that the claims about projected beneficiaries and the proposed activity structure is focused largely on existing or planned Government of Barbados programmes (HOPE and SHIFT, which would provide climate-resilient housing and renewable energy) we would like to know whether any comparison has been made between the efficiency of financing these programmes via a new financial institution, including the creation of three of the four executing entities, compared to simply seeking direct GCF financing for such activities.

The lack of fully developed investment criteria is especially problematic. We would typically expect investment criteria and policies to be developed before a proposal seeks approval, and would like to know why that has not happened in this case? In particular, we are concerned that the very generic criteria identified in the publicly available version of the proposal (pp.30-31) do not require any social, economic, environmental or gender co-benefits at all on the mitigation side.

We also request that the exclusion list in the ESMS documentation explicitly excludes support for continued fossil fuel power generation (e.g. retrofits on existing facilities), as these could delay the island’s energy transition.

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