

Thank you for this important e-mail communication soliciting input into the GCF Strategic Plan. The call for input is timely and important to institutions working with private sector to access GCF funding to leverage their efforts, recapitalize their operations and optimize their access to GCF funding.

The call by the GCF initial Strategic Plan

"crowding-in and maximizing the engagement of the private sector in financing and implementing the paradigm shift towards low emission and climate resilient development pathways", has not benefited most of the private sectors in developing countries.

In part, the requirements by GCF that private sectors have to submit their proposals through Accredited Entities, have in away become barriers and constraints to the private sectors in developing countries. Some of the reasons are as follows:

1) the Accredited Entities are located at a distance and out of reach.

If lucky to reach out to one, it is not easy for the project to take off as the AE continuously postpone the engagement resulting in frustrations and discouragement of private sector participation, these have generated barriers and constraints;

2) The private sector prepare and develop projects at their cost with desirable viable investment options, but, do not have initial capital to kick start the projects. Most AE pose the question to private sector, if the project is so good and viable, why not present it to the commercial lending entities. This in itself is a constraint to the private sector, since initial capital has a risk, high capital cost and guarantees may not be forthcoming from the governments;

3) The private sector projects are impact business oriented and long term contribution to climate change resilience and paradigm shift might not be captured immediately in the short to medium term range. There is a knowledge gap between the private sector and AE in formulating balanced projects that are suitable for investment, climate change benefits and sustainable development.

My suggestion is that GCF commissions a study on barriers and constraints to crowding-in private sector participation from developing countries. The results from this study will bridge the knowledge gap and best inform GCF future Strategic Plans on how to crowd-in private sectors from developing countries.
Best. Patrick

Private Sector Observer

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