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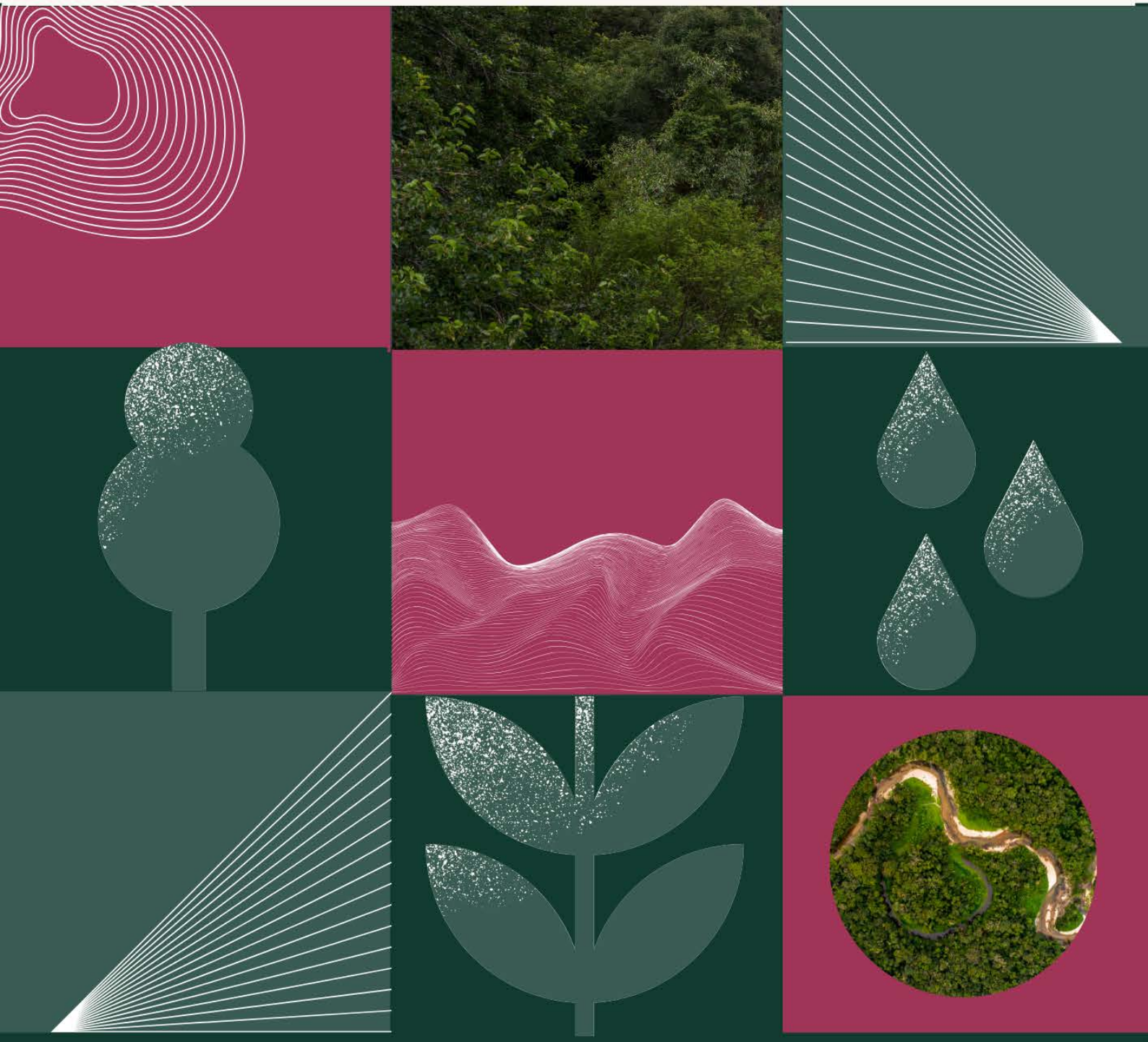
LAC2024

Independent Evaluation of the Relevance and Effectiveness of *GCF*'s Investments in the *Latin American and Caribbean* (*LAC*) *States*



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GREEN CLIMATE FUND
INDEPENDENT EVALUATION UNIT

Independent Evaluation of the Relevance and Effectiveness of GCF's Investments in the Latin American and Caribbean (LAC) States

COUNTRY CASE STUDY REPORTS

04/2025

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First Edition

This evaluation is a product of the Independent Evaluation Unit at the Green Climate Fund (GCF/IEU). It is part of a larger effort to provide open access to its research and work and to contribute to climate change discussions around the world.

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Citation
The suggested citation for this evaluation is:
Independent Evaluation Unit (2025). *Independent Evaluation of the Relevance and Effectiveness of GCF's Investments in the Latin American and Caribbean (LAC) States.* Country case study reports (April). Songdo, South Korea: Independent Evaluation Unit, Green Climate Fund.

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INTRODUCTION

A. Background of the GCF and the IEU

The Green Climate Fund (GCF) is a multilateral fund created to make significant and ambitious contributions to the global efforts to combat climate change. The GCF contributes to achieving the objectives of the United Nations Framework Convention on Climate Change and the Paris Agreement. In the context of sustainable development, the GCF aims to promote a paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to climate change, while accounting for their needs and supporting particularly those that are vulnerable to the adverse effects of climate change. The GCF is governed by a Board, composed of an equal number of members from developed and developing countries. It is operated by an independent Secretariat headed by an Executive Director.

The Independent Evaluation Unit (IEU) of the GCF is mandated by the Board under paragraph 60 of its Governing Instrument to inform its decision-making. Specifically, the Governing Instrument states "… the Board will establish an operationally independent evaluation unit as part of the core structure of the Fund. The head of the unit will be selected and will report to the Board. The frequency and types of evaluation to be conducted will be specified by the unit in agreement with the Board."

The IEU has several objectives:

- Informing decision-making by the Board and identifying and disseminating lessons learned, contributing to guiding the GCF and stakeholders as a learning institution, and providing strategic guidance.
- Conducting periodic independent evaluations of the GCF's performance to objectively assess the results of the GCF and the effectiveness and efficiency of its activities.
- Providing evaluation reports to the Conference of the Parties to the UNFCCC and the Paris Agreement for purposes of periodic reviews of the Financial Mechanism[1]

B. Background of the evaluation

The 2024 workplan of the IEU was approved during the thirty-seventh meeting of the Board (B.37) and lays out the different independent evaluations to be conducted in 2024 (GCF/B.37/21). One of the evaluations conducted is the Independent Evaluation of the Relevance and Effectiveness of GCF Investments in the Latin American and Caribbean States. This evaluation serves the functions of both learning and accountability.

The evaluation was delivered to the B.40 in 2024 and provided key lessons for the GCF. These key lessons were built upon previous IEU evaluations on small island developing States, least developed countries and the African States. This is the second evaluation focusing on a region of GCF operations after a similar evaluation in Africa.

[1] United Nations Framework Convention on Climate Change, Report of the Conference of the Parties on Its Nineteenth Session, Held in Warsaw from 11 to 23 November 2013 (2014). Available at https://unfccc.int/resource/docs/2013/cop19/eng/10a01.pdf#page=24.

COUNTRY CASE STUDY REPORTS

1. ARGENTINA COUNTRY CASE STUDY REPORT

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ABBREVIATIONS

AE	Accredited entity
AFD	Agence Française de Développement
APR	Annual performance report
B.39	Thirty-ninth meeting of the Board
DAE	Direct access entity
FAO	Food and Agriculture Organization of the United Nations
FCPF	Forest Carbon Partnership Facility
FODER	Fund for the Development of Renewable Energies
GCF	Green Climate Fund
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IEU	Independent Evaluation Unit
LAC	Latin America and the Caribbean
MCP	Multi-country project
(m)SME	(micro-) small-, medium-sized enterprise
NAP	National adaptation plan
NDA	National designated authority
NDC	Nationally determined contribution
RBP	Results-based payment
RPSP	Readiness and Preparatory Support Programme
BICE	Banco de Inversión y Comercio Exterior (Bank of Investment and Foreign Trade)
CAF	Development Bank of Latin America and the Caribbean
GHG	Greenhouse gas
IAE	International accredited entity
IDB	Inter-American Development Bank
REDD	Reducing emissions from deforestation and forest degradation
SCP	Single-country project
UCAR	Unit for Rural Change
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change

A. Background and context

1. Overview of Argentina

Geography and climate. Argentina, located at the southern tip of South America, is renowned for its vast geographic diversity. It is bordered to the north by Bolivia and Paraguay, to the northeast by Brazil, to the east by Uruguay and the Atlantic Ocean, and to the west by Chile. With an area of approximately 3.8 million km², Argentina is the eighth largest country in the world (Argentina, n.d.-a). Its geographical diversity includes the vast plains of the Pampas, the mountainous regions of the Andes, and the subtropical forests of the northeast (Argentina, Ministry of Environment and Sustainable Development, 2021).

Argentina's vast expanse features diverse climatic characteristics across regions. The country comprises arid and cold regions in the west and south, while temperate and warm regions appear in the centre and north. Northern Argentina experiences the country's highest temperatures, averaging 30°C during summer months. This region shows a significant rainfall gradient, reaching up to 2,000mm annually in the eastern area known as the Humid Chaco, while to the west, in the Dry Chaco, rainfall decreases to 700mm. As the Andes rise, after a small humid area in the Yungas Forest, an arid zone with a high-temperature range, both annually and daily, unfolds in the Puna and the High Andes.

In the centre and east of the country, the climate is temperate, forming the Pampean and Espinal ecoregions. Annual average rainfall ranges from 800 mm to 1,200 mm, with annual mean temperatures between 15°C and 20°C, showing less variation compared to the northwest. Moving westward, the climate becomes arid, giving rise to plains and plateaus covered with low vegetation.

In Patagonia, located in the southern part of the country, a marked humidity gradient is observed. The highest rainfall occurs in the Patagonian Forests, due to the mountain range's effect on winds coming from the Pacific Ocean, which release most of their moisture in Chile and the rest in Argentina. Eastward, as elevation decreases, the Patagonian Steppe appears, characterized by its aridity and low rainfall of around 200mm annually. Temperatures in this region can average 0°C during winter months. Due to the influence of oceanic bodies, both the Pacific and Atlantic, the temperature range is not as extreme as in similar northern hemisphere latitudes. (Argentina, Ministry of Environment and Sustainable Development, 2021).

Demography. Argentina has a population of approximately 47 million inhabitants (Instituto Nacional de Estadística y Censos, 2024d) with a high concentration in urban areas, especially in the Autonomous City of Buenos Aires and Greater Buenos Aires, which together make up the largest metropolitan area in the country (Instituto Nacional de Estadística y Censos, 2024c). About 92 per cent of the population lives in urban areas, which has created challenges related to the provision of public services and housing (Argentina, Ministry of Interior and National Registry of Persons, 2010).

Indigenous communities, such as the Mapuche, Guaraní, Qom and Wichís, represent approximately 2.9 per cent of the total population (Instituto Nacional de Estadística y Censos, 2024b). These communities are mainly located in rural regions in the northwest, northeast, and south of the country, and face challenges related to access to basic resources such as water and land, as well as the impacts of climate change (Argentina, Ministry of Environment and Sustainable Development, 2022).

Economy. Argentina's economy is based on agriculture, industry and services. It is well-known for its production of soybeans, corn, wheat and beef, which are some of its main export products;

additionally, the oil and petrochemical sector is a key component of the country's export matrix (Instituto Nacional de Estadística y Censos, 2024a). Despite being one of the world's leading agricultural producers, Argentina's economy has experienced volatility in recent decades due to recurring economic crises and high inflation.

The agricultural sector is crucial for the country's economy; however, it faces challenges related to climate change, such as droughts and soil erosion, which have impacted productivity in key regions like the Pampas (Almeida and others, 2020). In response to these challenges, Argentina has made progress in promoting more sustainable agricultural practices and in developing organic farming (Food and Agriculture Organization of the United Nations, Technical Centre for Agricultural and Rural Cooperation, and International Trade Center, 2001).

The country has also advanced in the development of renewable energies, particularly in wind and solar power (Argentina, Ministry of Economy, 2023b).

Policy. Argentina is a democratic republic with a presidential system. Since the return to democracy in 1983, the country has maintained free and fair elections, and it is noted for its commitment to human rights and social justice. This commitment is reflected in its public health care system (Asociación Sindical de Profesionales de la Salud de la Provincia de Buenos Aires, 2009) and free education (Rivas, 2010), which are fundamental pillars for equal opportunities and social wellbeing.

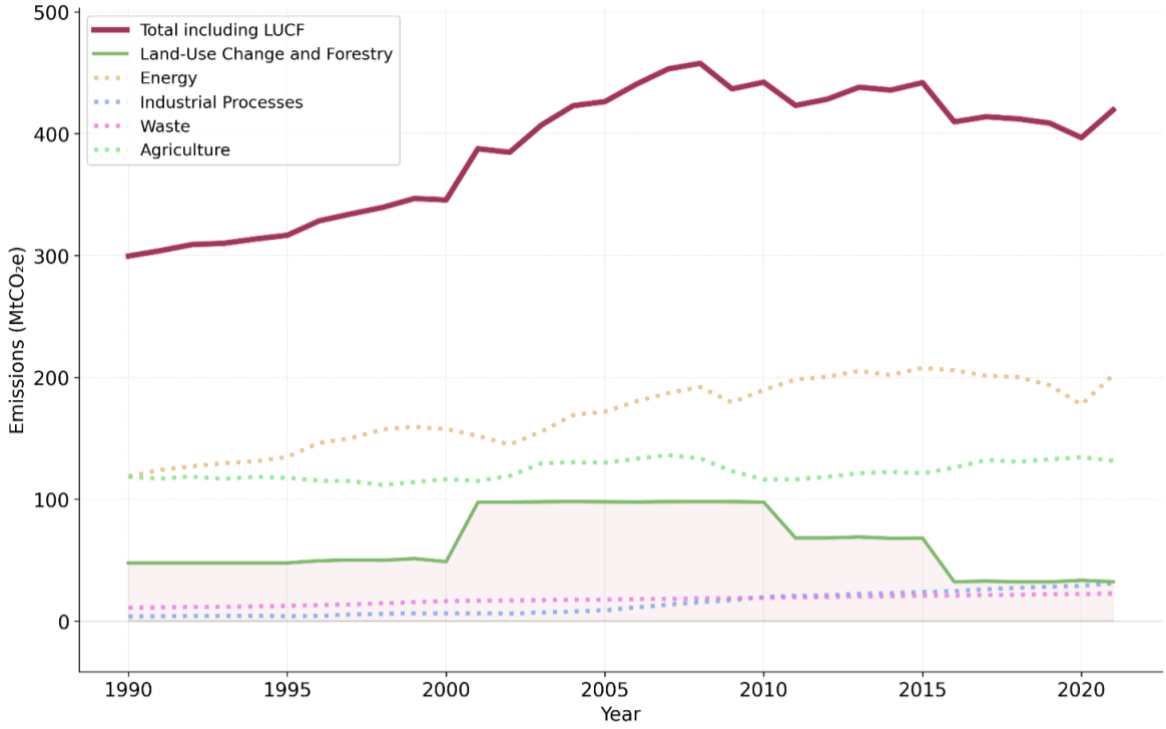
The main political parties, currently Peronism and the liberal bloc, influence the country's political and economic dynamics, alternating in power and creating policies that range from state intervention approaches to free-market models. Currently, Argentina faces economic and social challenges as it seeks to balance macroeconomic stability with employment protection and sustainable development.

The Argentine Government is promoting the transition to a greener economy through policies and incentives that encourage the adoption of renewable energy, energy efficiency and transportation electrification. Among its main initiatives are subsidies and tax benefits for wind, solar and hydroelectric projects, which have fostered investment in the sector and the growth of the country's clean energy capacity (Argentina, n.d.-b).

2. CLIMATE CHANGE CONTEXT

Like many other nations, Argentina faces a series of challenges related to its greenhouse gas (GHG) emissions and vulnerability to the effects of climate change. In 2021, the country emitted 420 million tons of CO_2 equivalent, positioning it as the 22nd largest emitter globally, responsible for 0.84 per cent of global emissions (Climate Watch, 2024).

Figure 1–1. Argentina's annual GHG emissions, 1990 to 2021



Source: Historical country-level and sectoral GHG emissions data (1990–2021) from Climate Watch (2024); visualization by IEU DataLab.

The line chart in Figure 1–1 above shows Argentina's annual GHG emissions from 1990 to 2021, with each sector plotted as its own line (i.e., not stacked). To emphasize the contribution of land-use change and forestry, the area under the solid green line is coloured in red, highlighting the net GHG emissions (in $MtCO_2e$) these sectors contribute relative to the total.

An analysis of the share of sectors in the GHG emission series showed the following:

- Agriculture contributed an average of 32 per cent of total GHG emissions over the time series, positioning the sector as a significant factor. The agricultural sector's share of emissions has slightly increased. In 1990, it accounted for 39 per cent, decreasing to 31 per cent by 2021.
- Over the time series, the energy sector contributed an average of 44 per cent of total GHG emissions. This sector has shown significant growth in its contribution to emissions over time. In 1990, it represented 40 per cent, but by 2021, its share had risen to 48 per cent. This suggests an increase in dependence on fossil fuel-based energy or greater energy use in general within the country.
- Industrial processes contributed an average of 3 per cent of total GHG emissions over the time series. Although it started with a low contribution in 1990 (1 per cent), this sector has gradually increased, reaching 7 per cent in 2021. This may be related to growth in the country's industrial activities.
- Waste contributed an average of 4 per cent of total GHG emissions over the time series. The waste sector has shown an increase in its share of emissions, rising from 4 per cent in 1990 to 5 per cent in 2021.
- Land-use, land-use change and forestry contributed an average of 16 per cent of Argentina's GHG emissions. This sector shows a fluctuating trend, with a 16 per cent share in 1990,

reaching values of 25 per cent between 2001 and 2003, then reducing its share to 8 per cent by 2021. These fluctuations may be explained by a land-use conversion process during 2001–2003, which peaked and began declining in the following years.

Future projections and climate commitment

Argentina sees decarbonization and resilience as fundamental pillars to transform its development model towards one that fosters social inclusion, citizen wellbeing, circular economy, bioeconomy, creative and cultural economy and green growth. Climate action in Argentina integrates decarbonization, adaptation and resilience efforts in a sectoral and territorial manner. The main public policies in these areas seek to reduce emissions and reduce climate vulnerability, while promoting the country's sustainable development.

In its second nationally determined contribution (NDC) (Argentina, 2021), Argentina has committed to ensuring that its net GHG emissions do not exceed 359 MtCO2e by 2030 (absolute, economy-wide, and unconditional), which equates to a total emissions reduction of 19 per cent by 2030 compared to the historical peak reached in 2007, and a reduction of 25.7 per cent compared to the previous NDC (Argentina, 2021). During the twenty-sixth Conference of the Parties, Argentina further increased its mitigation target, aiming not to exceed net emissions of 349 MtCO2e by 2030, representing a 27.7 per cent reduction from the first NDC submitted in 2016. This was officially communicated to the UNFCCC as an addendum to its second NDC.

Argentina seeks to strengthen social, economic and environmental resilience to the effects of climate change through capacity-building, improved decision-making based on updated information, integration of adaptation criteria into financing and planning instruments, modernization of public services and infrastructure, as well as implementing nature-based solutions and community-based adaptation (Argentina, Ministry of Environment and Sustainable Development, 2020).

Vulnerability to climate risks

Argentina is extremely vulnerable to the effects of climate change, having experienced significant losses due to extreme hydrometeorological events. Between 1960 and 2010, the average temperature increased by 0.5°C in various regions of the country, with maximums over 1°C in some areas of Patagonia (Argentina, Ministry of Environment and Sustainable Development, 2020). Regarding precipitation, trends vary. In the Pampas and northeastern regions, rainfall has increased, while in the west and south, droughts have intensified, especially affecting provinces like Mendoza and San Juan (Barros and others, 2015).

Climate projections from the National Meteorological Service indicate that by the end of the century, average temperature could rise between 1°C and 4.8°C in some regions of the country. Additionally, an increase in the frequency of heat waves is expected, which will heighten risks for public health and agricultural productivity (Argentina, Ministry of Environment and Sustainable Development, 2021).

The impacts of climate change are already evident. Between 1980 and 2017, Argentina experienced events such as severe droughts, floods and extreme temperatures that severely affected the agricultural sector and the population. More recently, the 2023 drought reduced grain exports by 41 per cent, causing multi-million-dollar losses (D'Angelo and Ferrari, 2024). The Argentine Oil Industry Chamber and the Cereal Exporters Center confirmed that Argentina lost approximately USD 20 billion in 2023 due to the worst drought in a century.

Natural disasters have had a significant economic cost. Between 2005 and 2015, average annual losses from natural disasters in Argentina were estimated across various ranges, with floods being the primary factor. Floods accounted for 95 per cent of economic losses associated with disasters in

Argentina, with an estimated cost of between USD 500 million and USD 1.4 billion annually (World Bank, 2021).

Argentina's climate vulnerability highlights the urgent need to implement effective adaptation and mitigation policies to reduce climate change risks and protect both communities and critical infrastructure.

According to the 2022 ND-GAIN country index from the University of Notre Dame (n.d.) – measuring both vulnerability and readiness for climate resilience – Argentina ranks 85th out of 187 countries overall. Its vulnerability score (0.372) places it 59th, indicating moderate exposure across sectors like food, water and infrastructure. Argentina's readiness score (0.376) is 110th, showing that although there has been progress through governance and economic capacity, further improvements are needed to handle climate impacts.

3. CLIMATE CHANGE POLICIES AND INSTITUTIONAL CONTEXT

Argentina has consolidated a strong commitment to environmental protection and climate change management, supported by its constitutional framework as well as a series of high-level legal instruments and public policies (Argentina, n.d.-b).

Box 1–1. Timeline of national policy documents for climate change

1994: Argentina joins the UNFCCC.

2002: The General Environmental law (law No. 25675) is enacted, which establishes the basic principles for environmental policy in the country, including the prevention and mitigation of environmental impacts.

2007: Approval of the National Climate Change Adaptation Plan, focused on identifying vulnerabilities and areas of intervention.

2007: Creation of Forest law No. 26331, which regulates the conservation and sustainable use of native forests.

2009: Creation of the National Climate Change Cabinet by Decree no. 1409/2009, to coordinate the implementation of climate policies.

2015: Argentina signs the Paris Agreement, pledging to reduce its GHG emissions and strengthen resilience to climate change.

2016: Presentation of the first NDC, which sets GHG emission reduction targets of 15 per cent compared to a baseline scenario.

2017: Law No. 27270 is approved, ratifying the Paris Agreement, formalizing Argentina's commitments at the international level.

2019: Update of Argentina's NDC, increasing its ambition and commitment to an 18 per cent reduction in emissions by 2030, compared to the baseline scenario.

2020: Publication of the National Climate Change Adaptation and Mitigation Strategy, which sets out specific measures to promote adaptation, resilience and the transition to a low-carbon economy.

2021: Approval of the National Climate Change Adaptation and Mitigation Plan 2021–2030, which includes sectoral measures for energy transition and sustainable management of natural resources.

2022: Presentation of the second NDC, with the aim of achieving carbon neutrality by 2050.

2023: Argentina launches the Climate Action Plan 2023–2027, focusing on clean energy transition, biodiversity protection and climate risk reduction.

2024: Development of the Long-Term Strategy for Carbon Neutrality, with a vision towards 2050.

In Argentina, various regulatory instruments exist that stem from environmental care precedents, including the General Environmental law No. 25675 (Congress of Argentina, 2002). This law serves

as the cornerstone of Argentina's environmental regulatory framework as it establishes the general principles of environmental policy, including sustainable development, prevention of environmental harm and citizen participation. Although it is not exclusively focused on climate change, it provides a legal foundation for other, more specific regulations. Secondly, there is the Forest law No. 26331, which regulates the conservation and sustainable use of native forests (Congress of Argentina, 2007).

Argentina ratified the Paris Agreement in 2016 through the law No. 27270, and to fulfil the commitments under this agreement, the country periodically submits its emissions inventories and NDCs. In this context, Argentina conducted a review of its NDC, coordinated by the National Climate Change Cabinet. This process involved all national government departments, the provinces through the Federal Council for the Environment, as well as various social and civil society actors, committing to a 19 per cent reduction in projected emissions by 2030 under the Paris Agreement (Argentina, Ministry of Environment and Sustainable Development, 2020). This goal was updated in 2020 to reflect greater climate ambitions. The main objectives committed by Argentina in the 2030 net emissions target update focus on reducing GHG emissions and adapting to climate change. These goals are part of the second NDC and are aligned with the Paris Agreement (Argentina, 2021). The country also has a National Climate Change Adaptation and Mitigation Plan (Argentina, Ministry of Environment and Sustainable Development, 2022), which updates national strategies in line with the law No. 27520 (Congress of Argentina, 2019) and the Paris Agreement targets. The plan covers various strategic areas, such as renewable energy, sustainable agriculture and waste management.

Another measure aimed at reducing the environmental impact of economic activity is the Renewable Energy law No. 27191 (Congress of Argentina, 2015). This law modifies the previous law No. 26190 and sets a target of 20 per cent renewable energy in the electricity grid by 2025. It also promotes investments in clean energy as part of the country's efforts to reduce its GHG emissions.

The Minimum Standards law for Adaptation and Mitigation to Global Climate Change No. 27520 (Congress of Argentina, 2019) establishes the guidelines for climate change adaptation and mitigation in Argentina, creating the National Climate Change Council and the National Climate Change Adaptation and Mitigation Plan, which coordinates climate policies at both national and provincial levels.

The outlined legislation reflects Argentina's commitment to combating climate change through the adoption of policies that encompass mitigation, adaptation and the transition to a sustainable and resilient economy.

B. KEY FINDINGS

1. RELEVANCE

a. Approach and value proposition of the GCF

Argentina, like several countries in Latin America and the Caribbean (LAC), is classified as an upper-middle-income country (Hamadeh, Van Rompaey and Metreau, 2023), which entails certain limitations in accessing international cooperation funds, traditionally directed towards countries with lower income levels. This classification reflects the country's economic progress but also presents challenges, as it reduces eligibility for certain financial assistance programmes and international grants, affecting its capacity to obtain development cooperation resources.

The GCF project portfolio in Argentina consists of a total of five projects, two of which are single-country projects (SCPs) and the other three are multi-country projects (MCPs). Among the latter is FP237 "E-Motion: E-Mobility and Low Carbon Transportation" recently approved at B.39 in July 2024, which has not yet started implementation. All SCPs focus on climate change mitigation, while among the MCPs, two allocate funds exclusively for mitigation, and one has a cross-cutting focus. This means that none of the five projects involving Argentina address climate change adaptation as the main topic.

Table 1–1. GCF project portfolio in Argentina

FP	Title	SCP or MCP	AE
FP064	Promoting risk mitigation instruments and finance for renewable energy and energy efficiency investments	SCP	IDB
FP142	Argentina REDD-plus RBP for results period 2014–2016**	SCP	FAO
FP194	Programme for Energy Efficiency in Buildings (PEEB) Cool	MCP	AFD
FP198	CATALI.5°T Initiative: Concerted Action to Accelerate Local I.5° Technologies – Latin America and West Africa	MCP	GIZ
FP237	E-Motion: E-Mobility and Low Carbon Transportation	MCP	AFD

Note: **The FP142 project is part of the GCF REDD+ RBP pilot programme, which comprises eight unique projects and programmes (FP100, FP110, FP120, FP121, FP130, FP134, FP142, FP144). REDD stands for reducing emissions from deforestation and forest degradation, and RBP stands for results-based payment. These initiatives have been intentionally included for simplicity in the analysis and data set but possess a distinct nature due to the characteristics of the RBP pilot modality. Unlike the standard proposal approval process and the simplified approval process used by other GCF projects and programmes, the RBP pilot modality specifically focuses on providing financial incentives for measurable and verifiable emission reductions achieved by participating countries. This strategy supports efforts to mitigate climate change by reducing emissions from deforestation and forest degradation, while also promoting conservation, sustainable management of forests and the enhancement of forest carbon stocks. See more at https://www.greenclimate.fund/redd.
Abbreviations: SCP = single-country project; MCP = multi-country project; AE = accredited entity; IDB = Inter-American Development Bank; FAO = Food and Agriculture Organization of the United Nations; AFD = Agence Française de Développement; GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit.

In this context, GCF funds become especially relevant. These resources enable Argentina to advance in strategic mitigation (primarily) and climate change adaptation projects, which might otherwise be difficult to finance with traditional cooperation. Given its commitment to mitigation and sustainable resource management, the country relies on these funds to align its climate goals with national priorities, maintaining progress without compromising economic stability.

Argentina ranks sixth in the region in terms of GCF fund reception. The total portfolio value amounts to USD 225 million, which represents 6 per cent of the Fund's investments in the region. However, this figure is based on a significant assumption: that funds for MCPs will be disbursed to countries as planned.

While there is evidence that this can happen in LAC, as seen in projects executed by the Central American Bank for Economic Integration, this appears to be more the exception than the rule. In fact, several countries have expressed concerns about the arbitrariness and lack of foresight in resource distribution in MCPs, leading to complaints about supposed inequity in fund allocation.

The funds committed by the GCF for Argentina are distributed at 81 per cent for SCPs and 19 per cent for MCPs. Among the MCPs, there are two projects that are multi-regional:[2] FP198 "CATALI.5°T Initiative: Concerted Action to Accelerate Local I.5° Technologies – Latin America and West Africa" which involves 16 countries in LAC and Africa, and FP194 "Programme for Energy Efficiency in Buildings (PEEB) Cool" which includes 11 countries from four different regions (eastern Europe, LAC, Africa and Asia-Pacific). Meanwhile, FP237 "E-Motion: E-Mobility and Low Carbon Transportation" is a project for the Latin America region involving Brazil, Colombia, Costa Rica, Mexico, Peru and the Dominican Republic.

Among the SCPs, the project FP064 "Promoting risk mitigation instruments and finance for renewable energy and energy efficiency investments" has the largest GCF funding in the country, totalling USD 103 million. The other SCP, FP142 "Argentina REDD-plus RBP for results period 2014–2016," is the second-largest GCF-funded project in the country, with a budget of USD 82 million entirely provided by the GCF.

Furthermore, the relevance of the Fund in climate finance in the country is demonstrated by the support not only through direct financial instruments in the five approved projects but also in efforts made through the Readiness and Preparatory Support Programme (RPSP) (Green Climate Fund, 2020b) to strengthen the country's national designated authority (NDA).[3] To cut-off date[4], Argentina has received a total of 10 grants from the RPSP, of which six are national projects, and four are aimed at regional efforts to address climate challenges.[5] These grants amount to a total commitment of USD 5.9 million.

b. GCF's ability to meet country needs

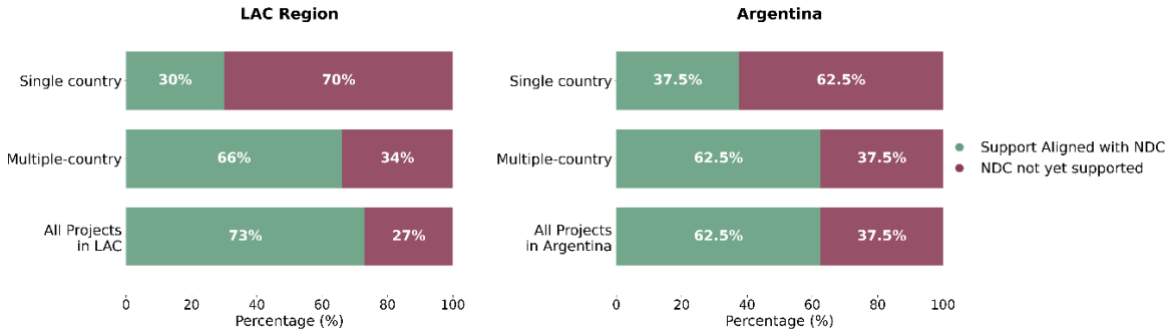
Alignment with NDCs

There is strong thematic alignment between NDC priorities and GCF investments, particularly in infrastructure-related sectors such as energy, transport and buildings, as well as natural resource management through forestry initiatives. The social and environmental dimensions of climate action, such as agriculture, health and water and coastal and environmental, have yet to receive any financial support from the GCF. This means that for SCPs and MCPs, 62.5 per cent of the NDC subgroup of related priorities receive GCF investments, while 37.5 per cent have not yet been supported.

However, the picture changes significantly when focusing solely on projects implemented exclusively in Argentina. Only three NDC priorities – building, energy and land-use, land-use change and forestry – have received country-specific investments. This means that for SCPs, only 37.5 per cent of the NDC subgroup of related priorities receive GCF investments, while 62.5 per cent have not yet been supported.

[2] They include countries from more than one region in the list of beneficiary countries.
[3] The NDA is currently under the jurisdiction of the Ministry of Economy, within the Undersecretariat of International Financial Relations.
[4] B.39 (19 July 2024).
[5] The RPSP ARG-RS-001 "Readiness and Preparatory Support Proposal for the capacity-building and pipeline development of the Unit of Rural Change of Argentina (UCAR)" was cancelled because UCAR was dissolved for political reasons and its functions were replaced by the Directorate of Sectoral and Special Programmes and Projects within each ministry.

Figure 1–2. Alignment of GCF investments with needs identified in the LAC and Argentina's NDCs



Source: GCF iPMS data, as of B.39 (19 July 2024); WRI Climate Watch 2020 NDC Tracker (updated September 2024), analysed by the IEU DataLab.

To assess the alignment of Argentina's NDC priorities and GCF's investment, each GCF project and its identified result areas was mapped to the corresponding NDC sector using the methodology outlined below.

Box 1–2. Methodology

To examine the extent to which Argentina's NDC priorities align with the GCF result areas, we used the "Climate Watch NDC Content" data set from the World Resources Institute. This data set compiles structured indicators and text from NDCs submitted by Parties to the UNFCCC. While Climate Watch categorizes dozens of sectoral references (e.g., energy, transport, health, agriculture, water, coastal zone, environment, etc.), for the purposes of our analysis, we chose and consolidate sectors into eight larger groupings that mirror the GCF's published result areas.

For instance, "energy" was mapped to "energy generation and access", "transport" to "transport", "buildings" to "buildings, cities, industries and appliances". We also combined certain categories from the NDC content data set, such as adding "health" and "water" under "health and water," and merging "coastal zone" with "environment" under "coastal and environment" to align with GCF's "health, food and water security" and "ecosystems and ecosystem services", respectively.

Alignment with country needs by result areas

A detailed assessment of GCF projects across the result areas highlights clearer trends observed in the previous comparison with Argentina's NDC priorities, with a particular emphasis on mitigation through SCPs. The GCF mitigation area receives investments through SCPs and MCPs, while the adaptation area receives resources from an MCP with a cross-cutting focus. In this way, the projects support the national priorities in terms of low-emission transportation, land-use and energy efficiency.

The total for mitigation is USD 211.6 million, which is approximately 94 per cent of the total funding. In contrast, adaptation receives USD 13.8 million, accounting for about 6 per cent of the total funding. This distribution indicates a distinct separation in funding sources between adaptation and mitigation initiatives.

The SCP focused on mitigation result areas includes project FP142 (REDD+ RBP) which allocates all its funds to the "forestry and land-use" category. FP064 is potentially aligned with the country's needs in the result areas of "energy generation and access" and "buildings, cities, industries and appliances". This project focuses on small- and medium-sized enterprises (SMEs) as they are major

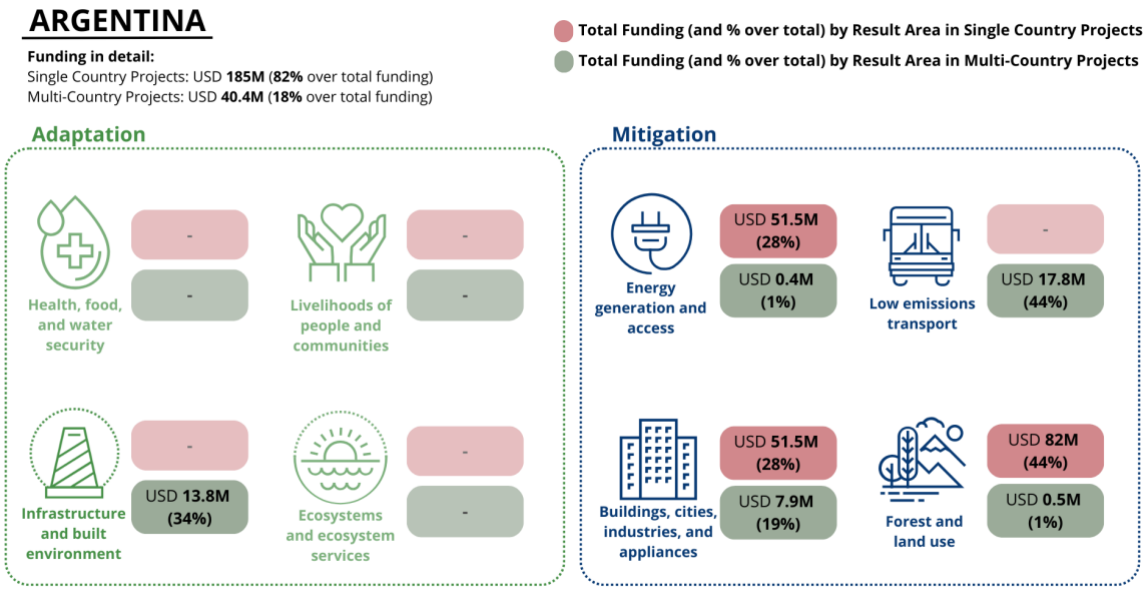
energy users, providing opportunities to promote investments in biogas, biomass and increased energy efficiency. It strengthens the capacities of financial institutions, SMEs, and energy and technology providers (Green Climate Fund, 2018).

The "low-emission transport" result area receives funding from two MCPs: FP198 (CATALI.5°T Initiative)[6] and FP237 (E-Motion), recently approved at B.39, which aims to accelerate the deployment of electric vehicles and enable a large-scale regional transition to electromobility in Latin America, with a focus on the electrification of public transport buses through financial and technical assistance. This area is highly relevant, as the transport sector accounts for 13.8 per cent of GHG emissions in Argentina.

Finally, FP194 (PEEB Cool) contributes to the financing areas of "infrastructure and built environment" and "buildings, cities, industries and appliances". At the time of this study, in Argentina, this project is in the phase of identifying specific investments in public and private buildings.

Argentina's funding strategy allocates significant resources to forest and land-use within mitigation efforts, receiving the largest share from SCPs. Adaptation projects are funded entirely through MCP, focusing on infrastructure and built environments.

Figure 1–3. Percentage of financing by result area for SCPs and MCPs



Source: GCF API projects data (results area), as of B.39 (19 July 2024), analysed by the IEU DataLab.

Impact of the lack of direct access on meeting Argentina's climate needs

In 2017, Argentina had one direct access entity (DAE) accredited by the GCF: The Unit for Rural Change (UCAR), which accessed the country's first RPSP funds that same year. However, the subsequent dissolution of UCAR led to the cancellation of the project, which aimed to strengthen Argentina's capacity to manage accredited DAEs and develop a solid portfolio of programmes and

[6] This project also contributes to the areas of "forest and land-use", "energy generation and access" and "buildings, cities, industries and appliances".

projects to submit to the Fund. Currently, Argentina lacks accredited national DAEs and has no entities in the pipeline for accreditation, revealing a weakness in its capacity to directly access GCF funds.[7] Consequently, project implementation in the country depends entirely on international accredited entities (IAEs). Some 45 per cent of the funds received are managed by the IDB, 36 per cent by FAO, 18 per cent by AFD, and 1 per cent by GIZ.

Lack of country-specific approach of the GCF

Argentina does not have a country programme for the GCF. Thus, the country faces a strategic gap due to the lack of a guiding framework to steer GCF investments in the country. The absence of a clear mapping of national priorities limits the NDA in effectively negotiating and coordinating with accredited entities (AEs) in proposal formulation. As a result, most of the GCF-funded initiatives are driven by AEs, which does not necessarily ensure the direct addressing of the country's strategic priorities.

The most used instrument in Argentina is senior loans, representing 58 per cent of total committed funds, aligning with the general trend of the GCF portfolio in LAC.[8] In second place is RBP, with 36 per cent of the total received, making Argentina the country in the LAC portfolio with the highest proportion of funding from this type of instrument. The third instrument used is grants, accounting for 4 per cent.

The marked concentration of financing in senior loans in Argentina reflects a high dependence on reimbursable instruments, which can have several important implications. On the one hand, it suggests that the supported projects are oriented towards areas expected to generate some economic return, such as infrastructure or renewable energy, aligning with the country's long-term sustainability and economic growth objectives. However, this concentration also presents financial risks for the country, as it implies an increasing repayment obligation.

This situation could limit Argentina's ability to access non-reimbursable resources, such as grants, which are essential for projects with high social or environmental impact but without immediate financial returns. Additionally, the limited use of instruments like equity and guarantees suggests there is room to diversify funding sources, especially for projects involving greater private-sector participation or requiring risk mitigation.

Ultimately, this dependence on a single instrument poses a fiscal sustainability challenge: while concessional loans offer favourable terms, their concentration could increase the debt burden in the future, necessitating careful management to avoid long-term fiscal strain.

2. COHERENCE AND COMPLEMENTARITY

a. Role of NDA in ensuring coherence and complementarity at the national level

In the analysis of the coherence of GCF projects in Argentina, it is evident that the NDA plays no real role in ensuring this coherence. The lack of a country programme and the limited function of the NDA in project design (responsibility that mainly falls on the AEs) restrict its ability to align these projects with national policies and other initiatives.

[7] The country has an institution that began the accreditation process but withdrew due to the high complexity and costs involved.
[8] Senior loans are the most commonly used instrument in LAC, accounting for 39 per cent of the total financing approved by the GCF for the region.

However, this does not necessarily imply a lack of coherence, as the objectives of the projects are often aligned with the specific strategies and programmes developed by AEs such as IDB, FAO, and United Nations Development Programme (UNDP), among others, for Argentina. Indeed, it is the AEs that play a key role in facilitating coherence between GCF projects and other initiatives funded by these same entities or the public sector.

In relation to this finding, a challenge identified during interviews is that the disconnection of AEs from the national government hampers the NDA's ability to influence the projects. This limits the role that the NDA should play in ensuring coherence and complementarity of initiatives, as its direct influence on project design and alignment is restricted. This situation has been exacerbated by the recent change in Government (December 2023), which only appointed the NDA at the end of May 2024, after the evaluation mission of the IEU (Green Climate Fund, 2024c).

Despite these limitations, Argentina has the National Strategy for International Climate Financing (Argentina, Ministry of Economy, 2023a), which is based on the NDCs and has the potential to organize how the country accesses available climate financing sources. Additionally, a procedural manual has been created for the no-objection process on how to prioritize the different national and provincial government projects.

While the degree of influence of the NDA in the design and implementation of projects is low, it varies significantly between SCPs and MCPs. In SCPs, the NDA has a more active role from design to implementation, allowing for closer alignment with national priorities. However, in MCPs, where Argentina is one of several beneficiary countries, the capacity for influence is much more limited.

Although the NDA must issue a no-objection letter for the AEs to proceed with the concept note, its participation in the initial design phases is minimal. The NDA mainly provides climate, social, demographic and economic information without participating in defining the logical framework or the intervention strategy. While this approach simplifies the design of regional projects, it is based on the assumption that the AEs are well aware of the local realities of each country and can adapt regional solutions to the specific needs of each national context.

Furthermore, during the implementation phase of the projects, the NDA has little or no direct involvement. Its role is limited to receiving annual reports on project progress, although it notes that the obligation to report rests solely with the AEs to the GCF. As a result, the NDA often has to insist on its requests for information, reflecting a gap in coordination and transparency.

The limited capacity of the NDA to influence the design and implementation of GCF-funded projects restricts its ability to generate coherence, complementarity, and synergies among initiatives in the country, an essential aspect for maximizing the impact of climate investments. Ideally, GCF projects should complement each other, align with national priorities and avoid duplications, but this oversight diminishes in MCPs due to the limited role of the NDA.

Since the NDA does not have direct control over the strategies and objectives of the projects, complementarity primarily depends on whether the projects are executed by the same implementing agency. In the case of Argentina, the AFD is a relevant example, as it manages two projects: FP194 and FP237 (an MCP). This allows AFD to manage resources in a more coordinated manner and ensure clearer alignment with national priorities.

On the other hand, when projects are implemented by different international AEs, complementarity relies on voluntary dialogue and coordination among them to avoid duplicating efforts and overlapping activities. The lack of an institutional mechanism to facilitate interaction between AEs leads to fragmentation in climate interventions in the country.

b. Complementarity of GCF projects with other climate investments and development partners

Some of the projects funded by the GCF show complementarity with other public and private initiatives related to climate change management in the country. One example of this complementarity is FP064, which allocates resources provided by the GCF to reduce the financing costs associated with energy efficiency and renewable energy projects, supporting initiatives that cannot obtain financing in the traditional market (Green Climate Fund, 2018). This project aligns with the country's objectives to support the Argentine Government's comprehensive plan to improve and develop regulations that promote the expansion of renewable energy technologies and the sustainable long-term development of the market. National law No. 27191 (approved in September 2016) establishes national targets for the share of renewable energy in total energy consumption: 8 per cent for 2018 and 20 per cent for 2025. The law also introduces competitive and transparent market rules and contracting mechanisms (including government-bid power purchase agreements, private power purchase agreements, and self-generation projects), as well as tax incentives for independent power producers and the local supply chain.

Additionally, it created the Fund for the Development of Renewable Energies (FODER), a specific sectoral trust fund managed by the Bank of Investment and Foreign Trade (BICE), to provide guarantees and debt financing for projects. Therefore, it can be said that FP064 complements the efforts of FODER in the country to provide financial security to private investors, encouraging private capital inflow into renewable energy projects (General Audit of Argentina, 2020).

FODER works in conjunction with GCF funds to provide financial security to private investors, promoting the influx of private capital into renewable energy projects (General Audit of Argentina, 2020). The FP142 (REDD+ RBP) does not present a direct complementarity with other GCF projects in Argentina. However, an analysis of its complementarity with other funds shows that this project continues various initiatives focused on mobilizing local and international financing to support the conservation and sustainable management of the country's forests. Some examples of this integration include:

- Support for the implementation of the National Programme for the Protection of Native Forests: The Argentine Government allocated USD 6.26 million to this project, which was executed by UNDP. Its objective was to strengthen the institutional capacities of the National Authority for the application of law 26331, which establishes minimum budgets for protecting native forests.
- UN-REDD Fund (2015–2019): Through the National UN-REDD programme, USD 3.8 million was granted in the form of a subsidy. These funds were key in the preparation phase of REDD+ in Argentina, enabling the development of the four pillars necessary to meet the requirements of the Warsaw Framework (United Nations Development Programme, 2019).
- World Bank "Forests and Community" Project (2015–2020): This project provided USD 20.7 million in loans focused on strengthening the capacity of Indigenous Peoples and local communities to use forests sustainably. The funds also supported the implementation of benefits from the Forests law and improved access to water and other infrastructure (World Bank, 2015).
- Forest Carbon Partnership Facility (FCPF): The FCPF provided USD 3.8 million in financing for the preparation of REDD+ and strengthening the already developed REDD+ pillars (World Bank, 2020).

Among MCPs, the country is part of two projects currently being implemented: FP194 and FP198. The FP198 (CATALI.5°T Initiative) has contributions from co-financers, in addition to the funds

requested from the GCF, to address the financial needs of climate ventures in Latin America and West Africa. It is noted that the combined financing amounts to EUR 36.5 million, of which EUR 26.8 million comes from the GCF and the remainder from other sources (Green Climate Fund, 2022b).

Both GCF funds and co-financing are intended to support areas such as energy generation, low-emission transport, buildings and industry, as well as land-use and forests. In addition to GIZ (an entity accredited by the GCF), there are other key implementing entities in different regions that participate in the project and provide additional financing. For example, the Tecnológico de Monterrey (Tec de Monterrey) in Latin America, and Impact Hub Abidjan and Investisseurs & Partenaires Entrepreneurs & Développement in West Africa, which will implement pre-acceleration and acceleration programmes with shared financing (Green Climate Fund, 2022b).

Incorporating local and regional entities as implementing partners allows for the complementarity of local efforts with the GCF's large-scale projects, generating synergies among institutions and complementarity among actions carried out by these entities.

The funding proposals do not explicitly mention a direct relationship with the country's own funds in terms of local financing or specific national initiatives. While local actors are mentioned in the implementation of the project, there is no explicit reference to Argentine national funds integrated into the project's financing. This could imply that most of the funds come from international entities such as the GCF and other external sources.

The project FP194 (PEEB Cool) achieves coherence with other climate actors such as AFD and GIZ, as well as with the Kigali Cooling Efficiency Programme. This global programme aims to improve the efficiency of air-conditioning systems and is aligned with PEEB Cool programme's efforts to promote the use of more efficient and lower-emission cooling systems. Additionally, PEEB Cool programme is linked to a GCF co-financing programme approved in October 2021, which avoids overlaps in countries like Sri Lanka and north Macedonia, focusing on credit lines and private sector support (Green Climate Fund, 2022a).

FP237 (E-Motion) (Green Climate Fund, 2024d) presents complementarity with other projects and programmes implemented in Argentina, such as the initiatives promoted by the Euroclima+ Programme, where GIZ and AFD contribute to creating favourable conditions for the development of electric mobility within the framework of integrated and sustainable urban mobility plans. This includes support for the Sustainable Urban Mobility Plan for Córdoba (Argentina) and the Pilot Project for Soft Mobility in Córdoba (Argentina).

The project FP142 (REDD+ RBP) is consistent within the framework of the Forestry law, and its regulations serve as the reference framework for REDD+ in the country. The implementation of the Forestry law and the annual budget invested by the national Government in the National Fund for the Enrichment and Conservation of Native Forests – destined for strengthening national and provincial enforcement authorities and for developing conservation and management plans – have significantly influenced the results achieved in 2014–2016 based on avoided deforestation.

3. Effectiveness

Evaluating the effectiveness of GCF-funded projects in Argentina is a complex task due to several factors.

- Limited evidence availability: To assess the effectiveness of GCF investments, it would be necessary to analyse the results of each project individually. However, in Argentina, there are only two SCPs, and only one of them has begun implementation with beneficiary-level results

(FP142), leaving little concrete and specific evidence of the direct impact of the approved initiatives for the country.

- Dispersed implementation in MCPs: MCP activities are not always executed in all participating countries, and for various reasons, efforts may be concentrated in specific territories. This reduces the ability to analyse specific results for Argentina, as implementation in its territory has not yet generated evidence of concrete results. For example, in the case of project FP194, the selection of energy efficiency projects in buildings to be funded is currently in progress.
- Insufficient reporting in the MCP annual performance reports (APRs): The APRs submitted to the GCF do not break down implementation progress by country. This is verified in the first APR delivered for the FP194 project. The other MCPs (FP198 and FP237) have not yet submitted their first APRs, but it is not an obligation for AEs to report specifically on progress in each country. This makes it difficult to assess to what extent the projects in which Argentina participates are achieving the expected objectives at the national level.
- Lack of communication with the NDA: An aggravating factor is that the AEs, which lead project implementation, especially MCPs, are not required to report specific progress to each country's NDA. As a result, Argentina's NDA lacks detailed information on the status and progress of projects in its territory.

These factors complicate the analysis of GCF investment effectiveness in the country, as fragmentation in implementation, lack of specific reports and absence of clear activities in some cases limit the availability of reliable and precise information.

a. Utility and limitations of the RPSP

The RPSP has committed a total of USD 5,923,292 for Argentina, including regional projects, representing 3.3 per cent of the total for LAC. As anticipated in section B.1, Argentina has received a total of 10 RPSP grants to date, six of which are national projects and four of which are aimed at regional efforts to address climate challenges. The effectiveness of GCF funding through the RPSP is evaluated based on achieving objectives related to strengthening institutional capacity and creating an enabling environment for climate change projects. The programme classifies funding into two main categories: the development of a national adaptation plan (NAP) and objectives that are not linked to this plan (no NAP).

The implementation of RPSP funding at the national level through the six active grants presents various scenarios demonstrating how the country's complexity can affect the effectiveness of the RPSP.

The first RPSP experience in the country was project ARG-RS-001 "Readiness and Preparatory Support Proposal for the capacity-building and pipeline development of the Unit of Rural Change of Argentina". This grant, which was to be implemented by UCAR, aimed to strengthen UCAR as Argentina's GCF-accredited DAE, promoting UCAR's role in financing transformative climate programmes and projects at the national and subnational levels through direct access (Green Climate Fund, 2017). However, at B.39 (Green Climate Fund, 2024b), the Secretariat was notified by Argentina's NDA of the dissolution of the Directorate of Sectoral and Special Programmes and Projects, formerly known as UCAR, which was part of Argentina's Ministry of Economy. This dissolution ends UCAR's role as an AE, affecting the country's capacity to independently manage climate projects[9].

[9] This project was cancelled and therefore does not count towards the total committed funding.

Project ARG-RS-002, titled "Strengthening climate finance and NDC implementation by developing mitigation proposals through participatory federal process", was managed in Argentina through Fundación Avina as the AE, with total funding of USD 431,226. Its goal was to develop five concept notes for implementing climate mitigation policies. Fundación Avina exceeded the target by developing six concept notes and a complete funding proposal for Argentina. However, despite this progress, national authorities did not follow up on these proposals, limiting the programme's impact at the national level (Green Climate Fund, 2021).

Project ARG-RS-003 "Readiness for the National Adaptation Plan Process" received a total of USD 3,000,000 through UNDP with the specific goal of designing Argentina's adaptation plan, through which nine concept notes were to be drafted but were not completed by the country. Nonetheless, the project was able to identify mechanisms to prioritize adaptation needs, but without leading to specific financial strategies (Green Climate Fund, 2019).

Project ARG-RS-004 "Strengthening of Argentina's NDA and development of National Country Programme" via FAO totalling USD 348,750, aimed to create a funding access framework to meet the commitments under its NDCs; however, the expected result was not achieved. Argentina currently lacks a country programme, which means that its capacity and resources to access such funding in a coordinated and comprehensive manner remain low (Green Climate Fund, 2020b).

Project ARG-RS-005 "Increasing health sector's capacities and strengthening coordination on climate action in Argentina at national and subnational levels", obtained through the World Health Organization for approximately USD 300,000, did not achieve the goal of developing a concept note (Green Climate Fund, 2020a).

Project ARG-RS-006 "Innovation for climate resilience of Patagonian grasslands of Argentina: minimizing climate vulnerability of rural inhabitants, increasing capacities for range and soil regeneration, and conserving biodiversity", received a total of USD 300,000 through the Development Bank of Latin America and the Caribbean (CAF) to develop a concept note, expected to be ready by November (Green Climate Fund, 2022c).

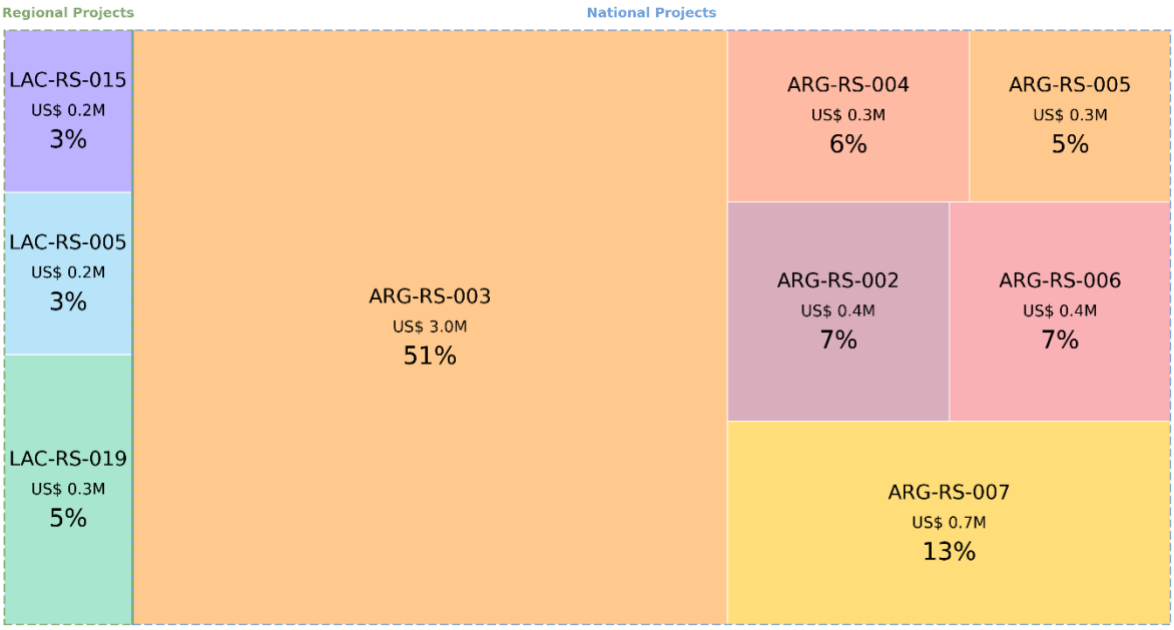
Project ARG-RS-007 "Climate adaptation of agricultural value chains in the Norte Grande of Argentina: Promoting the holistic management of agroecosystems" was approved in May 2024 and to date, the project has not yet presented concrete results, leaving its effectiveness and contribution to climate adaptation objectives in Argentina pending evaluation (Green Climate Fund, 2024a).

Project LAC-RS-005 "Advancing a regional approach to e-mobility in Latin America" is a regional RPSP which was approved in November 2019. It aimed to establish a regional cooperation model to promote e-mobility adoption across 14 countries in Latin America including Argentina. The United Nations Environment Programme supported Argentina policy enhancement, technical assessments, and financial strategy development with USD 20,000 (Green Climate Fund, 2023).

Figure 1–4 displays the allocation of funding across RPSP projects in Argentina. It shows that 11 per cent of the total funding sourced from regional or international initiatives and 89 per cent allocated specifically for projects within Argentina. There is a significant allocation of funds to NAP readiness, representing 51 per cent of resources.

This indicates that Argentina is concentrating most of its readiness resources on national-level climate adaptation initiatives, addressing issues such as financing, innovation in vulnerable areas and multi-sectoral coordination to address climate challenges. However, this approach does not align with the distribution of project funding, which is primarily oriented towards mitigation areas, as detailed in the relevance section.

Figure 1–4. Financing by project title of RPSP in Argentina



Source: GCF API readiness data (amount approved by country), as of B.39 (19 July 2024), analysed by the IEU DataLab.
Note: The regional RPSP figures reflect planned allocations rather than actual disbursements and may not correspond directly to disbursement made on the ground in Argentina. The figures should therefore be interpreted as indicative and subject to change with further data revisions and project developments.

b. Challenges in project design and approval

The design and approval of GCF-funded projects in Argentina face structural and operational challenges similar to those in other countries in the region. These difficulties limit efficient access to the Fund's resources and affect the country's ability to align strategic projects with its climate priorities.

Complexity in accessing funds and slow implementation pace: The process for accessing GCF funding is lengthy and complex, creating a significant barrier. Since projects are planned with specific objectives and timelines, long approval times lead to a loss of relevance or misalignment with national priorities.

Administrative and coordination challenges among stakeholders for projects that require coordination among multiple stakeholders such as AEs, executing entities and the NDA. Each entity has its own administrative processes, which can lead to mismatches between approval and execution timelines, causing delays that impact result achievement. Additionally, long implementation processes tend to concentrate resources in a few AEs, which are already familiar with GCF procedures, reducing the diversity of entities that could participate in project execution.

Limitations in national DAEs: Argentina had successfully accredited UCAR as a national DAE. According to interviews with former UCAR representatives, the accreditation process was initially straightforward as the Fund was in its early stages, and UCAR was able to access the "fast track accreditation process" due to its prior accreditation with the Adaptation Fund. However, as the GCF developed, accreditation requirements became more stringent, and now national institutions must invest significant resources without guarantees of success, discouraging participation. Some interviewees believe Argentina should prioritize accrediting national entities such as the National Institute of Agricultural Technology, enabling a local entity to act as an implementer and direct

liaison between the Government and the GCF. Nonetheless, BICE, Argentina's main development bank, began an accreditation process with the GCF but withdrew due to the Fund's "demanding requirements", which exceeded the institution's technical and financial capacities. This highlights the barriers the country faces in achieving additional accreditations to strengthen its participation in international climate finance.

Lack of consultation and feedback with countries as a continuously evolving institution: GCF introduces ongoing modifications to its processes and requirements, which affect entities linked to the Fund and complicate access to resources. Moreover, the GCF's structure does not include a direct consultation process with countries on procedural changes, creating uncertainty. Ideally, a formal dialogue with countries, beyond the Board, would be established in the case of significant changes to ensure that adaptations align with local needs.

c. Implementation challenges

Two projects in Argentina, FP142 and FP064, were analysed based on their APRs to identify the types of challenges these projects face. The most significant challenge in the implementation phase proved to be policy and regulatory barriers, political issues, followed by COVID-19 and macro-level financial issues. For FP142, implementation challenges were due to regulatory changes that affected project execution, and to political changes. In the case of FP064, the main challenges identified were related to financial issues combined with policy and regulatory barriers, explained by the severe recession Argentina faces post-COVID-19 and the policy changes to suspend relevant government programmes.

Box 1–3. Macro-economic complexities undermining project efforts

The FP064 has experienced notable delays and changes due to Argentina's macroeconomic situation. The project initially faced low demand for subprojects in electrical energy investment due to the interest rates and payment terms offered. To address this challenge, BICE provided a concessional component to offer the lowest rates in the market, given Argentina's macroeconomic context. This enabled the project's viability and increased the adoption of subloans by micro-, small- and medium-sized enterprises (MSMEs) for the transition to clean energy.

Source: Green Climate Fund, 2023.

d. Critical factors affecting the effectiveness of initiatives

Among the critical factors affecting project success, the excessive time required for project approval stands out. Interviewees agree that GCF processes are complicated, which discourages partners. Some express that they do not wish to seek accreditation or submit proposals to the GCF again due to high costs, long timelines and complexity, with requirements sometimes seen as unnecessary, repetitive or out of context.

Additionally, during interviews, IAE staff stated that delays in approving extensions can paralyse projects and may lead to the loss of valuable project team members. In this regard, interviewees request greater flexibility in submitting project addenda or justifications, or they suggest managing these processes in parallel to avoid halting projects.

On the positive side, FAO has demonstrated remarkable capacity to effectively implement and manage FP142. Its success is attributed to factors such as innovative policies and tools that facilitate collaboration among multiple actors, promoting innovation and the implementation of novel processes, such as sustainable production without deforestation. In FP142, FAO managed to

establish an effective governance model, not without challenges, involving a wide range of actors, including various ministries, the private sector, producer associations, academia and Indigenous communities. Additionally, FAO leveraged governmental mechanisms established by Argentina's Forest law to set up a fund transfer model that has benefited rural and Indigenous communities, improving efficiency and effectiveness in on-ground implementation.

Another critical success factor for FAO has been the formation of teams with territorial presence and community knowledge, through joint work with provincial and local public sectors and the other sectors. This has fostered proximity to local actors, building trust and facilitating responses to situations requiring direct or immediate approaches.

However, these achievements are due to FAO's execution capacity and not to GCF's adaptive management, which unfortunately does not take institutional reality or territorial needs into account. There is a relative lack of understanding of the realities of the country and subnational territory, which complicates adaptive management.

Some interviewees suggest that progress in adaptive management could be achieved through "learning-by-doing", as the current model, which waits to have all the information before making decisions, slows processes and does not align with the urgency of the climate crisis. It would be desirable for the GCF to take on greater risk, accompanying information generation concurrently with implementation through a robust monitoring and knowledge management system.

All interviewees consider the idea of having regional branches of the Fund not only positive but desirable, as language, context and different time zones are significant barriers. The fact that English is the only language for all documentation, programming, negotiation and reporting reduces interest and the ability to submit proposals, excluding thematic specialists who are unfamiliar with or have limitations with the language.

4. Efficiency

Despite the effort and dedication of resources from the country, donors and various AEs, there are some challenges in the effective use of these resources. The extension of project approval timelines can impact the relevance of the topics addressed, which may have changed in priority or interest at the national level over time. This may require rescheduling, which in turn further extends timelines and affects the effective execution of interventions, as well as the results of GCF investments in the country.

General perception on efficiency

Despite the scale and potential impact of GCF-funded projects, their management is perceived as slow and inefficient. Interviews with local actors highlight that, although the GCF has favourable concessional terms, its procedures are complex and bureaucratic, limiting its ability to respond swiftly to the climate crisis.

The rigidity of the processes negatively affects both the implementation and access to funds, preventing projects from advancing at the pace needed to meet national and international climate targets. This situation generates frustration among the entities involved, reducing motivation to participate in future calls.

Bottleneck in entity accreditation

The accreditation process has been identified as one of the main barriers to efficiency. Local entities face serious challenges in meeting the technical and administrative requirements imposed by the GCF. These requirements include excessively stringent financial standards, proven management

capacity and policies on environmental and social safeguards, which in most cases exceed the response capacity of the entities.

Due to these difficulties, many national entities fail to complete the accreditation process and abandon it after successive attempts to meet the GCF's requirements (which, in turn, evolve throughout the process, changing the requirements). In the context of Argentina, this situation has led to a dependency on IAEs, such as multilateral organizations or development banks, to submit projects. However, this approach reduces the country's autonomy to design projects that fully align with its local priorities and needs.

Complexity in project preparation and approval

The preparation and approval of GCF projects require extended time and additional studies, adding further complexity to the process. Additionally, the turnover of technical staff at the GCF Secretariat increases response times and associated costs, as there is no predictability in the requirements, and the requirements and comments on reports depend on the person in charge at any given time. In this regard, interviewees affirm that the process of approving a project from concept note to final proposal submission is more demanding than other global climate funds and that the requirements are neither simple nor cost-effective in terms of time and expert fees, making the approval process inefficient.

The project preparation phase is extensive, according to one interviewee, due to the excessive number of committee meetings and changing requirements whenever there is a change in the person in charge, adding complexity and delays to the process.

Another consulted entity stated that implementing projects at the regional level is safer and more profitable, as the average approval period exceeds four years[10] and often involves government changes. If the project is developed in a single-country, there is a high risk that it will be cancelled by the new administration. However, involving multiple countries increases the chances of project stability and continued relevance at the time of Board approval.

Impact of delays on implementation and associated costs

The project implementation phase is affected by both approval and disbursement times, leading the country to face new needs for projects to risk losing relevance due to contextual changes.

The long approval and disbursement times cause projects to lose relevance as government priorities evolve. The cost of these delays is not only financial. Staff turnover and institutional frustration are also common effects, as organizations are forced to deal with processes that exceed anticipated timelines, impacting the continuity and effectiveness of interventions.

a. Readiness and Preparatory Support Programme

Compared Argentina's national projects have a disbursement rate of 84 per cent – higher than the global average of 72 per cent and comparable to the 78 per cent regional average for LAC. The total approved funding for Argentina's national projects stands at USD 5.9 million, representing 3.4 per cent of the USD 171.6 million approved for LAC, of which USD 5.2 million is allocated entirely to projects implemented only in Argentina.

Meanwhile, Argentina's average disbursement time is 217 days, longer than the LAC average of 187 days, yet still below the global average of 256 days.

[10] As of B.39, average approval period was around 2 years (647 days for the LAC region).

Table 1–2. Average number of days between submission and approval of RPSP in Argentina

Country/region	Average days for approval	Amount disbursed (USD mi.)	Amount approved (USD mi.)	Disbursed/approved ratio
Argentina**	217	4.4	5.2	84%
LAC	187	134.6	171.6	78%
Global average	253	404	557.4	72%

Source: GCF Tableau server (iPMS data), as of B.39 (19 July 2024), analysed by the IEU Data Lab.
Note: **The figures at country level includes only projects implemented exclusively within Argentina. Regional or global projects that may have activities in Argentina have been excluded to provide a clearer picture of in-country approval times and disbursement rates.

Argentina's project approval time varies considerably. As shown in Table 1–3, SCPs in Argentina take about 300 days on average – faster than the LAC regional average of 647 days. By contrast, MCPs (including Argentina) take around 1,135 days, indicating potential inefficiencies in the overall approval process. Approval time ranges from 260 days (FP064) to 1,514 days (FP237), demonstrating the high variability in project timelines.

Table 1–3. Number of days for approval process for SCPs and MCPs in Argentina

FP	Days to approval
FP064	260
FP142	340
FP194*	681
FP198*	1,209
FP237*	1,514
Average for SCPs	300
Average for MCPs	1,135
Average for LAC region**	647

Source: GCF iPMS data, as of B.39 (19 July 2024), analysed by the IEU Data Lab.
Note: *Projects are MCPs. **Number of days to approval process for LAC region include SCPs and MCPs only in the LAC region. MCPs across regions are excluded.

b. Disbursement speed

Speed of disbursement refers to the time between the approval of funds and their allocation to projects. A streamlined process reflects efficient management. In Argentina, SCPs take an average of 413 days between approval and first disbursement. This is below the regional average of 495 days in LAC.

Table 1–4. Number of days between approval and first disbursement for SCPs in Argentina

FP	No. of days between approval and first disbursement
FP064	375
FP142	451
Average for Argentina	413
Average for LAC region	495

Source: GCF iPMS data, as of B.39 (19 July 2024), analysed by the IEU Data Lab.

c. Efficiency in co-financing traction

The GCF's ability to mobilize co-financing is a key measure of its impact. Of Argentina's five GCF-funded projects, only FP142 was designed without co-financing due to the specific nature of REDD+ RBP projects.

As shown in Table 1–5, FP194*, FP198*, and FP237* (asterisk indicates MCPs) are co-financed entirely by public entities, while FP064 is funded solely by the private sector. Together, these four co-financed projects attract some USD 197.4 million, meaning that for every dollar the GCF contributes in Argentina, an additional USD 0.58 is mobilized. This ratio is notably lower than in other countries in the region – such as Costa Rica (USD 4.87) and Ecuador (USD 1.73) – and may reflect differences in Argentina's economic, institutional and legal landscape.

Table 1–5. Comparison of the source of co-financing by project in Argentina

FP	Sources of co-financing	Co-financed in Argentina (USD mi.)	Co-financed ratio	Total value in Argentina (USD mi.)
FP064	Private	60.9	37%	163.9
FP194*	Public	107.2	84%	128.3
FP198*	Public	0.6	27%	2.4
FP237*	Public	28.7	62%	46

Source: GCF Tableau server (co-financer data), as of B.39 (19 July 2024), analysed by the IEU Data Lab.

d. Other factors affecting efficiency

AEs indicated that the complexity of GCF reporting systems adds to the existing complexity of their own internal systems, increasing the administrative burden. One of the areas with the greatest potential for improvement is reporting through APRs.

For reference, one AE commented,

> "There is a lot of GCF micromanagement, even after meeting the conditions. Disbursements, despite meeting all requirements, take two months to be made. Projects need changes to adapt to changing conditions, but this requires re-negotiation with the GCF. At the programme level, more flexibility is needed to address priorities." This reflects the challenges faced by AEs during implementation and the lack of flexibility and delays caused by GCF bureaucracy.

AEs stated that the programmes funded by the GCF are ambitious in the objectives set, but there is still potential for them to become more efficient in strengthening internal processes and the benefits

obtained. During the process of securing and implementing the programmes, the burden of reporting requirements negatively impacts the efficiency of support.

5. PARADIGM SHIFT, POTENTIAL SUSTAINABILITY, REPLICATION AND SCALABILITY

Argentina has extensive experience working jointly with multilateral credit organizations, with previous collaboration with UNDP being especially relevant through the financing of UN-REDD for the Argentina UN-REDD National Programme project and World Bank-funded projects such as the Forests and Community Project and FCPF.

Interviewed stakeholders frequently highlighted the significant potential of the GCF to fund initiatives based on the success of previous projects supported by entities like Global Environment Facility, IDB and UNDP, among other key actors in Argentina. These past projects have established a strong foundation that the GCF could leverage to scale up proven solutions, thereby strengthening the local strategy to combat climate change. This could not only accelerate the impact of climate actions in Argentina but also provide a replicable model for other developing countries. However, despite this potential, the GCF has invested little in scaling up successful climate initiatives in the country, with the FP142 (REDD+ RBP) project being an exception. This lack of investment in scaling projects limits the opportunity to generate transformative and sustainable effects, missing out on synergy with previous interventions of positive impact.

GCF projects offer a unique opportunity to diversify funding sources, especially in areas that have historically lacked sufficient support, such as sustainable agriculture and ecosystem conservation. Argentina has shown that integrating innovative approaches, such as agroecology and reforestation, can positively impact community resilience and the economy. This diversification not only provides financial support but also promotes collaboration between the public and private sectors and local communities.

GCF projects also have the potential to empower local communities and civil society, encouraging their active participation in decision-making regarding the use and management of natural resources. This participatory approach not only strengthens environmental governance but also fosters a sense of belonging and responsibility towards the natural environment. Communities involved in the development of adaptation projects are better prepared to face climate change challenges and can become agents of change within their own communities.

a. Institutional capacity-building and partnership

The GCF is playing an important role in Argentina, providing more than just financial resources. The projects financed by the GCF contribute to areas such as institutional strengthening, social inclusion, energy transition and the creation of a low-emission economy. Additionally, its high requirements help elevate national standards to the highest international levels, aligning the country's actions with global best practices in sustainability and climate finance.

Strengthening national and institutional policies: The projects financed by the GCF enable Argentina to strengthen and implement essential climate policies, such as the Forestry law, consolidating its framework for forest conservation and mitigation. Project FP142 has been key in providing funding through landscape-level management plans, community management plans and farm-level management plans, adapting this mechanism to reach more beneficiaries, including Indigenous populations and community associations.

Moreover, the executing agency of this project (FAO) works closely with national and provincial entities, such as the Argentine Institute for Agricultural Technology, the Federal Council for the Environment, and the National Forestry Directorate, among others, ensuring that projects not only respond to the country's needs but also contribute to institutional strengthening. This collaboration guarantees better management and scalability of existing environmental policies, promoting efficient long-term execution.

Social inclusion and participation of local actors: One of the GCF's greatest impacts is its focus on social inclusion. Through its funding, it seeks to ensure that the benefits of climate action reach vulnerable communities and Indigenous territories. Project FP142, by including these actors, serves as an example of how the GCF promotes more equitable and just development.

Establishing global standards: The GCF promotes the adoption of the highest international standards in the formulation, implementation and monitoring of climate projects. The execution of projects under GCF regulations ensures that rigorous principles of transparency, sustainability and social inclusion are followed, aligning the country's actions with global best practices.

The main added value of the GCF may lie in its ability to drive systemic transformations by combining financing, social inclusion and international collaboration. Its approach has the potential to strengthen existing environmental policies and elevate national standards to levels aligned with global best practices, ensuring that climate actions in Argentina are more efficient, equitable and sustainable in the long term.

Additionally, the GCF could catalyse additional resources through strategic partnerships with public and private actors, fostering the integration of national and international initiatives. This synergy would contribute to the development of a greener and more resilient economy, facilitating the transition to a low-carbon development model.

b. Expected future impact and sustainability potential of GCF investments in Argentina

Results achieved and projects in progress

To achieve the paradigm shift and the expected impact of GCF-funded projects, their proper execution and completion are necessary conditions (although not sufficient). In Argentina, the paradigm shift and potential impact are limited by the scarcity of direct GCF interventions in the country through SCPs. The MCPs in which Argentina participates have not implemented concrete and significant activities, leading to high uncertainty about the benefits the country may derive from these initiatives. Therefore, the paradigm shift proposed by GCF projects faces challenges in moving from theory to practice.

This situation highlights the need for greater investment and commitment both nationally and internationally to ensure that GCF projects can be effectively implemented and generate the expected benefits in terms of climate change adaptation and mitigation. Without an increase in the quantity and quality of interventions, the transformative potential of GCF projects may not be fully realized in Argentina.

Involvement of the NDA: Key to sustainability

The involvement of the NDA is essential to ensure the sustainability of GCF-funded projects. As the main link between the GCF and the country, the NDA should be responsible for ensuring that project objectives are aligned with national priorities and for facilitating effective communication between stakeholders that drives the implementation of activities and ensures the sustainability of impact.

In the case of Argentina, the new Government, which took office on 10 December 2023, had not designated an NDA at the time of the interviews with AEs and government authorities.[11] The AEs have repeatedly mentioned this, pointing out that Argentina's lack of a designated NDA hinders dialogue and decision-making. This situation has recently been reversed, as the new NDA has been designated under the Ministry of Economy. Still, as in other countries in the region, the NDA is severely limited due to its limited scope to really influence project design and implementation.

On the other hand, interviews with former NDAs have highlighted that the readiness programme initiatives have contributed to the entity's capacity-building. This empowerment allows local actors to effectively manage and sustain GCF-funded initiatives, ensuring that the benefits extend beyond the life of the project. The capacities are installed in the government teams, who can then put the knowledge into practice in their roles.[12]

An active NDA is essential for establishing strong monitoring and evaluation frameworks that enable tracking the performance and impact of projects. This accountability ensures that lessons learned are incorporated into future initiatives, contributing to a cycle of continuous improvement and sustainability. Additionally, the NDA should have the capacity to closely monitor projects and establish a direct communication channel with the AEs. Unfortunately, this does not occur in Argentina, and it becomes especially challenging with MCPs, as many times, the IAEs implement them from headquarters and offices outside the country.

Finally, the NDA has the opportunity to leverage additional resources from national and international funding sources by demonstrating the success and alignment of GCF projects with broader development goals. This is the case with the FP064 project, which is able to leverage funds from BICE and IDB. This financial support is vital to scale up this successful initiative and ensure its long-term sustainability.

Participation of multiple actors and institutional and social ownership of projects

Active multi-stakeholder participation is essential for the success and sustainability of projects, especially those aimed at addressing climate change and building resilience. Among these stakeholders, the private sector plays a key role in providing the resources, innovation and expertise needed to ensure that these initiatives can thrive in the long term.

Regarding the ownership of projects and programmes by the subnational public sector, the advances of project FP142 in the province of Jujuy, Argentina, stand out. The work of the provincial public sector has helped engage Indigenous and rural communities in the project through the formalization of land-use via land-use plans.

The beneficiary communities have actively participated in the project's training processes. Furthermore, provincial authorities in Jujuy state that the financing received from the GCF has "enabled them to boost the necessary investments, as the amounts are much higher than those from the Forest law and have a significant impact".

In this way, the project has contributed to organizing productive relationships in the territory, harmonizing relations with the forest and with productive sectors related to wood and its circular economy. For instance, as an innovation, the provincial government, with support from the University of Zurich, is promoting the use of sawmill waste (sawdust) for biomass generation.

While communities and subnational governments are evidently socially responsible for projects, the same enthusiasm is not apparent in the private sector.

[11] The interviews were conducted in May 2024.
[12] Argentina's current NDA was present in the work teams strengthened by readiness programmes.

The private sector serves as a crucial platform for sustaining climate action initiatives. By involving companies and entrepreneurs, projects can leverage financial investments, technological advancements and market-driven solutions that can enhance their effectiveness and reach. Private sector participation not only increases the available capital but also fosters a sense of ownership among businesses, motivating them to contribute to the project's success. In this regard, MCPs are particularly efficient in attracting resources from this sector.

It is essential to highlight that the private sector in Argentina often lacks awareness of the GCF and generally perceives it as accessible only to the public sector. Despite the importance of collaboration between these two sectors, private sector participation in GCF-funded projects has been notably low.

This limited involvement can be attributed to various factors. There is a lack of knowledge about the opportunities that GCF projects offer. Many companies are unaware of how they can benefit from these initiatives or the financial and technical resources available to them. This is exacerbated by the perceived risks associated with investing in climate initiatives, leading companies to be cautious about committing their resources.

This lack of private sector participation not only limits the potential of GCF projects but also creates a significant gap in the collaboration needed to tackle climate challenges. To bridge this gap, it is essential to promote greater awareness and understanding of the GCF and its opportunities among institutions in this sector, as well as to establish clear incentives that encourage active participation in adaptation and mitigation initiatives.

c. Replication and scaling of GCF investments in Argentina

The transformative potential of GCF investments in Argentina depends not only on the quality of project design but also, mainly, on their effective implementation and completion.

One of the main challenges to scaling up and replicating these initiatives lies in the current low levels of implementation, often affected by changes in political priorities and bureaucratic barriers inherent to the GCF. Without real, large-scale implementation and timely completion of projects, learning and good practices are diluted, compromising their potential for scalability. In addition, delays can discourage the involvement of the private sector and other strategic actors, which are essential to ensure long-term financial sustainability.

Potential for replication and scalability in REDD+ projects

The FP142 (REDD+ RBP) project represents a milestone for the GCF's RBP pilot, marking Argentina's first experience in accessing this mechanism. This allocation is a significant endorsement of the country's sustained efforts over the past decade in REDD+ and reflects international recognition of Argentina's commitment to forest conservation and climate change mitigation.

The project has high potential for replicability and scalability as it directly contributes to the implementation of the Forest law. The project aims to ensure that communities living in forests have the legal right to land-use and, eventually, to land tenure, allowing them to establish themselves. A second element promoting project scalability relates to establishing foundations for social organization and effective forest governance. The third element involves providing support through strategic investments that enable integrated forest management, including livestock farming.

However, to ensure the project's replicability and scalability, it is essential that the FP142 resources are fully delivered and that its implementation is completed according to the established timelines and objectives. Efficient performance will strengthen the confidence of strategic partners and facilitate the attraction of additional financing for new interventions.

Currently, signs of replicability are evident. For instance, the province of Jujuy has increased its protected forest area year after year as new private and institutional actors seek to include their forests in protected zones to benefit from the law. This action suggests the beginning of a virtuous cycle, generating positive expectations, which could be further enhanced if a second round of GCF funding for the RBP mechanism is established.

Argentina, like other countries in the region, hopes for greater predictability from the GCF regarding the continuity of the RBP mechanism. Clarity on the permanence or possible adjustments to the mechanism is crucial for strategic long-term planning and maintaining the RBP's financial stability. Certainty about future funding opportunities will enable the scaling up of conservation and restoration efforts, consolidating partnerships and further promoting sustainable development in the region.

The success of FP142 establishes a solid operational framework that can serve as a model for new climate interventions. Alignment between public and private actors, along with continued support from the GCF, will be key to ensuring the lasting impact of this model and its expansion to other regions of the country.

6. COUNTRY OWNERSHIP

a. Identification, ownership and involvement of national authorities

National ownership of projects financed by the GCF faces significant challenges due to the central role that AEs play throughout the project cycle, as for Argentina they are characterized by being IAEs that operate disconnected from the Government. This intermediation dilutes national ownership since, often, as one of the interviewees stated, "The IAEs generate their own demand and come to the country with projects that are not the country's priority." In this context, national authorities find their capacity to influence and negotiate project terms to be limited, putting alignment with local priorities and needs, as well as national ownership of these initiatives, at risk.

One critical point is the perception that the GCF, instead of directly benefiting countries, has become a business opportunity for the AEs. Interviewees report that the fees charged by these entities can be high due to the limited number of AEs capable of accessing the GCF, which increases project costs and reduces resources available for interventions in the countries.

While these challenges highlight some weaknesses of the GCF, the responsibility does not lie solely with the Fund. In LAC, frequent government changes impact the continuity and learning curve of technical teams, weakening institutional capacity and leadership in climate projects. In Argentina's case, a change in government has led to a shift in foreign policy related to climate change, and the new NDA (located within the Undersecretariat of International Financial Relations of the Ministry of Economy) was appointed over six months after the departure of the previous NDA.

Despite these limitations, Argentina has some strong tools to foster the appropriation of project results and learning by local entities. Among these is the National Strategy for International Climate Finance for Argentina, based on the NDCs, which provides a guide for how the country accesses available climate finance sources. Additionally, the Climate Change Secretariat led the creation of a procedure manual for the no-objection process on how to prioritize different national and provincial government projects.

The National Forest Directorate is actively involved from the conceptualization of environmental and climate issues, which strengthens the identification and ownership of projects by the country and has achieved strong ownership of projects and programmes under the FP142 project by

subnational governments and state agencies. In this framework, the strategic participation of the National Forest Directorate in REDD+ RBP projects stands out.

b. Effectiveness of the GCF in developing institutional capacities

The projects implemented under the GCF's readiness programme in Argentina have significantly advanced institutional capacity-building at both national and subnational levels.

Within the ARG-RS-004 project, one of the main focuses has been strengthening the NDA and its team, as well as developing and presenting an initial version of the country programme for Argentina. Although the NDA has changed, the enhanced capacities within its team can be leveraged by new officials. Additionally, while Argentina does not currently have an approved country programme with the GCF, the country has a first version developed with support from the Fund.

On the other hand, the project ARG-RS-002, implemented by Fundación Avina, worked in collaboration with the Climate Change Mitigation Directorate of the former Ministry of Environment and Sustainable Development (now the Undersecretariat of Environment). It generated informational material about the National Climate Change Cabinet, presented proposals for mitigation projects in the country, and engaged with the private sector, creating mechanisms that encourage investment from this sector.

Lastly, the project ARG-RS-007, which is currently in the early stages of implementation, aims to promote holistic agroecosystem management to improve climate resilience among family farmers and MSMEs in the Norte Grande of Argentina. Among its specific objectives, in terms of institutional capacity-building, CAF, the project implementer, will support the development of a concept note and work with relevant authorities to create a portfolio of local project ideas.

Together, these projects reflect the effectiveness of the GCF, through the RPSP, in developing institutional capacities through multi-sectoral partnerships, incorporating adaptation into public policies at both national and regional levels, and promoting continuous learning. However, the sustainability of these advancements will depend on the country's ability to consolidate these initiatives within a robust institutional framework and to address climate change challenges in an integrated manner.

7. Gender and Indigenous Peoples

a. Notable initiatives with a gender focus

All analysed projects include a gender approach to varying degrees of depth. They all incorporate a strong component of technical training for women in strategic sectors such as energy, construction and climate technologies, aiming to close the gender gap. Additionally, efforts to achieve women's economic empowerment are consistent, promoting their access to financing and business opportunities. Moreover, the project related to transportation, FP237 (not yet implemented), places a special emphasis on its design to prevent gender-based violence and ensure a safe environment for women in public infrastructure.

While the current projects already promote gender equality, there are still key areas that could be strengthened. These include involving women in leadership positions, providing them access to highly skilled jobs, offering financial support networks, creating safe work environments and better monitoring their economic and professional progress.

The analysis of the FPs for Argentina in the GCF portfolio reveals the following.

FP198 (CATALI.5°T Initiative) seeks to promote women's participation in climate technologies, focusing on their economic empowerment. It aims to close gender gaps in access to business opportunities through specific programmes. To achieve this, pre-acceleration and acceleration initiatives are implemented for women entrepreneurs, accompanied by technical and financial training. Additionally, the project fosters the creation of support and mentorship networks to help women integrate into the climate sector, driving their leadership and active participation.

FP194 (PEEB Cool) addresses the low representation of women in the sustainable construction and energy efficiency sectors. This project aims to increase female participation in these sectors by creating training and employment opportunities. Quotas are set to ensure that women occupy technical and leadership roles in sustainable construction, allowing for equitable access to jobs in key areas for the energy transition.

FP064 "Promoting risk mitigation instruments and finance for renewable energy and energy efficiency investments" emphasizes improving working conditions for women in the biomass, biogas and energy efficiency industries. Studies are conducted to identify women's participation in these areas, followed by specific activities to promote their involvement in SMEs benefiting from financing. These actions include internships and training for women, ensuring that at least 20 per cent of participants in training activities are women.

Finally, FP142 (REDD+ RBP) aims to promote the economic and political autonomy of women living in forest areas. Through gender-disaggregated diagnostic studies, the specific needs of women in rural and Indigenous communities are identified. This project also includes participatory workshops to ensure women's active involvement in all implementation stages. Additionally, protocols are developed to guarantee their inclusion and prevent gender-based violence, strengthening their participation in the sustainable management of forest resources.

b. Safeguards and rights in project implementation

An important aspect of GCF interventions in Argentina has been the development of safeguard systems to ensure the protection of rights and the inclusion of gender considerations. For FP142, for example, the IAE has emphasized integrating safeguards as a cross-cutting aspect of its work, addressing not only gender equity but also cultural diversity and recognition of traditional practices.

Unfortunately, these safeguards are designed without understanding the context in which Indigenous Peoples operate their way of life, thus are almost impossible to implement in the field. The FP142 lost more than a year of implementation in complying with the safeguards established by the GCF, which required all members of Indigenous communities to sign an agreement, when free, prior and informed consent consultation among the communities themselves had already taken place.[13] This generated widespread discouragement among the Indigenous Peoples, who were expecting the benefits of the RBP and did not understand why they had to again go through a process of safeguards that they had already complied with.

Institutions working with the GCF in Argentina agree that the Fund sets a high standard regarding the implementation of safeguards, Indigenous rights, gender perspective, transparency and grievance mechanisms, but in some cases, the requested standards cannot be applied in the field.

[13] This new requirement was requested by GCF after project approval, due to a change in GCF's safeguards processes, and even after the free, prior and informed consent was conducted with the communities involved.

c. Challenges in including intergenerational and minority approaches

In most projects, minorities and Indigenous communities are not explicitly mentioned as direct beneficiaries. In projects such as FP198, FP194, FP237 and FP064, activities may have indirect impacts on rural or Indigenous minorities, but they are not actively considered in the design or implementation phases.

Potential benefits without active participation: Although projects like FP194 and FP237 aim to improve urban infrastructure and reduce emissions, their focus on minorities and Indigenous communities is limited. These projects could benefit communities that migrate to cities and other minorities, but they are not designed to include them in consultations or decision-making.

Projects with direct Indigenous community participation: FP142 is the clearest project regarding the active participation of Indigenous communities. This project includes consultation activities, workshops and diagnostics to ensure that Indigenous communities are actively involved in forest conservation and sustainable resource management.

In the case of the FP198, although the inclusion of vulnerable actors in acceleration and pre-acceleration programmes is mentioned, there is no specific detail on minority participation. The activities primarily focus on fostering access to climate technologies and financing in Latin American and African countries, but clear mechanisms for direct minority participation in the design and implementation phases are not described.

On the other hand, in FP064, minority participation is not explicitly mentioned. However, the project could indirectly benefit rural communities, including Indigenous groups, by providing access to renewable energy and energy efficiency. The activities are mainly aimed at rural SMEs, but there is no direct reference to Indigenous groups in the design or implementation processes. When executors were consulted, they indicated that none of the project's beneficiaries identified as minorities, nor could they identify minorities among their employees.

There are no explicit references to minorities in design or implementation in FP194 and FP237.

Finally, in the FP142, it is noteworthy that it best addresses minority participation, specifically Indigenous communities and recognizes their fundamental role in forest resource management and conservation. Below are some key points regarding Indigenous participation in this project.

- Community consultations: The project includes prior and participatory consultation processes with Indigenous communities, ensuring that their needs and rights are considered from the project's design through implementation. These consultations are essential for integrating local knowledge into forest conservation and management practices. Additionally, the project not only proposes consulting with communities but also involves them in decision-making. An example is the project's concrete objective: the use of forest resources, which not only improves local acceptance of the project but also strengthens long-term sustainability. This approach could serve as a model for projects where Indigenous participation is less clear, enabling a more equitable co-management.
- Participatory workshops: Indigenous communities actively participate in workshops and meetings to identify their primary concerns and needs related to forest resource conservation. These workshops enable communities to contribute to the project's planning and execution activities.
- Respect for Indigenous rights: The project ensures respect for the territorial and resource access rights of Indigenous communities, which is critical in the context of conservation and

sustainable resource use. Mechanisms are also adopted to ensure these communities receive equitable benefits from the project.

- Impact monitoring: A participatory monitoring system is established, involving Indigenous communities in tracking the project's impacts on the environment and their livelihoods. This gives them an active role in the ongoing evaluation of project activities.
- Economic and social empowerment: The project goes beyond merely conserving forest resources; it also aims to empower Indigenous communities economically by providing access to shared resources and benefits. This approach to equitable benefit distribution is key for replicating other projects seeking a more profound social impact on Indigenous communities.

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2. COSTA RICA COUNTRY CASE STUDY REPORT

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ABBREVIATIONS

AE	Accredited entity
B.37	Thirty-seventh meeting of the Board
CABEI	Central American Bank for Economic Integration
DAE	Direct access entity
ENCC	National Climate Change Strategy
ENREDD+	National REDD+ Strategy
FAA	Funded activity agreement
FAO	Food and Agriculture Organization of the United Nations
FCPF	Forest Carbon Partnership Facility
FONAFIFO	Fondo Nacional De Financiamiento Forestal (National Fund for Forestry Financing)
GAM	Greater Metropolitan Area
GCF	Green Climate Fund
GDP	Gross domestic product
GEF	Global Environment Facility
GHG	Greenhouse gas
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IAE	International accredited entity
IEU	Independent Evaluation Unit
INCOFER	Costa Rican Railroad Institute
LAC	Latin America and the Caribbean
MCP	Multi-country project
MINAE	Ministerio de Ambiente y Energía (Ministry of Environment and Energy)
NDA	National designated authority
NDC	Nationally determined contribution
PES	Payment for Environmental Services
RBP	Results-based payment
REDD	Reducing emissions from deforestation and forest degradation
RPSP	Readiness and Preparatory Support Programme
SCP	Single-country project
SINAC	National System of Conservation Areas
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change

A. Background and context

1. Overview of Costa Rica

Geography and climate. Costa Rica, located in the Central American isthmus, is globally recognized for its impressive biodiversity and diverse ecosystems. It borders Nicaragua to the north, Panama to the south, the Caribbean Sea to the east, and the Pacific Ocean to the west, giving it strategic access to both oceans. Despite its small size of approximately 51,100 km², Costa Rica is considered one of the 20 megadiverse countries in the world, as it harbours around 5 per cent of global biodiversity. The country is divided into six geographical regions: the central Valley, the north Pacific, the central Pacific, the south Pacific, the Caribbean and the northern Plains region. These regions feature a wide variety of climates, ranging from tropical wet conditions on the Caribbean coast to temperate climates in the mountainous areas of the central Valley and the Talamanca Mountain Range.

Costa Rica is known for its extensive forest cover, which in 2022 reached a total of 57.1 per cent of the country, with 24.22 per cent being mature forests, while secondary forests occupy 23.25 per cent of the national territory, thanks to conservation and reforestation efforts (National System of Conservation Areas Costa Rica, n.d.). The country faces significant challenges due to climate change. In recent decades, it has experienced variations in rainfall patterns, increased frequency and intensity of extreme weather events such as hurricanes and tropical storms, and growing pressure on its water resources. Coastal ecosystems, such as mangroves and coral reefs, are particularly threatened by rising sea levels and ocean acidification. This impacts biodiversity, climate stability and the livelihoods of coastal communities, which heavily depend on marine ecosystems for activities like fishing and tourism. (Costa Rica, Ministerio de Ambiente y Energía, 2022).

Demography. With a population of approximately 5.1 million inhabitants in 2024, Costa Rica has a high urban concentration, especially in the Greater Metropolitan Area (GAM), which includes San José, Alajuela, Heredia and Cartago. More than 80 per cent of the population lives in urban areas, creating challenges related to urbanization, such as pressure on public services, housing and transportation. However, 20 per cent of the population residing in rural areas faces very different challenges, particularly regarding access to basic services and vulnerability to the impacts of climate change (National Institute of Statistics and Censuses, 2023).

Indigenous communities, such as the Bribri, Cabécar, Ngäbe-Buglé and Maleku, mainly live in rural areas and represent approximately 2.4 per cent of the total population (National Institute of Statistics and Censuses, 2023). These communities face a series of challenges related to environmental degradation, soil erosion and water scarcity, exacerbated by increasing climate variability. Their dependence on natural resources for subsistence, such as agriculture and fishing, makes these populations particularly vulnerable to climate change. Costa Rica has implemented programmes to improve living conditions in rural areas, but significant gaps still exist in terms of infrastructure and climate adaptation.

Economy. Costa Rica's economy is one of the most dynamic and diversified in Latin America, based on tourism, agriculture, exports of manufactured goods and technology. Costa Rica is famous for its eco-tourism industry, which has been a key driver of economic growth, generating approximately 8 per cent of the gross domestic product (GDP) (Costa Rican Tourism Institute, n.d.). This sector attracts millions of visitors each year, who come to explore its national parks, biological reserves and diverse ecosystems. Sustainable tourism has been a fundamental pillar for biodiversity conservation and the development of local communities, especially in rural areas.

Regarding agriculture, the main export products include coffee, bananas, pineapples and cocoa. Agriculture employs approximately 12 per cent of the population, mostly small-scale farmers (Costa Rica, Ministerio de Agricultura y Ganadería, 2024). However, the agricultural sector faces increasing challenges due to climate change, with phenomena like drought, variability in rainy seasons and rising temperatures affecting crop productivity and threatening the country's food security. Dependence on international markets and the pressure to meet stricter environmental standards, especially for products linked to deforestation, also pose risks to Costa Rica's agricultural economy. Despite these challenges, the country has significantly progressed in developing organic agriculture and transitioning towards more sustainable practices.

One of Costa Rica's most notable achievements has been its transition towards a greener economy. The country generates approximately 99 per cent of its electricity from renewable sources, primarily hydroelectric, geothermal, solar, and wind energy (Costa Rican Electricity Institute, 2024). This focus on renewable energy has positioned Costa Rica as a leader in the region for sustainability and carbon emissions reduction.

Politics. Costa Rica is known for its political stability and its strong commitment to peace and human rights. It is a democratic republic that has held free and fair elections for over a century. One of the most significant milestones in the country's political history was the abolition of the army in 1948, leading to the adoption of the Political Constitution in 1949, which allowed resources to be redirected towards social development, education and public health. Since then, Costa Rica has stood out for its progressive social welfare and environmental protection policies (Costa Rica, 2024).

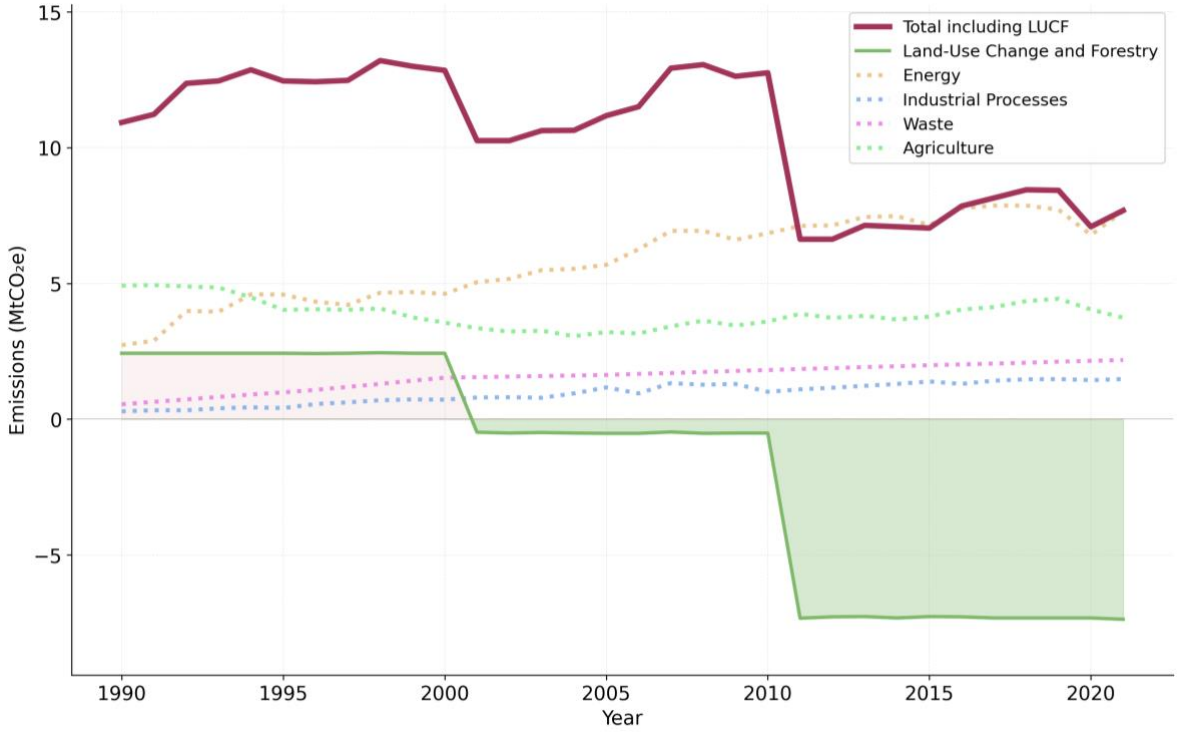
In the environmental field, Costa Rica has implemented ambitious policies to tackle climate change and protect its rich biodiversity. The country was among the first to ratify the Paris Agreement and has adopted the National Decarbonization Plan, which aims to achieve carbon neutrality by 2050. This plan includes initiatives to electrify public transportation, promote the use of renewable energy, reduce agricultural emissions, and encourage reforestation (United Nations Development Programme, 2022).

Costa Rica is also a pioneer in implementing innovative mechanisms for environmental conservation, such as the Payment for Environmental Services (PES) Programme, which offers financial incentives to landowners to conserve forests and restore ecosystems. This programme has achieved significant reforestation, helping to reverse the deforestation that affected the country in past decades (Fondo Nacional de Financiamiento Forestal, n.d.). Nevertheless, despite these advances, Costa Rica still faces challenges in effectively implementing its environmental policies due to financial limitations and the need to strengthen institutional capacity at both local and national levels to oversee and enforce these initiatives.

2. CLIMATE CHANGE CONTEXT

Costa Rica emitted 7.69 million tons of CO_2 equivalent in 2021, ranking as the 164th largest emitter worldwide and accounting for 0.01 per cent of global emissions (Climate Watch, 2024). The energy sector has taken a dominant role in greenhouse gas (GHG) emissions, surpassing sectors such as agriculture and land-use change, which have shown a reduction in their share or even positive mitigation behaviour. This shift suggests a transition towards greater reliance on energy sources and industrial activities, highlighting the need to focus on more sustainable solutions in these sectors to reduce the country's total emissions.

Figure 2–1. Costa Rica annual GHG emissions, 1990 to 2021



Source: Historical country-level and sectoral GHG emissions data (1990–2021) from Climate Watch (2024), visualized by the IEU DataLab.

The line chart in Figure 2–1 above shows Costa Rica's annual GHG emissions from 1990 to 2021, with each sector plotted as its own line (i.e., not stacked). To emphasize the contribution of land-use change and forestry, the area under the solid green line is coloured in green or red, highlighting the net GHG emissions (in $MtCO_2e$) these sectors contribute relative to the total.

In an analysis of sector participation based on the GHG emissions series, it was observed:

- The energy sector is the largest emitter of GHG in Costa Rica, contributing an average of 62 per cent of total emissions throughout time series. Its impact has increased significantly over time: in 1990, it accounted for 25 per cent of emissions, but by 2021, its share had risen substantially to 7.66 MtCO2e, which represents 59 per cent of the country's total GHG emissions, excluding the negative emissions from the land-use, land-use change and forestry sector.
- Industrial processes contribute an average of 10 per cent of the total GHG emissions in time series. Although this sector started with a low contribution of 5 per cent in 1990, it gradually increased to 19 per cent in 2021. This could be related to growth in the country's industrial activities.
- Agriculture contributes an average of 39 per cent of the total GHG emissions in time series: The agricultural sector's share of emissions has steadily decreased. In 1990, it represented 45 per cent, but by 2021, it had dropped to 43 per cent. Despite this reduction, it remains a significant source of emissions.
- The waste sector contributes an average of 17 per cent of the total GHG emissions in time series: It shows an increase in its contribution to emissions, rising from 5 per cent in 1990 to 10

per cent in 2021. This may be related to an increase in waste generation and challenges in its management.

- The land-use, land-use change and forestry sector accounts for an average of 20 per cent of GHG emissions between 1990 and 2000 (2.43 MtCO2e). However, starting in 2001, the sector reversed its trend, achieving a progressive reduction in emissions and reaching negative values, with a net balance of -7.37 MtCO2e in 2021.

Future projections and climate commitment

Costa Rica envisions decarbonization and resilience as means to transform its development model into one based on social inclusion, citizen wellbeing, the circular economy, the bioeconomy, the creative and cultural economy, and green growth (Costa Rica, 2020). Costa Rica's climate action integrates decarbonization, adaptation and resilience in a sectoral and territorial manner. The main public policies in each area of action aim to reduce emissions and decrease climate vulnerability.

In its nationally determined contribution (NDC), Costa Rica has committed to reducing its emissions by 44 per cent by 2030, in line with its goal of total decarbonization by 2050. This ambitious objective reflects Costa Rica's intention to implement robust mitigation policies, although achieving these targets also depends on the availability of international financial support and technology transfer.

Costa Rica's commitment to climate change is focused on strengthening the country's social, economic and environmental resilience through the development of capacities and information for decision-making, the incorporation of adaptation criteria into financing and planning instruments, the adaptation of public services, productive systems, and infrastructure and the implementation of nature-based solutions.

Vulnerability to climate risks

Costa Rica is highly vulnerable to the effects of climate change, having already suffered significant losses due to extreme hydrometeorological events. Between 1960 and 2017, the country experienced a 0.2°C increase in the average temperature, with a notable rise in January, February, March, April and December (State of the Nation Program, 2024). Regarding precipitation, trends show an increase in the average monthly rainfall during the dry months (November to April) and a decrease during the rainy months (May to October) (State of the Nation Program, 2024). This climate variability, combined with high temperatures and elevated evapotranspiration, has intensified droughts in Guanacaste, in the northwest of the country (Costa Rica, Ministerio de Ambiente y Energía, 2021).

Climate projections developed by the National Meteorological Institute indicate that Costa Rica's temperatures could increase between 1°C and 2°C by the end of the century (State Meteorological Agency, 2024). Additionally, an increase in the frequency of warm nights is expected, potentially doubling or tripling depending on the scenario.

The impacts of these climate changes have already been felt devastatingly. Between 1980 and 2017, Costa Rica experienced severe droughts, extreme temperatures, hurricanes and tropical storms, with 1.3 million people affected and 546 deaths attributed to these events (Costa Rica, Ministerio de Ambiente y Energía, 2021). Hurricanes have claimed the most lives, notably hurricane Otto in 2016, which directly affected more than 10,000 people and caused 10 deaths in the cantons of Upala and Bagaces (Costa Rica, Ministerio de Ambiente y Energía, 2022).

Natural disasters have had a high economic cost for the country. Between 2005 and 2016, the average annual losses from natural disasters amounted to USD 199 million (Costa Rica, Ministerio de Ambiente y Energía, 2022). The repair costs for infrastructure affected by floods, storms or

droughts have increased significantly, rising from USD 16 million in 1988 to USD 384 million in 2010 (1 per cent of GDP that year). It is estimated that costs could range between 0.68 per cent and 2.5 per cent of the annual GDP in the future (Costa Rica, 2020). Costa Rica's climate vulnerability highlights the urgency of implementing effective adaptation and mitigation policies to address the impacts of climate change, protecting both the population and critical infrastructure.

Costa Rica ranks 64th out of 187 countries overall in the 2022 ND-GAIN country index (University of Notre Dame, n.d.). Its vulnerability score is 0.380 (67th most vulnerable), reflecting exposure and sensitivity to climate impacts in sectors such as exposure, health, ecosystems services, human habitat, along with somehow limited capacity to adapt. The readiness score is 0.453 (76th most ready), indicating that further improvements are needed to stay prepared for emerging climate challenges.

3. CLIMATE CHANGE POLICIES AND INSTITUTIONAL CONTEXT

Costa Rica has developed a robust regulatory framework for environmental protection and climate action, aligned with sustainability principles, natural resource conservation and decarbonization.

Paris Agreement and nationally determined contribution

Costa Rica signed the Paris Agreement on 22 April 2016, ratifying it in October of the same year. In its 2020 NDC, the country committed to limiting its net emissions to 9.11 million tons of CO_2 equivalent by 2030. Additionally, it set goals to strengthen social, economic, and environmental resilience, prioritizing informed decision-making and implementing nature-based solutions (Costa Rica, Ministerio de Ambiente y Energía, n.d.).

National Climate Change Strategy and National Decarbonization Plan 2018–2050

Costa Rica's path towards climate action began with the National Climate Change Strategy (ENCC) in 2009, which marked the country's first effort to mitigate GHG emissions (Costa Rica, Ministerio de Ambiente, Energía y Telecomunicaciones, 2009). Subsequently, in 2018, the National Decarbonization Plan 2018–2050 (Costa Rica, Ministerio de Ambiente y Energía, 2018) was launched with the goal of achieving net-zero carbon emissions by 2050. This plan covers key sectors such as transportation, energy, waste management and land-use and proposes concrete measures to transition towards a low-carbon economy.

Payment for Environmental Services Programme

Since 1997, the PES programme has been key in protecting the country's ecosystems. This programme compensates landowners for carbon capture, biodiversity protection and water regulation services. The PES has been essential in reducing deforestation and preserving natural resources (Fondo Nacional De Financiamiento Forestal, n.d.).

National adaptation policy 2018–2030 and national adaptation plan 2022–2026

The National Climate Change Adaptation Policy 2018–2030 (Costa Rica, Ministerio de Ambiente y Energía, 2019a) aims to strengthen the country's resilience to the effects of climate change. In line with this policy, the national adaptation plan (NAP) 2022–2026 (Costa Rica, Ministerio de Ambiente y Energía, 2022) establishes indicators to measure progress in critical sectors such as health, water resources, biodiversity, tourism and infrastructure. This plan provides a clear road map for integrating climate adaptation into national planning.

Organic Environmental Law (law No. 7554)

Enacted in 1995, the Organic Environmental Law No. 7554 (Legislative Assembly of the Republic of Costa Rica, 1995) forms the basis of Costa Rica's environmental legal framework. This law

regulates the conservation of natural resources, establishes principles for environmental impact assessment, and promotes citizen participation in environmental management, ensuring sustainable and equitable development.

Forestry Law (law No. 7575) and Wildlife Conservation Law (law No. 7317)

The Forestry Law No. 7575 (Legislative Assembly of the Republic of Costa Rica, 1996), enacted in 1996, regulates the sustainable management of forest resources and has been key in preserving the country's forests, which are fundamental for climate change mitigation. Complementarily, the Wildlife Conservation Law No. 7317 (Legislative Assembly of the Republic of Costa Rica, 1992), enacted in 1992, protects the country's wildlife and establishes penalties for illegal hunting and capture, contributing to the conservation of biodiversity, which is vital for resilient ecosystems in the face of climate change.

Table 2–1. Legislative journey on climate change in Costa Rica

Year	Law	Description
1992	Wildlife Conservation Law (law No. 7317)	Regulates the protection and conservation of wildlife, prohibiting the hunting of endangered species.
1995	Organic Environmental Law (law No. 7554)	Establishes the legal framework for environmental protection and the conservation of natural resources in Costa Rica.
1996	Forestry Law (law No. 7575)	Regulates the sustainable management of forest resources and the conservation of forests.
1997	Payment for Environmental Services (PES) Programme	Compensates landowners for the environmental services they provide, such as carbon capture and biodiversity protection.
2009	National Climate Change Strategy (ENCC)	The first plan aimed at mitigating GHG emissions in Costa Rica.
2009	Creation of the National Climate Change Directorate	Established through Executive Decree No. 35,669, creating the entity responsible for coordinating climate change policies.
2012	Interministerial Technical Committee on Climate Change	Advises the Climate Change Directorate on the implementation of climate policies.
2012	Carbon Neutrality Programme	Voluntary mechanism for organizations and sectors to measure and reduce their carbon emissions.
2016	Ratification of the Paris Agreement	Costa Rica's commitment to move towards decarbonization and reduction of GHG emissions.
2016	National Risk Management Policy 2016–2030	Incorporates the climate variable in disaster risk reduction.
2016	National Biodiversity Strategy and Action Plan (ENB2) 2016–2025	Includes climate change as a relevant factor for biodiversity conservation.
2018	National Decarbonization Plan 2018–2050	Strategy to achieve net-zero carbon emissions in Costa Rica by 2050.
2018	National Climate Change Adaptation Policy 2018–2030	Establishes strategies to reduce the country's vulnerability to the effects of climate change.
2019	Climate Change Law (law No. 9518)	Regulatory framework for decarbonization and climate resilience, defining sectoral responsibilities.
2020	Nationally determined contribution	Establishes goals for reducing emissions and strengthening resilience to climate change.

Year	Law	Description
2022	National Climate Change Adaptation Plan 2022–2026	Implements the National Adaptation Policy by defining monitoring indicators and expected results.

Institutionalization of climate change-related actions

The National Directorate of Climate Change, created in 2009 under the Ministerio de Ambiente, Energía y Telecomunicaciones (currently changed to Ministerio de Ambiente y Energía – MINAE)[15], is the state entity responsible for coordinating Costa Rica's climate policy. Together with the Interministerial Technical Committee on Climate Change (created in 2012) and other bodies, such as the Citizen Advisory Council on Climate Change and the Scientific Council on Climate Change (created in 2017), these institutions work on the design and execution of national climate change strategies, promoting intersectoral and citizen participation.

In summary, Costa Rica has the regulatory support needed to address the challenges of climate change. The laws and institutions mentioned aim to mitigate the effects of climate change and seek to strengthen the country with general guidelines for climate-related actions.

B. KEY FINDINGS

1. RELEVANCE

a. Approach and value proposition of the GCF

The GCF project portfolio in Costa Rica consists of 11 projects. To date, the GCF has approved two single-country projects (SCPs) for Costa Rica. Project FP144 "Costa Rica REDD-plus results-based payments for 2014 and 2015" is one of the eight projects approved under the Fund's REDD+[16] results-based payment (RBP) Pilot Programme, which directly contributes to implementing Costa Rica's National REDD+ Strategy (ENREDD+) (Costa Rica, Ministerio de Ambiente y Energía, 2019b) and demonstrates the highest level of implementation within the entire pilot programme. In contrast, project FP166 "Light Rail Transit for the Greater Metropolitan Area (GAM)" has faced significant obstacles that have delayed its implementation, accumulating more than 18 months of waiting without being executed. Currently, the project's funded activity agreement (FAA) is under negotiation. At B.37, the Board approved a third extension of an additional 18 months for the execution of the FAA. (Green Climate Fund, 2024a).

Table 2–2. GCF project portfolio in Costa Rica

FP	Title	SCP or MCP	AE
FP097	Productive Investment Initiative for Adaptation to Climate Change (CAMBio II)	MCP	CABEI
FP144	Costa Rica REDD-plus Results-Based Payments for 2014 and 2015**	SCP	UNDP
FP151	Technical Assistance (TA) Facility for the Global Subnational	MCP	IUCN

[15] The Ministerio de Ambiente, Energía y Telecomunicaciones (MINAET) was changed to Ministerio de Ambiente y Energía (MINAE) since June 2010.
[16] REDD stands for reducing emissions from deforestation and forest degradation.

FP	Title	SCP or MCP	AE
	Climate Fund		
FP152	Global Subnational Climate Fund (SnCF Global) – Equity	MCP	PCA
FP166	Light Rail Transit for the Greater Metropolitan Area (GAM)	SCP	CABEI
FP174	Ecosystem-based adaptation to increase climate resilience in the Central American Dry Corridor and the Arid Zones of the Dominican Republic	MCP	CABEI
FP189	E-Mobility Program for Sustainable Cities in Latin America and the Caribbean	MCP	IDB
FP194	Programme for Energy Efficiency in Buildings (PEEB) Cool	MCP	AFD
FP198	CATALI.5°T Initiative: Concerted Action to Accelerate Local I.5° Technologies – Latin America and West Africa	MCP	GIZ
FP223	Project GAIA ('GAIA')	MCP	MUFG Bank
FP237	E-Motion: E-Mobility and Low Carbon Transportation	MCP	AFD

Note: **The FP144 is part of the GCF REDD+ RBP pilot programme, which comprises eight unique projects and programmes (FP100, FP110, FP120, FP121, FP130, FP134, FP142, FP144). These initiatives have been intentionally included for simplicity in the analysis and data set but possess a distinct nature due to the characteristics of the RBP pilot modality. Unlike the standard proposal approval process and the simplified approval process used by other GCF projects and programmes, the RBP pilot modality specifically focuses on providing financial incentives for measurable and verifiable emission reductions achieved by participating countries. This strategy supports efforts to mitigate climate change by reducing emissions from deforestation and forest degradation, while also promoting conservation, sustainable management of forests and the enhancement of forest carbon stocks.
Abbreviations: SCP = single-country project; MCP = multi-country project; AE = accredited entity; CABEI = Central American Bank for Economic Integration; PCA = Pegasus Capital Advisors; IDB = Inter-American Development Bank; AFZ = Agence Française de Développement; GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit.

Costa Rica also participates in nine multi-country projects (MCPs), highlighting its importance in integrating regional and global efforts in climate change mitigation and adaptation.[17] Additionally, it has received a total of eight grants from the Readiness and Preparatory Support Programme (RPSP), four of which are to be implemented at the national level and four that fall within regional efforts aimed at strengthening its institutional capacities to address climate challenges. Furthermore, Costa Rica is currently included in a concept note submitted by United Nations Environment Programme (UNEP) in 2022 for the regional project "financing solutions for adaptation and mitigation in the Great Forests of Central America and the Dominican Republic".

While the GCF provides valuable resources, the lack of a strategic approach and coordination may diminish the transformative impact these investments could have on the country. Costa Rica faces a strategic gap due to the absence of a country programme that serves as a guiding framework to direct GCF investments. The lack of a clear mapping of national priorities makes it difficult for the country to negotiate and coordinate effectively with accredited entities (AEs) in formulating proposals. As a result, the national designated authority (NDA) states that most of the initiatives funded by the GCF are driven by the AEs, which does not necessarily ensure the direct addressing of the country's defined strategic priorities. This is particularly evident in the MCPs.

[17] The fact that Costa Rica has been included in the list of beneficiary countries in the MCPs does not guarantee that investments will materialize in the country, which is one of the main criticisms of this type of project.

The NDA is responsible for ensuring that all proposals submitted by the AEs align with Costa Rica's National Development Plan and International Cooperation Policy. Costa Rica has achieved coherence between the country's internal policies and its REDD+ strategy through FP144, Costa Rica REDD+ RBP for 2014 and 2015, implemented by the United Nations Development Programme (UNDP), in line with the 2020 NDC, which was updated and enhanced from the version presented in 2015. In 2022, Costa Rica began implementing its Gender and Climate Change Action Plan within the context of the National Policy for Effective Equality between Women and Men, the NAP, the National Decarbonization Plan, and the ENREDD+.

Despite the absence of a framework guiding the fund's investments in the country, the GCF is the climate fund that has committed the most resources to Costa Rica, amounting to USD 411 million. This represents 11 per cent of the Fund's investments in the region, which is a significant percentage considering that Costa Rica accounts for approximately 0.8 per cent of the population of Latin America and the Caribbean (LAC) (Comisión Económica para América Latina, n.d.), and in economic terms, its GDP constitutes about 0.6 per cent of the regional total. Costa Rica has the second-highest proportion of GCF funding in the region, after Brazil. This reflects the recognition of the potential impact of its environmental policies and its strategic role in the fight against climate change beyond its demographic and economic size. This suggests that the GCF prioritizes not only the volume of emissions or the economic scale of a country but also its commitment to sustainability and its capacity to lead innovative and transformative projects.

Of the funds committed by the GCF for Costa Rica, USD 325.4 million will be allocated to two SCPs (FP144 – REDD+ RBP, and FP166 – GAM), while the remaining USD 85.4 million is expected to be invested through the nine MCPs in which Costa Rica participates. However, this latter figure is based on an important assumption that funds for MCPs will be disbursed to countries as planned.

While there is evidence that this can happen in the LAC region, as seen in projects executed by Central American Bank for Economic Integration (CABEI) in Central America and the Caribbean, this seems to be more the exception than the rule. In fact, several countries have expressed concerns about arbitrariness and lack of foresight in the distribution of resources in MCPs, leading to complaints about alleged inequity in fund allocation.

Costa Rica is classified as an upper-middle-income country (Hamadeh, van Rompaey and Metreau, 2023), which entails certain limitations for accessing international cooperation funds, traditionally directed towards countries with lower income levels. This classification reflects the country's economic progress but also presents challenges, as it reduces eligibility for certain financial assistance programmes and international grants, affecting its ability to obtain development cooperation resources.

In this context, GCF funds become especially relevant. These resources allow Costa Rica to advance in strategic climate change mitigation and adaptation projects that might otherwise be difficult to finance through traditional cooperation. Given its commitment to decarbonization and sustainable natural resource management, the country relies on these funds to align its climate goals with national priorities, maintaining progress without compromising economic stability.

The GCF's value proposition for Costa Rica goes beyond the scale of financing. Although the volume of resources is significant (USD 411 million, representing 11 per cent of GCF investments in the region), what truly distinguishes the relationship is the recognition of Costa Rica as a leader in environmental policies and the fight against climate change, despite its relatively small demographic and economic size compared to other countries in the region.

The GCF supports Costa Rica not only due to its need for resources but also because of its ability to lead innovative and transformative projects, such as FP144 (REDD+ RBP) and FP166 (GAM), which have the potential to generate significant impacts in climate change mitigation and adaptation. This reflects that the GCF's value proposition is not based solely on emission volumes or economic scale but also on the strategic potential of countries to advance sustainability.

However, challenges limit the perception of this value proposition. For instance, the absence of a country programme in Costa Rica creates a disconnect between national needs and strategic alignment with proposals from AEs. Additionally, the distribution of resources in MCPs introduces uncertainties about the equity and foresight in the use of funds.

Finally, considering the limitations Costa Rica faces as an upper-middle-income country in accessing international cooperation funds, GCF financing is crucial. This support enables the country to advance its ambitious decarbonization and sustainable resource management goals without compromising its economic stability. In this sense, the GCF's value proposition for Costa Rica is articulated through three key pillars: recognition of its environmental leadership, financing of strategic projects and its role as a tool to overcome the limitations of traditional funding mechanisms.

The primary financial instrument used in Costa Rica is senior loans, which account for 72 per cent of the total funds received, aligning with the general trend of the LAC portfolio.[18] The second most used instrument is RBP, which constitute 13 per cent of the funding received. This proportion is significantly higher in the LAC region compared to other regions, reflecting a stronger focus on linking disbursements with concrete achievements in REDD+.

Third, grants account for 11 per cent, followed by equity at 3 per cent, and finally, guarantees, representing only 1 per cent of the total. The marked concentration of funding in senior loans in Costa Rica reflects a significant reliance on repayable instruments, which may have several important implications. On the one hand, it suggests that supported projects are oriented towards areas expected to generate some economic return, such as infrastructure or renewable energy, aligning with the country's long-term sustainability and economic growth objectives. However, this concentration also poses financial risks for the country, as it implies an increasing repayment obligation.

This situation could limit Costa Rica's ability to access non-repayable resources, such as grants, which are essential for projects with high social or environmental impact but without immediate financial returns. Additionally, the limited use of instruments like equity and guarantees suggests there is room to diversify funding sources, especially for projects that involve greater private sector participation or require risk mitigation.

Ultimately, this dependence on a single instrument poses a challenge to fiscal sustainability: while senior loans offer favourable conditions, their concentration could increase the debt burden in the future, requiring careful management to avoid long-term fiscal strain.

During interviews in the country, some authorities expressed the mistaken perception that being classified as an upper-middle-income country, Costa Rica could not access grants from the GCF. This belief reflects a possible lack of clarity about the GCF's financing criteria, which do not automatically exclude countries based on income level but prioritize projects with high climate impact. This misunderstanding may have limited the country's proactivity in negotiating proposals

[18] Senior loans are the most commonly used instrument in LAC, accounting for 39 per cent of the total financing approved by the GCF for the region.

aimed at obtaining grants, underestimating opportunities for non-repayable funding for strategic projects.

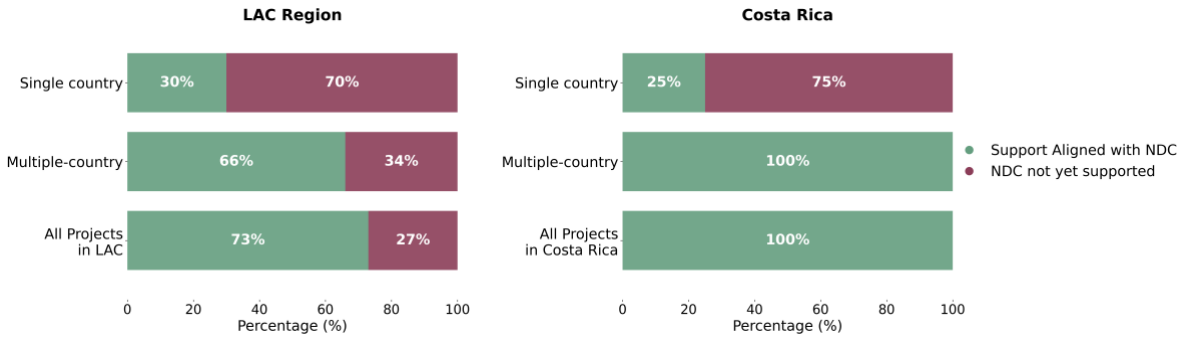
b. GCF's ability to meet country needs

Alignment with NDCs

Costa Rica has demonstrated strong alignment between its NDC priorities and GCF investments, and it has been particularly effective in key sectors such as forest and land-use, transport and natural resource management. All MCPs involving Costa Rica (100 per cent) support its eight NDC priorities, highlighting the role of regional and multi-country projects in addressing national climate goals.

However, when considering SCPs, only 25 per cent of NDC priorities have received GCF investments, while 75 per cent remain without country-specific support yet. This indicates that Costa Rica's comprehensive climate action implementation has been relied heavily on regional and multi-country efforts rather than SCPs.

Figure 2–2. Alignment of GCF portfolio with needs identified in the LAC and Costa Rica's NDCs



Source: GCF iPMS data, as of B.39 (19 July 2024); WRI Climate Watch 2020 NDC Tracker (updated September 2024), analysed by the IEU DataLab.

To assess the alignment of Costa Rica's NDC priorities and GCF investment, each GCF project and its identified result areas was mapped to the corresponding NDC sector using the methodology outlined in the Box 2–1 below.

Box 2–1. Methodology

To examine the extent to which Costa Rica's NDC priorities align with the GCF result areas, we used the "Climate Watch NDC Content" data set from the World Resources Institute. This data set compiles structured indicators and text from NDCs submitted by Parties to the UNFCCC. While Climate Watch categorizes dozens of sectoral references (e.g., energy, transport, health, agriculture, water, coastal zone, environment, etc.), for the purposes of our analysis, we chose and consolidate sectors into eight larger groupings that mirror the GCF's published result areas.

For instance, "energy" was mapped to "energy generation and access", "transport" to "transport", "buildings" to "buildings, cities, industries and appliances". We also combined certain categories from the NDC content data set, such as adding "health" and "water" under "health and water," and merging "coastal zone" with "environment" under "coastal and environment" to align with GCF's "health, food and water security" and "ecosystems and ecosystem services", respectively.

Alignment with country needs by result areas

Although Costa Rica has not defined a specific country programme to guide GCF investments, the funded projects show coherence with the NDCs. The GCF's mitigation and adaptation areas are covered through both SCPs and MCPs, contributing to national priorities in terms of low-emission transport, land-use and energy efficiency.

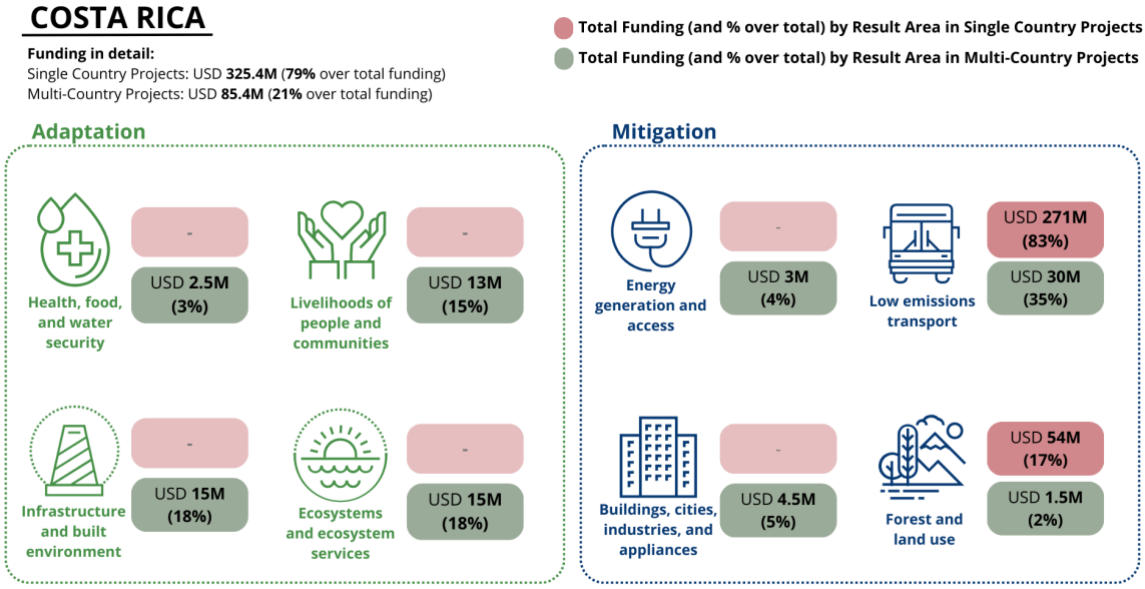
The fund for mitigation projects is USD 364 million, which is approximately 89 per cent of the total funding. In contrast, adaptation projects receive USD 45.5 million, accounting for about 11 per cent of the total funding. This distribution indicates a distinct imbalance in funding sources between adaptation and mitigation initiatives.

The mitigation component is addressed by two SCPs. The larger of the two is FP166 (GAM) with USD 271.3 million in funding, focusing on low-emission transport. The second project, FP144 (REDD+ RBP) allocates its USD 54.1 million to forestry and land-use initiatives. Together, these two mitigation projects total USD 325.4 million, with the transport project representing about 79 per cent of this combined funding when implemented.

In the result area of low-emission transport, Costa Rica benefits from MCPs such as FP189 (E-Mobility), FP198 (CATALI.5°T Initiative) and FP223 (GAIA). In addition to transport, several MCPs also support "buildings, cities, industries and appliances", "energy generation and access" and "forestry and land-use" result areas.

For adaptation, it is noted that Costa Rica's funding comes exclusively from MCPs rather than SCPs. Among them, FP194 (PEEB Cool) supports the "infrastructure and built environment" result area, while FP174 (Ecosystem-based adaptation) contributes to "ecosystems and ecosystem services" result area.

Figure 2–3. Percentage of financing by result area for SCPs and MCPs



Source: GCF API projects data (results area), as of B.39 (19 July 2024), analysed by the IEU DataLab.

Impact of the lack of direct access on meeting Costa Rica's climate needs

Costa Rica lacks accredited local direct access entities (DAEs), highlighting a structural weakness in its capacity to access GCF funds directly. Currently, the implementation of projects in the country heavily depends on external actors. CABEI, a regional DAE, manages 72 per cent of the funds received, while the remaining 28 per cent are distributed among various international accredited entities (IAEs).

Costa Rica's desire to access the GCF through direct access can be inferred from its interest in having accredited local entities manage the funds directly. This is reflected in the efforts of entities such as the Tropical Agricultural Research and Higher Education Centre, Banco Proamérica and the Sistema de Banca para el Desarrollo to advance in the accreditation process. However, as mentioned, the absence of accredited DAEs not only highlights operational issues and bureaucratic barriers but also a lack of clarity regarding the roles that different actors should play in this process.

The confusion about responsibilities within the accreditation process and the complexity of the GCF requirements may be factors limiting the country's ability to achieve effective direct access. This suggests that, while direct access is a desired goal, joint efforts are needed to overcome these obstacles and maximize the impact of the GCF on Costa Rica's climate priorities. For the NDA, the GCF's ability to effectively respond to Costa Rica's climate needs largely depends on the direct access to its funds by accredited local entities.

A crucial factor is that entities undergoing accreditation expect greater support from the NDA. However, the NDA considers its influence to be limited to issuing the no-objection letter – an obligatory step in the process – but does not believe it has a more active role in the technical preparation of the entities.

The accreditation process is perceived as overly complex, slow and costly. One of the entities in the pipeline interviewed indicated that they faced a significant barrier in having to translate over 290 documents, with an estimated cost of USD 70,000 without adding direct value to the process. Moreover, the structure of the process (such as uploading documents one by one) creates unnecessary bottlenecks and forces institutions to dedicate significant human and financial resources for months or even years. This bureaucracy discourages other key actors, such as the development banking system, which, although nominated by the NDA, still does not fully understand the scope of the process or its implications.

2. Coherence and complementarity

a. Role of NDA in ensuring coherence and complementarity at the national level

In Costa Rica, MINAE, which acts as the NDA to the GCF, plays a crucial role in ensuring that climate investments align with national priorities and policies. Although the AEs for GCF projects are often international or regional entities, the NDA is responsible for ensuring the coherence of these programmes with the objectives set out in the National Development Plans, the International Cooperation Policy and other regulations and agreements.

A challenge identified in interviews is that the independence of AEs from the national Government can make it difficult for the NDA to influence the projects, limiting its role in ensuring the coherence and complementarity of initiatives. To mitigate this risk, MINAE emphasizes that all projects must adhere to the national framework and highlights Costa Rica's robust institutional structure as a distinctive advantage in the region. This institutional strength allows the country to

have greater negotiating capacity with the AEs, compared to other countries in the region that face limitations in this area.

A clear example is Costa Rica's commitment to its National Decarbonization Programme, which serves as a strategic guide for climate investments. AEs have highlighted that this clarity in vision has facilitated the alignment of GCF-funded initiatives with national objectives.

The degree of influence of the NDA varies significantly depending on whether it is an SCP or MCP. In SCPs, the NDA has a more active involvement from design to implementation, allowing for closer alignment with national priorities. However, in MCPs, where Costa Rica is one of several beneficiary countries, the capacity for influence is much more limited.

Although the NDA must issue a no-objection letter for AEs to advance in the concept note for MCPs, its participation in the early design phases is minimal. The NDA is mainly limited to providing climate, social, demographic and economic information without participating in the definition of the logical framework or the intervention strategy. While this approach simplifies the design of regional projects, it assumes that the AEs have a good understanding of the local realities of each country and can adapt regional solutions to the specific needs of each national context.

Additionally, during the implementation phase of MCPs, the NDA has little to no direct involvement. Its role is restricted to receiving annual reports on project progress, although it notes that the obligation to report falls solely on the AEs to the GCF. As a result, the NDA often must insist on its requests for information, reflecting a gap in coordination and transparency.

Since the NDA does not have direct control over the strategies and objectives of MCPs, complementarity depends primarily on whether the projects are executed by the same implementing agency. In Costa Rican case, CABEI is a relevant example, as it manages three projects: FP097 (CAMBio II), FP174 (Ecosystem-based adaptation) (MCP), and FP166 (GAM) (SCP). This grouping allows CABEI to manage resources in a more coordinated manner and ensure clearer alignment with national priorities.

On the other hand, when projects are implemented by different international AEs, complementarity depends on dialogue and voluntary coordination among them to avoid duplication of efforts and overlapping activities. However, the lack of an institutional mechanism requiring interaction between the AEs can lead to fragmentation in climate interventions.

b. Alignment between GCF-funded projects with similar objectives in the country

Costa Rica's National Decarbonization Plan, launched on 24 February 2019, establishes a road map for the country to achieve net-zero emissions by 2050, aligning its policies towards a modern, green and resilient economy. Sustainable mobility is one of the plan's priority areas, with clear goals to transform public transportation and promote the use of electric vehicles.

The GCF has committed significant resources to support Costa Rica's transition to low-emission development, particularly through projects focused on electric mobility and sustainable transportation. GCF-funded projects such as FP166, FP189 and FP237 significantly contribute to the plan's goals by promoting the adoption of electric transportation and sustainable urban mobility:

- FP166 – directly contributes to the mobility pillar through the implementation of the Electric Train for the Greater Metropolitan Area (GAM), a key project in the national strategy.
- FP189 – promotes the use of electric buses and the integration of climate-resilient transport systems in secondary cities.

- FP237 – addresses financial and regulatory barriers to drive large-scale commercial electric mobility, aligning its impact with the plan's long-term objectives.

Although these projects align with the decarbonization plan's goals, no active coordination mechanisms have been identified between them, which could limit their effectiveness. The dispersed implementation by different AEs complicates the creation of synergies and increases the risk of duplication of efforts.

In relation to this point, the Costa Rican Railroad Institute (INCOFER) noted that they expect to incorporate a last-mile connectivity solution with the electric bus system proposed in the FP189 project, into the new design of the electric train. This opportunity arises due to the delay in the start of the electric train project and its reformulation.

Paradoxically, there could be a situation where some projects aiming to shift private transport use and promote low-emission public options end up competing for the same user base, especially if not adequately coordinated. For example, the success of the electric train could reduce the demand for electric buses, affecting the profitability of the bus system and preventing both modes from reaching their full potential.

This lack of coherence is evident even in those initiatives implemented by the same AE, such as CABEI. CABEI leads three GCF projects in Costa Rica:

- FP097 (CAMBio II): focuses on facilitating credit for micro-, small- and medium-sized enterprises (MSMEs) and promoting adaptation in vulnerable rural sectors, such as agriculture and forestry.
- FP166 (GAM): aims to transform public transportation through an electric train system in the GAM to reduce emissions and promote the use of sustainable public transport.
- FP174 (Ecosystem-based adaptation): aims at strengthening climate resilience in vulnerable rural communities in the Dry Corridor and arid areas, promoting ecosystem-based adaptation.

Despite being implemented by the same entity, these projects lack an integrated or coordinated approach to maximize their results. Each operates in different sectors and geographical areas without any evident connection between them, reducing the opportunities for synergy among the interventions.

c. Complementarity of GCF projects with other climate investments and development partners

The projects funded by the GCF demonstrate complementarity with other public and private initiatives related to climate change management in the country. An example of this complementarity is the FP189 project "E-Mobility Program for Sustainable Cities in Latin America and the Caribbean", which aims to reduce GHG emissions, improve air quality and increase the climate resilience of transport infrastructure and the electrical grid for Costa Rica, among other countries. This project complements the initiative titled "Accelerating the transition to electric public transport in the Greater Metropolitan Area of Costa Rica", financed by the Global Environment Facility (GEF) (Global Environment Facility, 2021), which also receives co-financing from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) for the institutionalization of electric mobility. Both projects aim to promote the adoption of electric vehicles as a key strategy to reduce GHG emissions and improve air quality. FP189, with its regional scope, complements the GEF initiative, which is more focused on the Greater Metropolitan Area of Costa Rica, providing a broader framework for the development of infrastructure and policies related to electric mobility. While FP189 focuses on integrating electric mobility with the resilience of transport infrastructure

and the power grid, the GEF project places particular emphasis on the transition of public transport to electric systems, specifically addressing taxis and buses. This creates synergies in terms of design and implementation, ensuring that both projects mutually reinforce each other. The GEF project includes the institutionalization of electric mobility through technical and regulatory support, complementing FP189's efforts in capacity-building and climate resilience.

In this regard, the FP237 project "E-Motion: E-Mobility and Low Carbon Transportation" also shows complementarity with projects implemented in Costa Rica, particularly by GIZ, through the initiative *MiTransporte* during the period 2017–2021 (Deutsche Gesellschaft für Internationale Zusammenarbeit, 2019) which implemented pilot measures to improve urban transportation in the Metropolitan Area of Costa Rica. Both projects aim to reduce GHG emissions in the transport sector, with the electrification of public transport as a central objective. GIZ, through *MiTransporte*, directly supports the Costa Rican Government in creating a regulatory framework for the electrification of urban buses. This complements the work of E-Motion project, which seeks to establish an electric mobility ecosystem through business models and policies that can be replicated across the region. *MiTransporte* implements pilot measures to improve urban transport, including the development of infrastructure for electric vehicles. E-Motion expands these initiatives by investing in electric bus fleets, charging stations and training programmes that strengthen local capacities in the design and operation of electric mobility systems. Both projects view electrification as a catalyst for modernizing public transport systems, driving changes in business models, and promoting the transition to sustainable and low-emission modes of transportation.

Regarding the FP166 project "Light Rail Transit for the Greater Metropolitan Area (GAM)", the complementarity with other projects aimed at transitioning to zero-emission mobility infrastructure includes the GEF project "Transition to an Urban Green Economy and Delivery of Global Environmental Benefits". This project involves an investment of USD 10.3 million over five years, led by MINAE and executed by UNDP with the Organization for Tropical Studies, promoting the decarbonization of the Greater Metropolitan Area, including San José, Alajuela, Cartago and Heredia. Its actions focus on updating laws, developing urban mobility infrastructure, and restoring more than 2,000 hectares of green areas in the city centre, all in cooperation with local governments and experts in urban development and circular economy (Global Environment Facility, 2022).

The complementarity of the projects funded by the GCF has demonstrated that the support obtained helps leverage initiatives from other public and private partners, which shows external consistency.

Box 2–2. AEs as promoters of complementarity

There is little evidence of complementarity in the work of the AEs of GCF projects. An example is the RECSOIL programme in Costa Rica, part of a global initiative promoted by the Food and Agriculture Organization of the United Nations (FAO) to decarbonize agricultural soils and improve their health, focusing on increasing soil organic carbon (SOC) and mitigating GHG emissions. In this case, FAO and UNDP are beginning to collaborate to identify synergies between the RECSOIL programme and the FP144 project, REDD+ RBP.

This initiative seeks to encourage farmers to adopt sustainable soil management practices, which not only contribute to carbon reduction but also improve farmers' livelihoods and strengthen food security. RECSOIL is implemented through project cycles of four to five years, using a methodology adapted to local conditions and focusing on agriculture and degraded soils. Additionally, it provides economic incentives to farmers for their role in providing ecosystem services. The project collaborates with public and private organizations, as well as with the support of local scientific institutions such as MINAE and the National Institute of Innovation and Agricultural Technology Transfer.

Source: Food and Agriculture Organization of the United Nations, 2024.

The FP144 project in Costa Rica (REDD+ RBP) aligns with the ENREDD+ by reinvesting the received funds into the country's Forestry Law and the PES Programme. This approach aims to enhance and expand forest policies, encouraging active participation from key stakeholders, including Indigenous communities. FP144 strengthens national conservation efforts by transforming existing mechanisms into more inclusive instruments, generating a broader and more positive socioeconomic impact (Fondo Nacional De Financiamiento Forestal, n.d.). However, FP144 is not the only initiative supporting ENREDD+ which receives contributions from other projects. Others include:

- Forest Carbon Partnership Facility (FCPF): Since 2008, the FCPF has been a key component in preparing Costa Rica to implement its ENREDD+, given the country's experience in PES. Through the FCPF, Costa Rica has developed the necessary policies and mechanisms for forest conservation, aligning these actions with the goal of preventing deforestation. The FCPF was the first step in laying the foundation for FP144, providing both funding and the institutional structure for the REDD+ programme.
- Emission Reductions Payment Agreements: This World Bank programme complements the efforts of FP144 by strengthening the PES and the country's protected areas system. The emission reductions payment agreement specifically focuses on increasing the participation of public and private actors, including Indigenous territories, as well as incorporating communities with undefined tenure rights. Through financial agreements with the Fondo Nacional de Financiamiento Forestal (FONAFIFO), this programme ensures the distribution of benefits to landowners and reinforces the mitigation objectives of FP144 by promoting forest conservation and increasing carbon stocks.
- LEAF Coalition/Emergent: Costa Rica's participation in the LEAF Coalition strengthens the implementation of FP144 by mobilizing additional financing for tropical forest conservation. In 2021, Costa Rica signed a letter of intent with LEAF for USD 10 million aimed at emission reductions. This initiative complements the RBPs of FP144, ensuring new sources of funding and promoting the continuity of REDD+ actions.

d. Added value of GCF investments in the country

The GCF is playing an important role in Costa Rica, providing more than just financial resources. The projects funded by the GCF contribute to areas such as institutional strengthening, social inclusion, energy transition and the creation of a low-emission economy. Additionally, its high standards help elevate national standards to the highest international levels, aligning the country's actions with global best practices in sustainability and climate finance.

The GCF has demonstrated its ability to deliver significant added value in Costa Rica through the financing of key projects and the implementation of high-level international standards. However, while important progress has been made in areas such as social inclusion, energy transition and institutional strengthening, challenges remain that limit the full realization of this value. On the one hand, the lack of a robust country programme and accredited DAEs hinders the full alignment of GCF projects with national priorities, reducing the country's ability to fully leverage the resources and benefits offered. Additionally, reliance on IAEs can limit national autonomy in project design and implementation. Despite these limitations, the GCF has been a key catalyst in advancing climate policies and integrating international standards in Costa Rica, demonstrating a transformative impact in consolidating the country's climate and sustainability agenda.

Strengthening national and institutional policies: The projects funded by the GCF allow Costa Rica to strengthen and implement key climate policies, such as the ENREDD+, consolidating its

forest conservation and mitigation framework. The FP144 (REDD+ RBP) is crucial by providing direct funding that integrates into the PES Programme, adapting this mechanism to reach more beneficiaries, including Indigenous populations and community associations.

Moreover, the AEs work closely with national entities such as the FONAFIFO, the National System of Conservation Areas (SINAC), the National Institute of Housing and Urban Planning, and the National Meteorological Institute, among others, ensuring that projects not only respond to the country's needs but also contribute to institutional strengthening. This collaboration ensures better management and scalability of existing environmental policies, promoting efficient long-term implementation.

Innovative financing for decarbonization and clean transport: The GCF provides concessional financing for the implementation of transformative projects, such as FP166, which aims to develop an electric train system in the GAM. This initiative aligns with Costa Rica's decarbonization goals and helps reduce emissions from the transportation sector, one of the country's largest emitters.

In addition to specific infrastructure projects, GCF funds support other regional initiatives, such as FP198 "CATALI.5°T Initiative: Concerted Action to Accelerate Local I.5° Technologies – Latin America and West Africa" and FP189 "E-Mobility Program for Sustainable Cities in Latin America and the Caribbean", which focus on electric mobility and clean energy.

Social inclusion and local actors' participation: One of GCF's most significant added values is its focus on social inclusion. Through its financing, it seeks to ensure that the benefits of climate action reach vulnerable communities and Indigenous territories. The redesign of the PES Programme to include these actors is an example of how the GCF promotes more just and equitable development.

Projects like FP144 have also promoted the creation of specialized green funds aimed at increasing the participation of women and marginalized groups in the distribution of benefits.

Establishing global standards: The GCF not only provides financial resources but also drives the adoption of the highest international standards in the formulation, implementation and monitoring of climate projects. The execution of projects under GCF regulations ensures that rigorous principles of transparency, sustainability and social inclusion are followed, aligning Costa Rica's actions with global best practices.

The GCF's involvement forces national institutions to improve their technical and operational capacity, which has a multiplying effect on the quality of projects. This positions Costa Rica as a regional leader in climate management and strengthens its capacity to attract new international investments.

Another main added value of the GCF lies in its ability to drive systemic transformations by combining financing, social inclusion and international collaboration. Its approach has the potential to strengthen existing environmental policies and align national standards to with global best practices, ensuring that climate actions in Costa Rica are more efficient, equitable and sustainable in the long term.

Additionally, GCF could catalyse additional resources through strategic partnerships with public and private actors, promoting the integration of national and international initiatives. This synergy would contribute to the development of a greener and more resilient economy, facilitating the transition to a low-carbon development model.

With these efforts, Costa Rica would have the opportunity to establish itself as a regional and global leader in the fight against climate change, attract more sustainable investments and strengthen international cooperation.

3. EFFECTIVENESS

Evaluating the effectiveness of GCF-funded projects in Costa Rica is a complex task due to several factors.

- Limited availability of evidence: To evaluate the effectiveness of GCF investments, it would be necessary to analyse the results of each project individually. However, in Costa Rica, there is only one SCP under implementation (FP144 – REDD+ RBP), which leaves little concrete and specific evidence of the direct impact of this initiative in the country.
- Dispersed implementation in MCPs: Of the nine MCPs, seven are in the implementation stage; however, as of the time of the study, these projects have practically not carried out activities in the country, focusing their efforts on other territories. This reduces the ability to analyse specific results for Costa Rica, as the implementation in the territory may not have started yet or may be limited.
- Lack of communication with the NDA: An aggravating factor is that the AEs, which lead the implementation of the projects, especially the multi-country ones, are not required to report specific progress to the NDAs of each country. As a result, Costa Rica's NDA lacks detailed information about the status and progress of the projects within its territory.
- Insufficient reporting in the annual performance reports: The annual performance reports submitted to the GCF do not break down the implementation progress by country for MCPs. This makes it difficult to assess to what extent the projects in which Costa Rica participates are achieving the expected objectives at the national level.

These factors complicate the analysis of the effectiveness of GCF investments in Costa Rica, as fragmentation in implementation, the lack of specific reports, and the absence of clear activities, in some cases, limit the availability of reliable and accurate information.

a. Utility and limitations of the RPSP

The RPSP has committed USD 6.6 million for Costa Rica, representing 4 per cent of the total for LAC. This figure is lower than the 11 per cent allocated to projects, suggesting that, in terms of readiness, access among countries is more equitable.

The effectiveness of GCF funding through the RPSP can be measured by the achievement of objectives such as increasing institutional capacity and establishing a favourable environment for climate change projects. The programme divides the scope of funding into two major groups: the development of an NAP and objectives that do not respond to the NAP (non-NAP).

So far, in Costa Rica, a total of four grants have been implemented under the RPSP framework individually. The first three, CRI-RS-001 "Costa Rica: Towards responsible sustainable finance for climate action", CRI-RS-002 "Building subnational capacities for the implementation of the National Adaptation Plan in Costa Rica" and CRI-RS-003 "Aligning financial flows of the financial sector in Costa Rica with the Paris Agreement climate change goals" have been approved for a total of USD 4.4 million. And the fourth CRI-RS-004 "Increased resilience of urban development and infrastructure in Costa Rica through the development of an adaptation construction code" is in legal process for USD 1 million.

Costa Rica also participates in four additional grants executed at the regional level: LAC-RS-005 "Advancing a regional approach to e-mobility in Latin America", LAC-RS-008 "Strategic regional readiness to enable resilience of Mesoamerica's 5 great forests and communities", MUL-RS-002 "Strengthening the capacity of Direct Access Entities through the Community of Practice for Direct Access Entities (CPDAE) to access climate finance and implement adaptation and mitigation

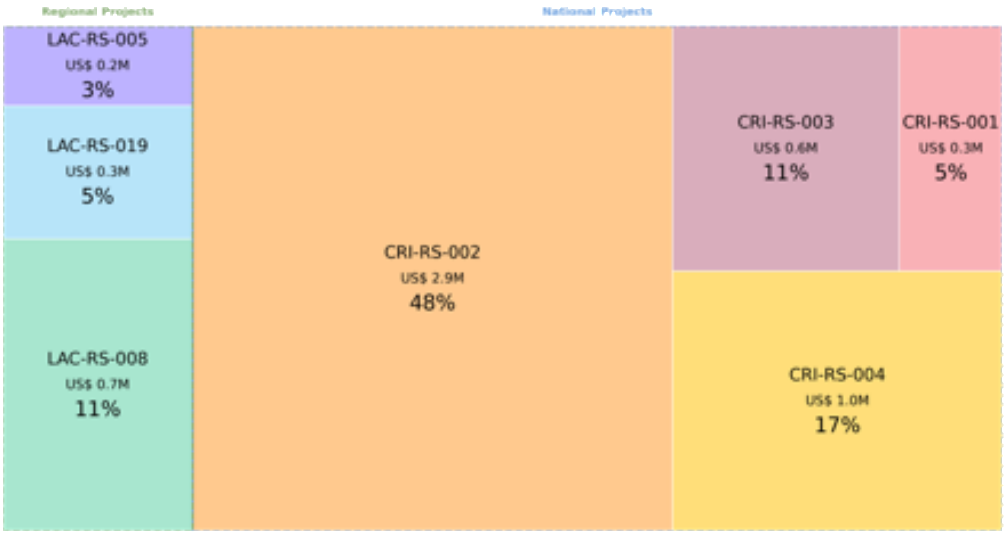
programs and projects", and LAC-RS-019 "Capacity building to prepare for the implementation of Carbon Markets and Article 6 in Latin America". These projects have a budget of USD 8 million to implement activities in all participating countries, of which 1.2 million for Costa Rica.

Figure 2–4 illustrates the distribution of RPSP funding. It shows that 48 per cent of the resources are allocated to the NAP through the grant CRI-RS-002 (Adaptation Planning) awarded through UNEP. The project's main objective was to develop institutional capacity to effectively integrate adaptation strategies in the country's six socioeconomic regions, ensuring that these strategies are coherent and efficient in each regional context (Green Climate Fund, 2019). The overall aim was to strengthen institutional capacity to implement adaptation strategies in 20 cantons with different levels of vulnerability, addressing the specific needs of each area. The project also aimed to draft three concept notes, but none were submitted, leaving the objective unfulfilled.

Regarding the other individually requested grants, the grant CRI-RS-001 (Responsible sustainable finance), obtained through the regional entity Development Bank of Latin America and the Caribbean and awarded in 2017, did not result in the formal drafting of a country programme. Meanwhile, the grant CRI-RS-003 (financial flows of the financial sector), approved in 2022 through UNEP, planned the development of a country programme; however, this objective was not achieved (Green Climate Fund, 2017).

Costa Rica participates in the regional project LAC-RS-005 (e-mobility) which aimed at identifying and harmonizing climate financial flows in electric mobility (Green Climate Fund, 2020). This project covers investments in both private fleets and charging station infrastructure and was key as a precursor to the development of FP237 (E-Motion). Implemented by UNEP in 13 countries, its objective is to develop strategies and policies to scale up electric mobility in the region. Additionally, Costa Rica is part of the Global Electric Mobility Programme of GEF, managed by UNEP. The Inter-American Development Bank also promotes innovative projects in the country, including hydrogen pilots and electric vessels, with potential further developments in the latter sector.

Figure 2–4. Financing by project title of RPSP in Costa Rica



Source: GCF API readiness data (amount approved by country), as of B.39 (19 July 2024), analysed by the IEU DataLab.
Note: The regional RPSP figures reflect planned allocations rather than actual disbursements and may not correspond directly to disbursement made on the ground in Costa Rica. The figures should therefore be interpreted as indicative and subject to change with further data revisions and project developments.

b. Challenges in project design and approval

The design and approval of projects funded by the GCF in Costa Rica face various structural and operational challenges. These difficulties limit the efficient access to the Fund's resources and affect the country's ability to align strategic projects with its climate priorities.

Complexity in accessing funds

The process to access GCF financing is long and complex, creating a significant barrier. Since projects are planned with specific objectives and timelines, delays in approval result in a loss of relevance or misalignment with national priorities. This can lead to several issues, such as the loss of key opportunities, demotivation among proposing institutions and wasted resources invested in designing projects that never materialize. Additionally, the lack of alignment between project timelines and emerging national priorities can reduce the impact of interventions and limit the country's ability to respond to climate challenges effectively.

Moreover, uncertainty around approval generates risks. During interviews, an AE mentioned that it invested two years and USD 250,000 in designing a relevant project for Costa Rica, which ultimately was not approved. This experience led to a loss of resources and time, causing the entity to reconsider submitting new proposals to the GCF.

Limitations in the accreditation of local entities

Costa Rica faces significant challenges in accrediting local entities as DAEs with the GCF, which has limited its ability to design and approve projects autonomously. The barriers include the high demands of the accreditation process, the lack of clarity about the strategic value of such accreditation, and the lack of coordination among relevant actors.

This situation has led to a dependence on IAEs to submit projects to the GCF. For example, the only recent concept note in which Costa Rica appears as a beneficiary is an MCP led by UNEP, submitted in March 2022 (Green Climate Fund, 2024b). This project aims to transform forest management in Central America and the Dominican Republic, but it is not a project designed exclusively based on Costa Rican priorities.

The absence of accredited local entities reduces the country's capacity to directly influence project design and align its climate objectives with broader regional agendas. Moreover, without direct access to funding, Costa Rica depends on external timelines and processes, hindering efficient implementation and reducing agility in responding to emerging needs.

Disconnection between the NDA and GCF processes

The limited role of the NDA in the design and approval of GCF projects in Costa Rica creates significant challenges. The lack of active participation is most noticeable in MCPs, where IAEs design the proposals primarily from their central offices, with little involvement from local offices and the NDA.

c. Implementation challenges

The analysis of SCPs in Costa Rica reveals significant contrasts in their implementation. A relevant example is FP144 (REDD+ RBP), which has achieved effective progress primarily facilitated by the existence of a solid and established institutional framework: Costa Rica's PES Programme, which has been in place for decades. This project aligns with the ENREDD+, facilitating its integration and minimizing resistance to change.

The success of FP144 is largely because several key factors for implementation were already resolved. The existence of a strong operational framework allowed the project to overcome common

obstacles, such as the lack of inter-institutional collaboration and sectoral or political tensions. Additionally, resistance to change was avoided by being part of an ongoing public policy (PES). This situation represents an unusual advantage compared to other projects, where the absence of these elements often leads to delays and inefficiencies, as in the case of FP166 (GAM), which aims at developing the electric train in San José. Even though the project's outcomes are directly aligned with the NDC and the country's decarbonization plan, the enabling conditions were insufficient, and the project has not yet found a way to move forward. Furthermore, its main promoter, INCOFER, has encountered difficulties keeping the project on the Government's agenda.

The delay in the start of its implementation was a critical challenge for project FP166, making it vulnerable to political changes. The new Government ordered a comprehensive review that included an updated study of transportation demand. As a result, the scale of the project was adjusted, reducing its estimated cost from USD 1.5 billion to USD 800 million. Additionally, the Government sought to expand financing by incorporating a second international bank alongside CABEI which is the AE of the project FP166. However, none of the alternative financing options provided concessional terms comparable to those offered by the GCF.

Box 2–3. Challenges for the implementation of the FP166 project

The Electric Passenger Train of the Greater Metropolitan Area (GAM) of Costa Rica is considered one of the flagship projects of the GCF and CABEI (an AE) since its inception, given the significant positive impact its operation would bring.

It is estimated that this project will benefit more than 2.7 million people, improving their quality of life with a modern, accessible and safe transport system. It will also generate approximately 1,200 direct jobs during its construction phase and 1,470 during its operation phase, in addition to reducing CO_2 emissions by 7.6 million tons over its lifetime.

Despite its importance in addressing congestion and pollution issues in the GAM, the project's implementation has faced significant delays that have exposed it to major changes in the country's political and socioeconomic context. The transition of government and the redefinition of priorities have altered the project's initial planning, while the COVID-19 pandemic has led to a fiscal crisis that impacted the state's ability to prioritize strategic investments.

The project, which in its original design required a total investment of USD 1.9 billion (Green Climate Fund, 2021) – financed with USD 550 million from the CABEI, 50 per cent of which is provided by the GCF, and USD 250 million from the European Investment Bank – faces multiple bureaucratic barriers (Central American Bank for Economic Integration, n.d.). The approval of the financing depends on the Legislative Assembly, introducing additional delays due to the feasibility and service demand analysis that have been updated following the COVID-19 pandemic. This has complicated the project's progress within the established timelines, increasing the risk that its scope may be modified and will not respond to the country's original needs.

The INCOFER, the entity responsible for managing Costa Rica's railway system and executing the project, estimates that the new amount needed to carry out the project will be USD 800 million due to new demand estimates (Rojas, 2024). Additionally, legislative changes such as the reform of the Tax Simplification and Efficiency Law, which would allow the Ministry of Public Works and Transportation to obtain resources from the Single Fuel Tax, reflect the need to continuously adjust financial frameworks (Ruiz, 2024).

Source: Information provided by CABEI, extracted from FP166 and interviews conducted with local stakeholders.

The MCPs that include Costa Rica had not yet started their implementation in the country at the time of this study. Some have faced obstacles, including the CAMBio II project, implemented by CABEI, which experienced delays due to storms Eta and Iota and delays in GCF disbursements. These

delays originated from the conditions of the FAA, which requires the approval of the APR. However, these issues have not directly affected implementation in Costa Rica.

Critical factors affecting the effectiveness of initiatives

The effectiveness of GCF-funded initiatives in Costa Rica depends on several key factors that influence their design and execution. These include the existence of a strong institutional framework, stability in government priorities, the capacity to manage projects adaptively, and overcoming bureaucratic barriers.

- **Institutional framework and pre-existing structures:** The existence of a strong institutional framework is essential for the success of climate initiatives. Projects aligned with national programmes, such as PES within the REDD+ strategy, achieve smoother implementation by avoiding conflicts with existing policies and ensuring continuity. The delivery of USD 9.9 million to FONAFIFO for PES during the first year demonstrates the potential of efficiently using these pre-existing platforms.
- **Commitment to national priorities:** Political stability and consistency in government priorities are crucial to avoid changes in projects during their execution. The interruption of the electric train project in the GAM due to fluctuating political objectives highlights the risks that arise when a change in government alters previously defined priorities.
- **Adaptive management and flexibility in execution:** Adaptive management by the GCF faces challenges in adjusting to local realities. A rigid approach that prioritizes waiting for all information before acting slows down decision-making. Stakeholders suggest adopting a more flexible approach that allows for data-collection while implementing projects, promoting a learn-by-doing methodology.
- **Bureaucratic barriers and lengthy approval processes:** Complex and lengthy approval procedures, such as those required by the GCF and the Legislative Assembly, hinder timely implementation. The electric train project illustrates how multi-stage approval increases costs and reduces the project's relevance over time. Simplifying these processes or managing them in parallel could mitigate delays and improve outcomes.

4. Efficiency

The general perception of efficiency

Despite the scale and potential impact of GCF-funded projects, their management is perceived as slow and inefficient. Interviews with local stakeholders highlight that although the GCF offers favourable concessional conditions, its procedures are complex and bureaucratic, limiting its ability to respond swiftly to the climate crisis.

The rigidity of the processes negatively affects both implementation and access to funds, preventing projects from advancing at the necessary pace to meet national and international climate goals. This situation generates frustration among the entities involved, risking institutional sustainability and reducing motivation to participate in future calls for proposals.

The bottleneck in the accreditation of entities

The accreditation process has been identified as one of the main barriers to efficiency. Local entities face serious challenges in meeting the technical and administrative requirements imposed by the GCF. These requirements include rigorous financial standards, proven management capacity and advanced policies regarding environmental and social safeguards.

Due to these difficulties, many national entities fail to complete the accreditation or do so after long periods, delaying their effective participation in projects. In the context of Costa Rica, this situation has led to a reliance on IAEs, such as multilateral organizations or development banks, to submit projects. However, this approach reduces the country's autonomy to design projects that fully align with its local priorities and needs.

Complexity in project preparation and approval

Even entities that achieve accreditation face a second hurdle during the project preparation phase. The GCF requires proposals to present a high level of technical justification and detailed analysis, both in terms of climate impact and compliance with environmental and social criteria. Meeting these high standards involves a significant investment of time and resources, which is prohibitive for many entities with limited resources. Although the GCF offers some funding mechanisms for proposal preparation, most entities, including the NDA, are unaware of them.

This process increases design costs and can take years, during which local conditions may change. National priorities may shift due to political changes or emerging situations, forcing entities to restructure proposals or abandon them entirely, leading to a significant loss of resources invested in the planning stage.

Impact of implementation delays and associated costs

The bureaucratic procedures of the GCF also affect efficiency during the implementation phase. Long approval and disbursement times cause projects to lose relevance as government priorities evolve. The cost of these delays is not only financial. Staff turnover and institutional frustration are also common effects, as organizations are forced to deal with processes that exceed planned timelines, affecting the continuity and effectiveness of interventions.

a. Readiness and Preparatory Support Programme

In terms of efficiency in the use of readiness resources, Costa Rica exhibits a mixed performance relative to the LAC region. The country's average approval time for readiness proposals is 184 days, slightly shorter than the regional average of 187 days, indicating efficient processing capacity. However, Costa Rica's disbursement-to-approved ratio stands at 69 per cent, which is lower than the LAC average of 78 per cent (see Table 2–3).

Table 2–3. Average number of days between submission and approval of RPSP in Costa Rica

Country/region	Average days for approval	Amount disbursed (USD million)	Amount approved (USD million)	Disbursed/approved ratio
Costa Rica**	184	3.8	5.4	69%
LAC	187	134.6	171.6	78%
Total	**253**	**404**	**557.4**	**72%**

Source: GCF Tableau server (iPMS data), as of B.39 (19 July 2024), analysed by the IEU DataLab.
Note: **The figures at country level includes only projects implemented exclusively within Costa Rica. Regional or global projects that may have activities in Costa Rica have been excluded to provide a clearer picture of in-country approval times and disbursement rates.

The RPSP is valued by interviewees as an efficient tool for accessing GCF resources, as it allows for the strengthening of local capacities. This mechanism simplifies initial processes by providing technical and financial assistance for proposal preparation, avoiding some of the complexities

associated with direct accreditation. Despite this, these efforts have not yet been translated into concrete concept notes that have become formally submitted funding proposals to the GCF.

b. Proposal approval process

In Costa Rica, the time to approval differs substantially by project scope. SCPs take an average of 589 days, whereas MCPs that include Costa Rica require an average of 951 days. Table 2–4 provides a detailed breakdown, showing that individual project approval times range from 330 days (FP144) to as many as 1,514 days (FP237*).

Table 2–4. Number of days to approval process in Costa Rica

FP	No. of days to approval
FP097*	485
FP144	330
FP151*	1,171
FP152*	1,171
FP166	848
FP174*	972
FP189*	748
FP194*	681
FP198*	1,209
FP223*	611
FP237*	1,514
Average for SCPs in Costa Rica	589
Average for MCPs that include Costa Rica	951
Average for LAC region**	647

Source: GCF Tableau server (iPMS data), as of B.39 (19 July 2024), analysed by the IEU DataLab.
Note: *MCPs that include Costa Rica. **Number of days to approval process for LAC region include SCPs and MCPs only in the LAC region. MCPs across regions were excluded.

c. Disbursement speed

Disbursement speed refers to the time between the approval of funds and their allocation to projects, serving as a measure of efficient management. Table 2–5 shows that for SCPs with at least one disbursement recorded by the cut-off date (B.39, 19 July 2024), the average time from approval to first disbursement is 143 days – significantly faster than the LAC region average of 495 days. However, this offers a view of a REDD+ RBP project, and the figure excludes projects without any disbursement (such as FP166) as well as MCPs, offering only a very partial view of Costa Rica's overall portfolio.

Table 2–5. Number of days between approval and first disbursement

FP	Number of days between approval and first disbursement
FP144	143
FP166	-
Average for Costa Rica	143
Average for LAC region	495

Source: GCF Tableau server (iPMS data), as of B.39 (19 July 2024), analysed by the IEU DataLab.

d. Efficiency in co-financing traction

The GCF's ability to mobilize co-financing is a key measure of its impact in Costa Rica. Although most projects rely on public co-financing, two projects – FP166 and FP223* – secure the bulk of their co-financing from private sources (see Table 2–6), demonstrating the Fund's potential to foster meaningful partnerships between the public and private sectors. Meanwhile, FP144 lacks co-financing altogether, mirroring the situation of Argentina's FP142, which also was designed without co-financing due to the specific nature of REDD+ RBP projects. For every dollar the GCF contributes to Costa Rica, an additional USD 4.87 is mobilized in co-finance from public and private sources.

Table 2–6. Comparison of the source of co-financing by project in Costa Rica

FP	Sources of co-financing	Co-financed in Costa Rica (USD mi.)	Co-financed ratio	Total value in Costa Rica (USD mi.)
FP097*	Public	12.5	45%	28
FP151*	Public	0.2	34%	0.7
FP152*	Private	14.3	80%	17.9
FP166	Private	1,302	70%	1,873
	Public	300	16%	
FP174*	Public	13.4	35%	38.4
FP189*	Public	25	44%	45
FP194*	Public	36.3	83%	43.5
FP198*	Public	0.6	26%	2.4
FP223*	Private	58.8	75%	78
	Public	11.2	14%	
FP237*	Public	28.6	62%	46

Source: GCF Tableau server (co-financer data), as of B.39 (19 July 2024), analysed by the IEU DataLab.
Note: *MCPs that include Costa Rica.

5. Paradigm shift, potential sustainability, replication and scalability

Costa Rica has always positioned itself as an innovative and pioneering country in addressing climate change. The country has effectively allocated its own funds and leveraged third-party resources, such as those from the GCF, GEF (10 national projects totalling USD 34 million and 19

regional projects amounting to USD 267 million), and the Adaptation Fund (with three active projects currently), establishing itself as a leader in prioritizing key issues related to climate and biodiversity, and becoming a global promoter of PES.

The potential for a paradigm shift presented by GCF projects in Costa Rica is significant. On the one hand, the country's capacity to implement innovative solutions in natural resource management, combined with a legal and political framework that favours sustainability, creates a conducive environment for investment in climate change adaptation and mitigation initiatives. This combination not only has the potential to transform the local climate change strategy but also to serve as a model for other developing countries, as the country is considered a global leader in climate change.

GCF projects offer a unique opportunity to diversify funding sources, especially in areas that have not received sufficient support, such as sustainable agriculture and ecosystem conservation. Costa Rica has demonstrated that integrating innovative approaches, such as agroecology and reforestation, can have a positive impact on community resilience and the economy. This diversification not only provides financial support but also fosters collaboration between the public and private sectors and local communities.

Although the GCF project portfolio in Costa Rica predominantly focuses on mitigation projects, with a smaller emphasis on cross-cutting initiatives, Costa Rica has begun to take significant steps towards climate change adaptation. This includes implementing initiatives that strengthen the resilience of ecosystems and communities, such as sustainable water management and climate-smart agriculture. By focusing on adaptation, the country is creating a new paradigm in which human and environmental wellbeing are prioritized, recognizing that mitigation and adaptation are two sides of the same coin.

GCF projects also have the potential to empower local communities and civil society, encouraging their active participation in decision-making about the use and management of natural resources. This participatory approach not only strengthens environmental governance but also generates a sense of ownership and responsibility towards the natural environment. Communities involved in developing adaptation projects are better prepared to face the challenges of climate change and can become agents of change within their own communities.

a. Expected future impact and sustainability potential of GCF investments in Costa Rica

Results achieved and projects in progress

To achieve the paradigm shift and the expected impact of GCF-funded projects, their proper execution and completion are necessary (though not sufficient) conditions. In Costa Rica, the paradigm shift and potential impact are currently limited by the scarcity of GCF interventions in the country. Although two SCPs have been approved, only one is currently being implemented.[19] Furthermore, the MCPs in which Costa Rica participates have not implemented concrete and significant activities, creating high uncertainty about the benefits the country may derive from these initiatives. Therefore, the paradigm shift proposed by GCF projects faces challenges in moving from theory to practice.

This situation highlights the need for increased investments and greater commitment to executing those investments, both from national and international actors. The goal is to ensure the effective

[19] The FP144 is halfway through its execution.

implementation of projects so that the expected benefits can be realized. Without a significant increase in the quantity and quality of interventions, the transformative potential of GCF projects in Costa Rica risks not being fully realized.

Involvement of the NDA: Key to sustainability

The participation of the NDA is essential to ensure the sustainability of GCF-funded projects. As the main link between the GCF and the country, the NDA is responsible for ensuring that project objectives are aligned with national priorities and for facilitating effective communication among stakeholders.

However, as mentioned earlier, the NDA's role is severely limited due to its minimal ability to truly influence the design and implementation of projects. Despite these restrictions, the NDA highlights that the initiatives of the readiness programme significantly contribute to capacity-building. This empowerment enables local actors to effectively manage and sustain GCF-funded initiatives, ensuring that the benefits extend beyond the project's lifespan.

The NDA also acts as a platform for collaboration among various stakeholders, including government agencies, private sector actors and civil society organizations. By promoting inclusive dialogue and fostering partnerships, the NDA can leverage diverse perspectives and resources, thereby enhancing the overall impact of GCF projects.

An active NDA is essential for establishing robust monitoring and evaluation frameworks that allow tracking of the performance and impact of projects. This accountability ensures that lessons learned are integrated into future initiatives, contributing to a cycle of continuous improvement and sustainability. Additionally, the NDA should have the capacity to closely monitor projects and establish a direct dialogue channel with the AEs. This is achieved in the case of the SCP FP144; however, it does not occur in the same way with MCPs, as IAEs often implement them from headquarters and offices outside the country.

Finally, the NDA can leverage additional resources from national and international funding sources by demonstrating the success and alignment of GCF projects with broader development objectives. This is the case with the FP144 (REDD+ RBP), which leverages funds from FONAFIFO and the World Bank. This is the financial support for which Costa Rica has been waiting a long time and for which it has made significant investments in REDD+. Therefore, it is essential to scale up the REDD+ initiative in the country, which has proven to be highly successful, and ensure its long-term sustainability.

Participation of multiple actors and institutional and social ownership of projects

The active participation of multiple stakeholders is essential for the success and sustainability of projects, especially those aimed at addressing climate change and fostering resilience. Among these stakeholders, the private sector plays a fundamental role by providing the resources, innovation and expertise needed to ensure these initiatives can thrive in the long term.

The private sector serves as a crucial platform for sustaining climate action initiatives. By engaging companies and entrepreneurs, projects can leverage financial investments, technological advancements and market-driven solutions that can enhance their effectiveness and reach. The participation of the private sector not only increases the available capital but also fosters a sense of ownership among businesses, motivating them to contribute to the project's success. In this regard, MCPs are particularly efficient in attracting resources from this sector.

It is important to highlight that the private sector in Costa Rica is often unaware of the GCF and generally believes that only the public sector can access this institution. Despite the importance of

collaboration between these two sectors, the participation of the private sector in GCF-funded projects has been notably low.

This low involvement can be attributed to several factors. Firstly, there is a lack of knowledge about the opportunities offered by GCF projects. Many companies are unaware of how they can benefit from these initiatives or of the financial and technical resources available to them. This is further compounded by the perception of risks associated with investing in climate initiatives, leading companies to be cautious in committing their resources.

Consequently, this lack of private sector participation not only limits the potential of GCF projects but also creates a significant gap in the necessary collaboration to address climate challenges. To close this gap, it is essential to promote greater awareness and understanding of the GCF and its opportunities among institutions in this sector, as well as to establish clear incentives that encourage their active participation in adaptation and mitigation initiatives.

b. Replication and scaling of GCF investments in Costa Rica

The transformative potential of GCF investments in Costa Rica depends not only on the quality of project design but primarily on their effective implementation and completion. One of the main challenges to scaling and replicating these initiatives lies in the low levels of execution, often affected by changes in political priorities, bureaucratic barriers and the turnover of specialized teams. Without the completion of projects within the expected timelines, lessons learned and best practices become diluted, compromising their scalability potential. Moreover, the lack of continuity can discourage the participation of the private sector and other strategic actors, which are essential to ensure long-term financial sustainability.

Potential for replication and scalability in REDD+ projects

The FP144 (REDD+ RBP) project marks the first time Costa Rica has received resources under the RBP mechanism. This allocation represents significant support for the country's sustained efforts over the past decade in REDD+ and reflects international recognition of Costa Rica's commitment to forest conservation and climate change mitigation.

The project has high potential for replicability and scalability, as it directly contributes to the implementation of the ENREDD+, a public policy priority for the country. A key component has been the strengthening of the PES scheme, managed by FONAFIFO. Through strategic partnerships with other climate donors, the PES system has increased its impact capacity, complementing funds from the Fuel Tax Law and ensuring the sustainability of actions over time.

However, to guarantee the replicability and scalability of the project, it is essential that the FP144 resources are fully delivered and that its implementation is completed according to the established timelines and objectives. Efficient performance will strengthen the confidence of strategic partners and facilitate the attraction of additional funding for new interventions.

Costa Rica also expects greater predictability from the GCF regarding the continuity of the RBP mechanism. Having clarity about the permanence or possible adjustments to the mechanism is crucial for strategically planning long-term actions and maintaining the financial stability of the PES. Certainty about future funding opportunities will enable scaling conservation and restoration efforts, consolidating partnerships and continuing to promote sustainable development in the territory.

The success of FP144 not only strengthens FONAFIFO's institutional capacity but also establishes a solid operational framework that can serve as a model for new climate interventions. The alignment

between public and private actors, along with continued support from the GCF, will be key to ensuring the lasting impact of this model and its expansion to other regions of the country.

6. COUNTRY OWNERSHIP

a. Identification, ownership and involvement of national authorities

National ownership of GCF-funded projects faces significant challenges due to the central role played by the AEs, which in Costa Rica are characterized as being independent of the Government. This intermediation dilutes national ownership, and as one key stakeholder reported during interviews, "It seems that the true beneficiary of the project is the AE and not the country." In this context, national authorities find their capacities to influence and negotiate project terms are limited, putting at risk the alignment with local priorities and needs.

One critical point is the perception that the GCF, instead of directly benefiting countries, has become a business opportunity for the AEs. Interviewees report that the fees charged by these entities can be high due to the limited number of AEs capable of accessing the GCF, which increases project costs and reduces resources available for interventions in the countries. This creates friction, as the NDA believes that GCF funding should be fully oriented towards meeting the country's priorities.

Another major obstacle lies in the financial capacity of countries to participate in the decision-making spaces of the GCF. Many nations in the region do not have the necessary resources to finance attendance at GCF-organized meetings and processes, limiting their ability to influence strategic decisions and oversee projects.

While these challenges highlight some weaknesses of the GCF, not all responsibility falls on the Fund. In LAC, frequent changes in government affect the continuity and learning curve of technical teams, weakening institutional capacity and leadership in climate projects. However, Costa Rica stands out as an exception in the region due to its stronger and more stable institutional framework, which facilitates greater continuity in the management of projects and programmes.

b. Effectiveness of the GCF in developing institutional capacities

The projects implemented under the GCF's readiness programme in Costa Rica demonstrate significant progress in strengthening institutional capacities at both the national and subnational levels. Within the framework of project CRI-RS-002 (Adaptation Planning), one of the main focuses has been the integration of adaptation measures into regional and municipal planning, aligning local actions with the national goals established in the NDC and the National Decarbonization Plan. This strengthens country ownership by ensuring that interventions respond to the country's specific priorities and needs.

Meanwhile, project CRI-RS-004 (adaptation construction code) focuses on creating a construction code adapted to climate change. This project facilitates the adoption of resilient practices in critical sectors such as housing, water, sanitation, and transportation, promoting long-term sustainability. Through physical-spatial diagnostics and economic dynamic analyses, vulnerable infrastructure and populations are identified, linking these elements with risk management for extreme climate events. As stated in an interview with personnel involved in the project, "For the first time in Costa Rica, territorial planning integrates risk management, encouraging tree conservation and land-use change within territorial planning, aspects previously absent in development plans."

Together, these projects reflect the effectiveness of the GCF, through the RPSP, in developing institutional capacities through multi-sectoral partnerships, the incorporation of adaptation into

public policies, and the promotion of continuous learning. However, the sustainability of these advances will depend on the country's ability to consolidate these initiatives within a robust institutional framework and to address climate change challenges in an integrated manner.

7. Gender and Indigenous Peoples

a. Notable initiatives with a gender focus and Indigenous Peoples

Gender

All the projects analysed include a gender approach in some way, to varying degrees of depth. All of them recognize the importance of integrating women into climate adaptation and sustainability efforts, especially in rural and vulnerable areas. Common measures include access to financing, training and participation in decision-making.

Common factors

In projects related to transport and infrastructure, such as FP166 (GAM), FP189 (E-Mobility) and FP237 (E-Motion), the gender approach tends to focus on the prevention of sexual harassment and gender-based violence in public transport systems. This includes the implementation of rapid reporting systems and awareness-raising campaigns on harassment on trains and buses. However, measures for the inclusion of women in leadership positions, financing or employment in these sectors are not significantly addressed. Although the importance of security for women is recognized, the gender approach in terms of economic participation or decision-making is limited in these projects, which have not yet had effective implementation in the country.

In climate change adaptation projects, such as FP097 (CAMBio II), FP152 (SnCF Global) and FP174 (Ecosystem-based adaptation), the gender approach is broader and more comprehensive. These projects include in their financing proposals measures to economically empower women through access to credit, technical training and their active participation in local decision-making.

A concrete example is FP097, which hopes to provide specific financing for MSMEs led by women and offers additional incentives to promote their leadership. In addition, in FP174, places for women are guaranteed in training programmes, and their participation in the implementation of adaptation strategies is promoted.

In all projects, a common factor is the training for women. Projects such as FP152 and FP223 hope to offer training for women in climate technologies and access to finance, thereby encouraging their participation in traditionally male-dominated sectors. However, in the transport and energy projects, although training programmes are mentioned, they focus more on infrastructure and security, with less emphasis on creating employment and leadership opportunities for women.

Box 2–4. National Rural Women's Forum: An achievement of the REDD+ RBP project in terms of gender

The National Rural Women's Forum in Costa Rica is one of the most notable results of the REDD+ RBP project in gender equality.

The National Rural Women's Forum is a participatory and representative space for the 29 rural territories of Costa Rica and the diversity of rural women in the country. This initiative brought together nearly 100 women from across the country under the motto "Together we sow seeds of empowerment," promoting a space for analysis and exchange on gender gaps in rural areas.

The forum was led by the Ministerio de Agricultura y Ganadería (Ministry of Agriculture and Livestock – NDA), in collaboration with institutions such as Instituto de Desarrollo Rural, National Women's Institute,

Consejo Nacional Áreas de Conservación, the National REDD+ Secretariat and UNDP. Its main objective was to strengthen the participation of women in the creation of public policies, guaranteeing their influence on key issues such as access to land, financing, technical assistance and care.

This forum reflects the progress of the REDD+ RBP project by promoting multi-sectoral alliances and making the needs of rural women visible. The creation of this permanent dialogue mechanism lays the foundations for women to actively participate in the formulation of public policies that promote their empowerment and the closing of gender gaps, ensuring a more just and inclusive rural development.

Source: Strategy of the National Rural Women's Forum and information gathered from the focus group conducted with participants of the National Forum of Rural Women in San José, Costa Rica.

Box 2–5. Land for women in Costa Rica

Within the framework of FP144, UNDP facilitated a needs identification process with women from rural and Indigenous communities, which led to the design of a bill aimed at guaranteeing women access to land ownership. In Costa Rica, only 8.1 per cent of the land surface of farms owned by individuals is held by women. Many women engage in agricultural, agroforestry, or conservation activities at home without receiving income for their work or owning the land they work on. The project funded the design process of the bill.

In July 2024, a bill was submitted to the Legislative Assembly of Costa Rica that promotes land ownership for rural women and supports their productive projects, with the aim of closing gender gaps. (United Nations Development Programme, 2024)

Source: UNDP Costa Rica.

Indigenous Peoples

In Costa Rica, the REDD+ RBP project works closely with Indigenous communities to pilot the concept of "environmental, forestry, and territorial plans", allowing these communities to define their development priorities. These priorities have received project funding (approximately USD 1 million) upon signing forest emissions reduction contracts.

Forest emissions reduction contracts are a new results-based financial instrument aimed at maintaining and protecting forested areas, allowing landowners and landholders to participate by recognizing avoided emission reductions over a defined period. This mechanism is based on a voluntary and retroactive RBP for forest protection over a 7-year period (2018–2024).

The FP097 (CAMBio II) focuses on providing access to credit and technical assistance to MSMEs, many of which belong to rural communities, including Indigenous communities.[20] In addition to credits, it aims to offer training on climate change adaptation with additional incentives for Indigenous-led businesses. Specific activities planned within the project include community consultations to identify community needs, funding for adaptive projects and workshops on climate management to enhance resilience.

The FP174 (Ecosystem-based adaptation) promotes Indigenous community participation through local consultations and the implementation of climate adaptation solutions.[21] Special attention is given to subsistence agriculture, a key activity for many of these communities. Specific activities include technical training on resource management and climate resilience, access to technologies to improve water use efficiency, and programmes to conserve biodiversity.

Common factors identified among the projects include the following:

[20] This project has not yet been implemented in Costa Rica.
[21] Ibid.

- Consultations with Indigenous communities: Most projects prioritize the inclusion of Indigenous communities in local consultations to ensure that their needs and rights are reflected in the implementation plans. These projects aim to ensure that solutions are culturally appropriate and that Indigenous communities directly benefit from the proposed actions.
- Benefits in terms of climate resilience: Projects involving Indigenous communities tend to focus on enhancing climate resilience through access to resources, sustainable technologies and the implementation of conservation and natural resource management practices. This helps to mitigate the effects of climate change and to improve their food and economic security.

b. Safeguards and rights in project implementation

The institutions collaborating with the GCF in Costa Rica agree that the Fund sets a high standard for implementing safeguards, protecting Indigenous rights, including gender perspective, ensuring transparency and establishing grievance and complaint mechanisms.

The Fund not only focuses on the climate rationale but also promotes effective social inclusion and respect for human rights in all its projects. The GCF requires implementing institutions to incorporate measures that guarantee the active participation of Indigenous and rural communities, as well as the consideration of gender gaps in the design and implementation of projects. Additionally, transparency in processes is encouraged, and appropriate channels are ensured for managing complaints, allowing beneficiaries to express their concerns or report possible irregularities.

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3. DOMINICAN REPUBLIC COUNTRY CASE STUDY REPORT

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ABBREVIATIONS

AE	Accredited entity
AFD	Agence Française de Développement
APR	Annual performance report
B.37	Thirty-seventh meeting of the Board
CABEI	Central American Bank for Economic Integration
CEDAF	Centre for Agricultural and Forestry Development
DAE	Direct access entity
EbA	Ecosystem-based adaptation
END 2030	National Development Strategy 2030
GCF	Green Climate Fund
GDP	Gross domestic product
GGGI	Global Green Growth Institute
GHG	Greenhouse gas
IAE	International accredited entity
IDB	Inter-American Development Bank
LAC	Latin America and the Caribbean
MCP	Multi-country project
MebA	Microfinance for Ecosystem-based Adaptation project
MMARN	Ministry of Environment and Natural Resources
MSME	Micro-, small- and medium-sized enterprise
NAP	National adaptation plan
NDA	National designated authority
NDC	Nationally determined contribution
PNACC	National Climate Change Adaptation Plan
RPSP	Readiness and Preparatory Support Programme
SCP	Single-country project
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme

A. Background and context

1. Overview of Dominican Republic

Geography and climate. The Dominican Republic, located on the island of Hispaniola in the Caribbean, shares its western border with Haiti, while its coasts are bordered by the Atlantic Ocean to the north and the Caribbean Sea to the south. This location provides strategic access to maritime trade routes in both bodies of water. The geography of the Dominican Republic is diverse, with an area of approximately 48,442 km² that includes mountains, coastal plains and valleys. The country is home to the highest mountain in the Caribbean, Pico Duarte, with an elevation of 3,098 metres above sea level, and the central Mountain Range region is known for its temperate climate, contrasting with the tropical climate characteristic of the coastal areas. The Dominican Republic experiences two main seasons: a rainy season from May to October, and a dry season from November to April, which contributes to its unique biodiversity (Dominican Republic, Ministry of Environment and Natural Resources and United Nations Convention to Combat Desertification, 2018).

However, like other Caribbean countries, it faces significant challenges due to climate change, such as the increased frequency and severity of hurricanes, tropical storms and prolonged drought periods, impacting both its biodiversity and its water resources and coastal areas. Mangroves, coral reefs and other marine ecosystems, essential for fishing and tourism, are threatened by erosion, rising sea levels, and ocean acidification (World Bank Group, 2023).

Demographics. The population of the Dominican Republic is estimated to be approximately 11 million people according to the latest population census in 2022, with an urban concentration in cities like Santo Domingo and Santiago de los Caballeros (National Statistics Office, 2024). Around 80 per cent of the population lives in urban areas, which creates challenges in terms of public services, transportation, and infrastructure (World Bank Group, 2024). Rural areas, where the remaining 20 per cent of the population reside, face challenges, such as limited access to health and education services and vulnerability to extreme weather events.

In terms of ethnic composition, the population of the Dominican Republic is diverse, with a mix of Indigenous, African and European influences. Communities of Haitian descent in the country also face specific social and economic challenges, as well as integration difficulties. The Government has implemented programmes to improve living conditions in rural areas and promote the social inclusion of these communities, but significant gaps remain (Social Policy Coordination Office, 2018).

Economy. The Dominican economy is one of the largest and most dynamic in the Caribbean, highlighted by sectors such as tourism, agriculture, remittances and manufacturing. Tourism is fundamental, generating approximately 15 per cent of gross domestic product (GDP) and attracting millions of visitors annually to destinations like Punta Cana and Samaná. This sector has driven economic growth but has also placed significant pressure on the country's natural resources, such as its water, land and coastal areas, due to the demand for infrastructure and services for mass tourism. However, in the past decade, there has been a significant shift in both private and public sector perspectives on the need to protect and conserve these resources.

Tourism companies and government institutions have started adopting more sustainable practices, aware that preserving ecosystems is key to maintaining the country's appeal as a tourist destination. This shift has been particularly noticeable in eco-tourism and adventure tourism, where the protection of national parks, protected areas and nature reserves has been promoted. This new

perspective has resulted in joint efforts to minimize environmental impact and strengthen responsible resource management, ensuring that tourism development aligns with long-term sustainability (World Travel & Tourism Council, 2023).

In agriculture, the Dominican Republic is known for products such as cocoa, coffee, bananas and sugar, with a growing focus on organic and sustainable production for international markets (Dellavedova and others, 2021). However, climate change poses serious challenges to the sector, impacting agricultural productivity due to droughts and climate variability. Efforts to diversify the economy have led the country to strengthen its free zone sector, aiming to create new jobs and generate foreign exchange (World Bank, 2017).[22]

Politics. The Dominican Republic is a democratic republic with regular elections and relative political stability in the region. Since the enactment of its Constitution in 1844, the country has evolved in terms of democratic governance and human rights protection. In recent decades, it has worked to strengthen its institutions and promote inclusive social policies (Comisión Económica para América Latina y el Caribe, 2015).

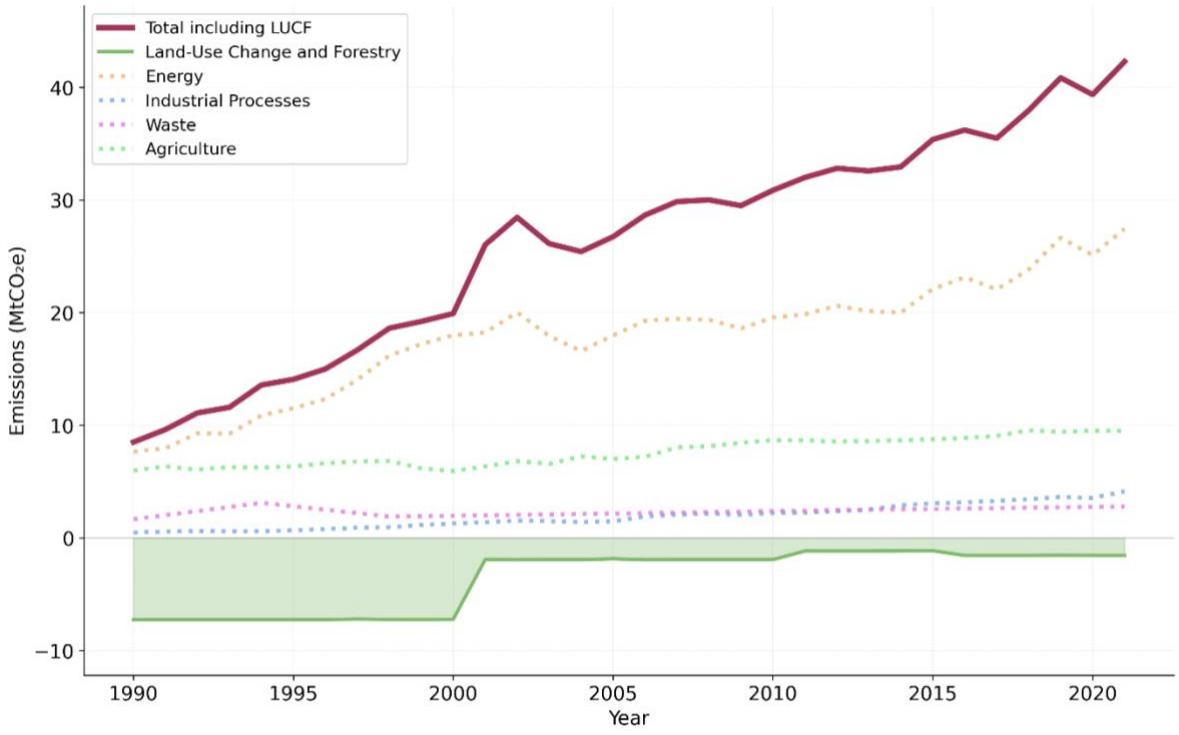
The country has also adopted policies and programmes to address climate change and protect the environment, including ratifying the Paris Agreement and developing the National Sustainable Development Strategy. Environmental conservation initiatives have gained importance in the Dominican Republic, particularly those related to reforestation and water resource management. The Government has also promoted the use of renewable energy, with an increasing share of solar and wind energy in its energy mix, as part of its commitment to reduce carbon emissions and rely less on fossil fuels (International Renewable Energy Agency, 2017). However, challenges remain in terms of financing and institutional capacity to implement policies effectively.

2. CLIMATE CHANGE CONTEXT

The Dominican Republic emitted a total of 42.28 million tons of CO_2 equivalent in 2021, ranking as the 111th largest emitter worldwide and accounting for 0.07 per cent of global emissions (Climate Watch, 2024). The energy sector has taken a dominant role in greenhouse gas (GHG) emissions, surpassing sectors such as agriculture and land-use change, which have shown a reduction in their share or even positive behaviour in terms of mitigation. This shift suggests a transition towards greater reliance on energy sources and industrial activities, highlighting the need to focus on more sustainable solutions in these sectors to reduce the country's total emissions.

[22] As of 2024, a total of 87 free zone parks operates across the country, housing around 820 companies and providing more than 198,232 jobs (Dominican Republic, National Council of Free Export Zone, 2024).

Figure 3–1. Dominican Republic annual GHG emissions, 1990 to 2021



Source: Historical country-level and sectoral GHG emissions data (1990–2021) from Climate Watch, 2024, visualized by the IEU DataLab.

The line chart in Figure 3–1 above shows Dominican Republic's annual GHG emissions from 1990 to 2021, with each sector plotted as its own line (i.e., not stacked). To emphasize the contribution of land-use change and forestry, the area under the solid green line is coloured in green, highlighting the net GHG emissions (in $MtCO_2e$) these sectors contribute relative to the total.

An analysis of sectoral participation in GHG emissions over time showed the following:

- The energy sector contributed an average of 42 per cent of total GHG emissions in the time series: The sector has shown significant growth in its share of emissions over time. In 1990, it accounted for 18 per cent, but by 2021, this share had increased to 65 per cent. This suggests an increase in dependence on fossil fuel-based energy or a greater overall use of energy in the country.
- Industrial processes contributed an average of 4 per cent of total GHG emissions in the time series: Although it began with a low contribution in 1990 (1 per cent), this sector has shown a gradual increase, reaching 10 per cent in 2021. This could be related to growth in the country's industrial activities.
- Agriculture contributed an average of 18 per cent of total GHG emissions in the time series: The agricultural sector's share of emissions has steadily increased. In 1990, it represented 14 per cent, and by 2021, it had risen to 22 per cent.
- Waste contributed an average of 6 per cent of total GHG emissions in the time series: The waste sector has shown an increase in its contribution to emissions, rising from 4 per cent in 1990 to 7 per cent in 2021. This may be related to an increase in waste generation and challenges in waste management.

- The land-use, land-use change and forestry sector has maintained net negative emissions throughout the time series, averaging -7.25 MtCO2e until the year 2000. However, this value decreased to an average of -1.6 MtCO2e from 2001 to the present, reflecting a significant decline in its emissions absorption capacity.

Future projections and climate commitment

The Dominican Republic faces the challenge of aligning with international climate commitments, which entails a shift towards sustainable and resilient policies. The country has developed a National Climate Change Adaptation Plan, which includes emission reductions and measures to address the impact of extreme weather events (Dominican Republic, Ministry of Environment and Natural Resources, 2016). This strategy reflects the country's commitment to the Paris Agreement, pledging a 27 per cent reduction in GHG emissions by 2030, with a focus on sectors such as energy, agriculture, and waste management (Dominican Republic, 2020).

The Dominican Republic has set ambitious climate commitments aimed at achieving carbon neutrality by 2050. This goal involves a deep transformation in key sectors such as energy, transportation and agriculture, promoting the adoption of renewable energy and electrification of systems. Additionally, the country plans to reduce its reliance on fossil fuels and strengthen its resilience to extreme weather events through specific adaptation and mitigation measures, underscoring its commitment to sustainability and the protection of its natural environment (World Bank Group, 2023).

A crucial challenge for the Dominican Republic is that renewable energy represents only 15 per cent of its energy matrix, compared to 60 per cent in Latin America and the Caribbean (LAC). This makes electricity costs heavily dependent on fossil fuel prices. Although the country has achieved full electricity coverage, by the end of 2023, it still reported significant losses of 36 per cent, indicating the need to modernize infrastructure and improve efficiency to reduce these costs and move towards greater sustainability (Lefevre and Falkner-Olmedo, 2024).

To meet its climate goals, the Dominican Republic must strengthen its capacity to mobilize financial resources, including private capital and international support. This highlights the importance of sustainable policies in efficiency and financing that facilitate a transition to a resilient, low-carbon economy. Despite some progress, the country faces challenges in coordinating and integrating its institutional and regulatory framework. The creation of a climate change framework law could centralize efforts, improve transparency, and attract investment, ensuring a long-term, integrated, and effective climate strategy (World Bank Group, 2023).

Vulnerability to climate risks

The Dominican Republic is the second most vulnerable country in the Caribbean to adverse weather events, such as hurricanes, tropical storms, droughts and earthquakes. In recent years, changes in rainfall patterns have led to multiple drought periods, recently exacerbated by the El Niño phenomenon and other climatic factors, impacting water supply, agriculture and livelihoods. These increasing climate-related disasters worsen inequality and food insecurity, affecting women and farmers in rural and coastal areas the most (World Food Programme, 2023).

The Dominican Republic has a high vulnerability to natural disasters and ranks among the countries in the western hemisphere with the highest risks of such events. This vulnerability is mainly due to its geographical location and the geological conditions of the island of Hispaniola, situated in the "Hurricane Alley" in the Atlantic, a region prone to storm formation. Between November 2016 and April 2017, the country was hit by several intense storms, including hurricanes Irma and Maria in 2017, which caused economic losses of approximately RD$ 49.837 billion (around USD 1.04

billion), equivalent to 7.98 per cent of the government budget for 2017 and 1.5 per cent of GDP in 2016. Hurricane Maria also caused severe damage in Puerto Rico, where an estimated 3,000 lives were lost, and economic losses reached approximately USD 91 billion, leaving some communities without electricity for months (World Food Programme, 2023).

In this context of a changing climate, above-average rainfall and temperatures are expected, with a high risk of hurricanes, especially in September. The island of Hispaniola also faces the threat of flooding due to storm surges (Humanitarian Action for Climate and Environment, 2024).

The 2022 ND-GAIN country index from the University of Notre Dame (n.d.) places the Dominican Republic at 106th out of 187 countries overall. With a vulnerability score of 0.432 (99th) and a readiness score of 0.367 (115th), the country faces moderate to high exposure and has a relatively limited ability to adapt and high exposure. These factors highlight the need to develop stronger economic, governance, and social systems to manage climate risks effectively.

3. CLIMATE CHANGE POLICIES AND INSTITUTIONAL CONTEXT

The Dominican Republic has developed a robust regulatory framework for environmental protection and climate action, aligned with the principles of sustainability, natural resource conservation and decarbonization.

Paris Agreement and nationally determined contributions (NDCs). The Dominican Republic signed the Paris Agreement on 22 April 2016, ratifying it in April 2017. In its 2020 NDC, the country increased its climate ambition by committing to a 27 per cent reduction in GHG emissions relative to the business-as-usual (BAU) scenario by 2030. This includes a goal of 20 per cent contingent on external financing and 7 per cent unconditional, financed domestically, with 5 per cent allocated to the private sector and 2 per cent to the public sector (Dominican Republic, 2020).

General Environmental and Natural Resources Law (law No. 64-00/2000). The General Environmental and Natural Resources Law aims to establish regulations for the conservation, protection, improvement, and restoration of the environment and natural resources, ensuring their sustainable use. This law promotes the protection of natural resources, the reduction of their vulnerability, and the reversal of recurrent losses due to inadequate use of the environment and natural resources.

Protected Areas Sector Law (law No. 202-04). The Protected Areas Sector Law of 2004 aims to ensure the conservation of ecosystems and the country's natural and cultural heritage. Its goal is to maintain and enhance the environmental and economic services these ecosystems provide to current and future generations, promoting the sustainable management of natural resources.

National Development Strategy 2030 (END 2030). END 2030 is a multi-sectoral tool that defines the objectives and strategic pillars that the Dominican Republic aims to achieve between 2012 and 2030. It is based on a collaborative process involving multiple stakeholders to define the country that Dominicans aspire to achieve by 2030. Its objectives are: (i) build a prosperous country, (ii) promote participatory democracy, (iii) ensure social justice, (iv) address the challenges and setbacks of Dominican society, and (v) face future challenges, such as technological and climate changes and international relations. END 2030 is structured around four strategic pillars, 19 general objectives, 58 specific objectives and 460 lines of action.

National Climate Change Adaptation Plan (PNACC as its Spanish acronym). In 2015, the National Climate Change Policy (Decree 269-15) was established, and the intended NDC was presented. In 2016, through Decree 23-16, the High-Level Inter-Institutional Commission for Sustainable Development was instructed, and the Third National Communication to the UNFCCC

was submitted. Given that adaptation is a constitutional priority (Dominican Republic, Ministry of Environment and Natural Resources, 2016) the country presented its PNACC in 2016.

The vision of the PNACC 2015–2030 is that by 2030, the Dominican Republic will have improved its adaptation and resilience capacities to climate change and variability, reducing vulnerability, improving people's quality of life and ecosystem health, and contributing to stabilizing GHG without compromising efforts to combat poverty and achieve sustainable development, promoting a transition to low-carbon growth.

The main objectives of the PNACC 2015–2030 are to:

- Reduce vulnerability to the impacts of climate change by building adaptation and resilience capacity.
- Facilitate the integration of climate change adaptation, in a coherent way, into new and existing policies, programmes and activities, especially development planning processes and strategies within relevant sectors and at different levels, as appropriate.

National Carbon Emissions Reduction Strategy (REDD+). The National Strategy for REDD+ 2022–2036 contributes to the commitment to reduce emissions and increase carbon sinks through forest conservation and sustainable use, improving the quality of life for rural communities and society (Dominican Republic, Ministry of Environment and Natural Resources, 2022).

The National Strategy for REDD+ is based on three guidelines: strengthening public policies, legal and institutional framework related to REDD+; enhancing governance, participation, and awareness of forests and climate change; and promoting sustainable management models for forest resources, implemented through 16 strategic actions.[23]

Table 3–1. Timeline of national policy documents for climate change

Timeline
1998: The Dominican Republic joins the UNFCCC.
2000: The General Environmental and Natural Resources Law (law No. 64-00) is enacted, establishing the framework for the protection and sustainable management of natural resources and the environment in the country.
2001: Creation of the Secretariat of State for Environment and Natural Resources, which later becomes the Ministry of Environment and Natural Resources (MMARN), to coordinate the implementation of environmental policies.
2004: The Protected Areas Sector Law (law No. 202-04) is enacted, regulating the conservation of protected natural areas.
2008: Creation of the National Council on Climate Change and Clean Development Mechanism, under

[23] The strategic actions are: promote the creation and effective implementation of policies and legal instruments related to forest conservation, sustainable forest management, land tenure and forest carbon rights; harmonize national regulations concerning forest conservation, climate change and land-use; adjust control and oversight mechanisms to improve sustainable forest management; strengthen protection and monitoring systems in protected areas critical for the conservation of forest resources; enhance the institutional capacities responsible for implementing REDD+ actions, incorporating a gender approach; establish monitoring systems to track land-use changes and the levels of GHG emissions/removals in the forestry sector; create participatory structures that integrate various sectors for governance and REDD+ actions; foster full citizen participation in decision-making processes related to the strategy's implementation; raise public awareness about forest conservation and sustainable use; support sustainable agroforestry and Silvo pastoral systems; promote sustainable forest management and the natural regeneration of tree species; update and implement national strategies for wildfire management; strengthen national reforestation programmes; identify and promote sustainable livelihoods at the local level to engage communities in resource conservation; support the creation of sustainable markets for legal and sustainably sourced forest products; and ensure traceability and legality verification to reduce illegal logging and enhance the competitiveness of the forestry sector.

Timeline
Decree 601-08, as the inter-institutional coordination body for national climate change policy formulation across multiple sectors and stakeholders.
2012: Through law No. 1-12, the Dominican Republic establishes the National Development Strategy 2030 (END 2030), which includes specific objectives for environmental sustainability and climate change mitigation.
2015: The country signs the Paris Agreement, committing to reducing its GHG emissions and increasing its climate resilience.
2016: The PNACC is launched, identifying the country's vulnerabilities and setting adaptation measures in priority sectors such as water, agriculture and tourism.
2017: Ratification of the Paris Agreement through law No. 1-17, reaffirming the Dominican Republic's international climate commitments.
2020: The Dominican Republic submits its updated first NDC, setting an emissions reduction target of 27 per cent by 2030 compared to the BAU scenario.
2022: The National Carbon Emissions Reduction Strategy is published, focusing on renewable energy development and the transition to a low-carbon economy.
2023: The Dominican Republic develops its Long-Term Strategy for Carbon Neutrality towards 2050, setting decarbonization and biodiversity protection goals.
2024: Launch of the 2024–2028 Climate Action Plan, with an emphasis on infrastructure resilience, reforestation and the promotion of clean technologies.

Institutionalization of climate change-related actions

The Climate Change Directorate, established in 2013 within the MMARN, is the main body responsible for coordinating and implementing the country's climate policies. This entity works alongside the National Council for Climate Change and Clean Development Mechanism, established in 2008 by Decree No. 601-08, which is responsible for formulating policies and managing the implementation of international climate commitments. Additionally, the country has the Inter-institutional Technical Committee on Climate Change, which promotes coordination among various public and private institutions, as well as civil society participation in climate issues.

Together, the Dominican Republic has established an institutional framework aimed at mitigating the effects of climate change and enhancing adaptation capacity to its impacts. Through its policies and specialized agencies, the country works to promote sustainable development, protect its ecosystems and reduce the vulnerability of its communities to extreme climate events.

B. KEY FINDINGS

1. RELEVANCE

a. Approach and value proposition of the GCF

The GCF portfolio in the Dominican Republic includes nine projects, all of which are multi-country projects (MCPs). Four of them cover multiple regions, while the remaining five focus on LAC countries. Among the latter are two newly approved projects that have not yet begun implementation: FP237 "E-Motion: E-Mobility and Low Carbon Transportation", and FP242 "Caribbean Net-Zero and Resilient Private Sector", approved at the thirty-ninth meeting of the Board (B.39) in July 2024. The portfolio covers all GCF areas, with four mitigation projects, three

cross-cutting projects and two adaptation projects. The composition of the GCF portfolio in the Dominican Republic reveals an exclusive reliance on MCPs as a mechanism for accessing climate financing. Consequently, the Dominican Republic is marked by the absence of a nationally tailored project specifically designed to address the country's unique needs.

Table 3–2. GCF project portfolio in Dominican Republic

FP	Title	SCP or MCP	AE
FP097	Productive Investment Initiative for Adaptation to Climate Change (CAMBio II)	MCP	CABEI
FP151	Technical Assistance (TA) Facility for the Global Subnational Climate Fund	MCP	IUCN
FP152	Global Subnational Climate Fund (SnCF Global) – Equity	MCP	PCA
FP174	Ecosystem-based adaptation to increase climate resilience in the Central American Dry Corridor and the Arid Zones of the Dominican Republic	MCP	CABEI
FP189	E-Mobility Program for Sustainable Cities in Latin America and the Caribbean	MCP	IDB
FP198	CATALI.5°T Initiative: Concerted Action to Accelerate Local I.5° Technologies – Latin America and West Africa	MCP	GIZ
FP223	Project GAIA ('GAIA')	MCP	MUFG Bank
FP237	E-Motion: E-Mobility and Low Carbon Transportation	MCP	AFD
FP242	Caribbean Net-Zero and Resilient Private Sector	MCP	IDB Invest

Note: SCP = single-country project; CABEI = Central American Bank for Economic Integration; IUCN = International Union for Conservation of Nature; PCA = Pegasus Capital Advisors; IDB = Inter-American Development Bank; GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit; AFD = Agence Française de Développement.

The Dominican Republic's project portfolio represents 2.8 per cent of the funds allocated by the GCF in LAC, with a total value of USD 103.9 million. Since the portfolio consists only of MCPs, this figure is based on an important assumption: that funds for MCPs will be disbursed to countries as planned.[24]

While there is evidence that this can occur in the LAC region, as seen in projects implemented by CABEI in Central America and the Caribbean, this seems to be more the exception than the rule. In fact, several countries have expressed concerns about arbitrariness and lack of foresight in resource distribution within MCPs, leading to complaints about alleged inequities in fund allocation.

The GCF does not have a specific financing framework for the Dominican Republic, and the country lacks a country programme.[25] As a result, the country faces a strategic gap by lacking a country programme that serves as a guiding framework for directing GCF investments. The absence of a clear mapping of national priorities makes it difficult for the country to negotiate and coordinate effectively with accredited entities (AEs) in proposal formulation. Consequently, most GCF-funded

[24] The fact that the country has been included in the list of beneficiary countries in the MCP does not ensure that investments will materialize in the Dominican Republic, which constitutes one of the main criticisms of this type of project.
[25] The country has accessed funds from the RPSP to develop its country programme. However, a document that fully meets the needs and requirements of the NDA has not yet been produced.

initiatives are driven by AEs, which does not necessarily ensure a direct focus on the strategic priorities defined by the country.

The Readiness and Preparatory Support Programme (RPSP) has been important for the country, enabling the preparation of its national programme (currently not in use) and capacity-building for accessing and managing climate funds, including strengthening national designated authority (NDA) capacities and advancing the accreditation of local entities. Through the RPSP, the country has received four national grants, totalling USD 4.56 million, and has participated in six regional grants. This funding, with the first instance dating back to 2015, supports institutional development on climate change issues and promotes more efficient climate management.

Value proposition of GCF

The Dominican Republic anticipates financial support from relevant mechanisms – primarily the GCF, among other multilateral fund actors – and national and international private banks to achieve its conditional target in the updated NDC 2020.

The country is classified as upper-middle-income based on 2022 data, along with 19 other LAC countries (World Food Programme, 2023). For this reason, it faces certain limitations in accessing international cooperation funds, traditionally directed at lower-income countries. This classification reflects the country's economic progress but also creates challenges, as it reduces eligibility for certain financial assistance programmes and international grants, affecting its ability to secure development cooperation resources.

In this context, GCF funds become especially relevant. These resources enable the country to advance in strategic climate change mitigation and adaptation projects, which might otherwise be difficult to finance with traditional cooperation. Given its commitment to reducing emissions and strengthening climate change adaptation, the country shows great interest in accessing GCF funds to meet its climate commitments, ensuring progress without compromising economic stability.

The primary financial instrument MCPs use, including the Dominican Republic among their beneficiary countries, is senior loans, representing 46 per cent of the total funds received, aligning with the general trend in the LAC portfolio. The second most used instrument is the grants, accounting for 29 per cent of the total, while the third instrument is equity, at 17 per cent of the total funds.

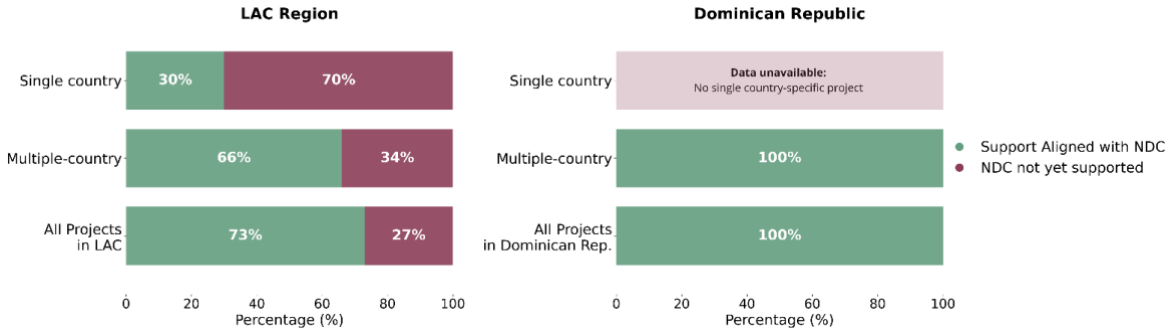
Although senior loans may be suitable for projects aiming to generate long-term economic benefits, such as infrastructure or renewable energy, this high reliance on repayable instruments can hinder access to financing for initiatives requiring more flexible financial support. This suggests that, while the GCF has the capacity to provide concessional financing, as evidenced by grants and equity (46 per cent combined), the predominance of senior loans reflects an approach that may not be fully aligned with the need for more accessible and less burdensome financing that certain sectors in the Dominican Republic might require.

b. GCF's ability to meet country needs

Alignment with NDCs

There is a strong alignment between the Dominican Republic's NDC priorities and GCF investments; however, at the cut-off date of this report (B.39), the country had no single-country GCF projects (SCPs). Instead, all NDC priority areas are addressed exclusively through multi-country initiatives. This underscores the importance of regional programmes in supporting the Dominican Republic's climate goals and highlights the need for continued engagement with the GCF to expand and diversify investment opportunities for SCPs.

Figure 3–2. Alignment of GCF portfolio with needs identified in the LAC and Dominican Republic's NDCs



Source: GCF iPMS data, as of B.39 (19 July 2024); WRI Climate Watch 2020 NDC Tracker (updated September 2024), analysed by the IEU DataLab.

To assess the alignment of Dominican Republic's NDC priorities and GCF's investment, each GCF project and its identified result areas was mapped to the corresponding NDC sector using the methodology outlined in the Box 3–1.

Box 3–1. Methodology

To examine the extent to which Dominican Republic's NDC priorities align with the GCF result areas, we used the "Climate Watch NDC Content" data set from the World Resources Institute. This data set compiles structured indicators and text from NDCs submitted by Parties to the UNFCCC. While Climate Watch categorizes dozens of sectoral references (e.g., energy, transport, health, agriculture, water, coastal zone, environment, etc.), for the purposes of our analysis, we chose and consolidate sectors into eight larger groupings that mirror the GCF's published result areas.

For instance, "energy" was mapped to "energy generation and access", "transport" to "transport", "buildings" to "buildings, cities, industries and appliances". We also combined certain categories from the NDC content data set, such as adding "health" and "water" under "health and water," and merging "coastal zone" with "environment" under "coastal and environment" to align with GCF's "health, food and water security" and "ecosystems and ecosystem services", respectively.

Alignment with country needs by result areas

Although the Dominican Republic has not yet implemented a specific country programme to guide GCF investments, the projects funded by the Fund are consistent with its NDC. The country accesses resources through nine MCPs: four for mitigation, three with a cross-cutting focus, and two for adaptation. These investments align with national priorities such as low-emission transportation, sustainable land-use and energy efficiency. The total amount expected to be received is USD 103 million for all the MCPs in which the country is involved.

The total fund for mitigation projects amounts to USD 52.9 million, around 51 per cent of the total funding, while adaptation receives USD 50.3 million, representing approximately 49 per cent. Unlike in the other country case studies, such as the Costa Rica case, where there was a pronounced gap between adaptation and mitigation funding, these figures for the Dominican Republic reflect a more balanced approach, suggesting no distinct divergence between the two areas in terms of financial allocations.

In the area of mitigation, low-emission transportation is the largest recipient of funds, with 36 per cent of the total. In this sector, FP189 "E-Mobility Program for Sustainable Cities in Latin America

and the Caribbean" and FP237 (E-Motion) are the main contributors. These contributions directly support the country's NDC mitigation option number 20.[26] In its NDC, the country states that "based on the evaluated options and renewable and natural gas proposals, it needs to mobilize approximately USD 6,816,950,000 and reduce 8,986.71 GgCO2eq, which represents a total 17.62 per cent reduction in emissions compared to the BAU 2030 scenario as outlined in the NDC-RD 2020."

The PNACC 2015–2030 (Dominican Republic, Ministry of Environment and Natural Resources, 2016) highlights the importance of the energy sector in GHG emissions. According to the Dominican Republic's National Greenhouse Gas Inventory, energy sector emissions represent 61.90 per cent of GHG emissions, making the promotion of renewable energy and energy efficiency necessary to reduce fossil fuel dependence as a guiding policy for climate action. This aligns with the Dominican Republic's National Strategic Plan for Electric Mobility which sets out the guidelines for the sustainable mobility ecosystem as a state policy (National Institute of Transit and Land Transport, 2020). As part of the Renovables en América Latina y el Caribe initiative, the Dominican Republic aims to achieve 25 per cent renewable energy generation by 2025 and 30 per cent by 2030, demonstrating its commitment to energy transition and reducing emissions in the electricity sector (Renovables en América Latina y el Caribe, 2024).

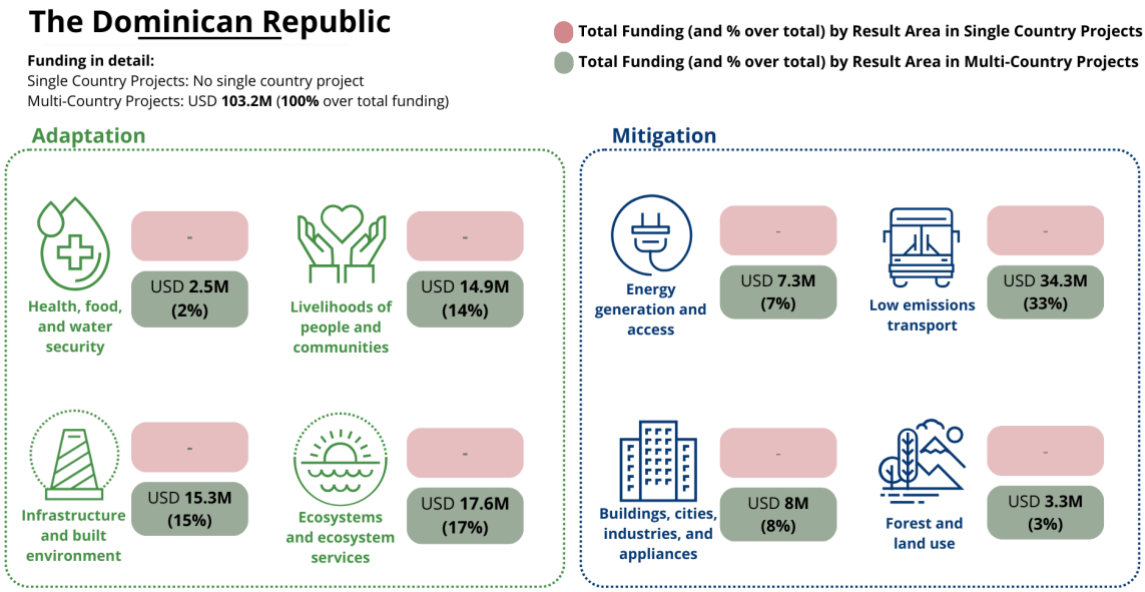
Regarding national adaptation goals, the PNACC 2015–2030 aims at: (i) reducing vulnerability to the impacts of climate change by building adaptation and resilience capacity; and (ii) facilitating the integration of climate change adaptation, in a coherent manner, into new and existing policies, programmes and activities, particularly development planning processes and strategies, within all relevant sectors and at different levels, as appropriate.

For adaptation, the "ecosystem and ecosystem services" result area receives 17 per cent of the funds, followed by the result areas "infrastructure and built environment" with 15 per cent of the total funding. FP097 "Productive Investment Initiative for Adaptation to Climate Change (CAMBio II)" aims to reduce the barriers faced by micro-, small- and medium-sized enterprises (MSMEs) in Central America in accessing credit while promoting the best available adaptation measures in seven countries in the region. Given that the agricultural, livestock and forestry sectors are essential to Central American economies, their high sensitivity to climate change and conservative banking practices make it difficult for MSMEs to obtain financing to implement adaptation actions in rural areas.

FP174 "Ecosystem-based adaptation to increase climate resilience in the Central American Dry Corridor and the Arid Zones of the Dominican Republic", in collaboration with the Central American Bank for Economic Integration (CABEI), seeks to enhance the adaptive capacity and climate resilience of vulnerable rural communities, including those comprising farmers and entrepreneurs, in the Dry Corridor of Central America (covering countries such as Guatemala, Honduras, El Salvador, Costa Rica, Nicaragua, and Panama) and the arid zones of the Dominican Republic. Through financing and technical assistance, it aims to encourage private sector participation and create favourable conditions for investing in and adopting ecosystem-based adaptation (EbA) technologies and large-scale water- and energy-efficient solutions. Both projects directly contribute to adaptation areas, specifically "ecosystems and ecosystem services" and "livelihoods of people and communities". This contributes to strategic pillar 4 of the PNACC, "increasing the resilience of ecosystems, biodiversity and forests", as well as to adaptation options 20 to 25 of the NDC.

[26] Dominican Republic identifies 47 mitigation options in its NDC.

Figure 3–3. Percentage of financing by result area for projects in the Dominican Republic



Source: GCF API projects data (results area), as of B.39 (19 July 2024), analysed by the IEU DataLab.

Impact of the lack of accreditation of direct access entities (DAEs) for meeting the climate needs of the Dominican Republic

The Dominican Republic lacks accredited local DAEs, which weakens its capacity to access GCF funds directly. Currently, project implementation in the country depends exclusively on external actors. Of the nine MCPs, two are managed by the CABEI, a regional DAE, while the remaining seven are distributed among various international accredited entities (IAEs).

GCF's ability to effectively respond to the country's climate needs largely depends on direct access to its funds by local AEs. The country has nominated three national entities, and two of them (Fondo Marena and Fundación Sur Futuro) are receiving technical assistance from the Global Green Growth Institute (GGGI). Authorities hope that having a DAE will allow for the approval and structuring of single-country projects (SCPs) that focus on the specific needs of the Dominican Republic.

The NDA has a good understanding of the GCF accreditation processes and their challenges. For this reason, it is cautious when issuing no-objection letters for entity nominations, being aware that accessing the GCF is a complex process and that the Fund's technical staff, responsible for these processes, have limited resources to handle requests.

2. Coherence and Complementarity

a. Role of NDA in ensuring coherence and complementarity at the national level

In the Dominican Republic, the Vice Ministry of International Cooperation of the MMARN, which acts as the NDA to the GCF, is responsible for ensuring that climate investments funded by the GCF align with national priorities and policies. Although the AEs for GCF projects are often international or regional entities, the NDA is responsible for ensuring the coherence of these programmes with the objectives established in the National Environmental and Natural Resources Policy, the National Biodiversity Conservation Strategy, and other regulations and agreements.

In the Dominican Republic, a lack of coordination between the NDA and project development has been observed, which negatively affects the alignment of projects with the country's needs. Although the NDA approves the concept note through a no-objection letter, its limited interaction with the project team, due to internal issues such as lack of staff continuity, restricts its role to merely providing contextual information.

A challenge identified in interviews is that the independence of the AEs from the NDA can limit the NDA's influence over the projects, restricting its role in ensuring coherence and complementarity of the initiatives. Although the NDA must issue a no-objection letter for the AEs to proceed with the concept note, its involvement in the initial design phases is minimal. The NDA is primarily limited to providing climate, social, demographic and economic information without participating in the definition of the logical framework or intervention strategy. While this approach simplifies the design of regional projects, it assumes that AEs are well-acquainted with the local realities of each country and can adapt regional solutions to meet specific national needs.

Additionally, during the implementation phase of the MCPs, the NDA has little or no direct involvement. Its role is limited to receiving annual reports on project progress, although it notes that the reporting obligation rests solely with the AEs to the GCF. Consequently, the NDA often has to persistently request information, reflecting a gap in coordination and transparency.

The NDA of the Dominican Republic plays a crucial role in addressing the knowledge gap among project managers in the region by organizing various events to foster interest in initiatives with a positive impact on climate change. Additionally, the NDA tackles this challenge through joint efforts with other countries in the region, such as Costa Rica, leveraging positive experiences like REDD+ to drive new initiatives that align with the country's needs.

b. Alignment between GCF-funded projects with similar projects of other financiers

The Dominican Republic has established clear objectives in its PNACC 2015–2030, such as reducing GHG emissions, promoting renewable energy, and enhancing resilience to extreme weather events (Dominican Republic, Ministry of Environment and Natural Resources, 2016). These objectives align with projects supported by the GCF, such as FP237 (E-Motion) approved in 2024 as an MCP, along with FP189 (E-Mobility). Both focus on promoting electric mobility and low-emission public transportation with appropriate urban infrastructure.

Another GCF-funded project that aligns with national policies is FP174 (Ecosystem-based adaptation). This project aims to increase the resilience of communities and ecosystems in the region to the effects of climate change. It aligns with the Dominican Republic's PNACC 2015–2030, which establishes strengthening the resilience of ecosystems, biodiversity, and forests as a strategic pillar (Dominican Republic, Ministry of Environment and Natural Resources, 2016).

Implemented in collaboration with CABEI, this programme seeks to improve the adaptive capacity of vulnerable communities and ecosystems through sustainable practices and efficient water resource management. Both the GCF project and the national adaptation plan (NAP) incorporate EbA as a key approach to climate change response. This project aims to directly benefit vulnerable populations in the region, strengthening their adaptive capacity and reducing risks associated with food security and poverty due to climate change.

Alignment is also observed between national objectives and FP097 (CAMBio II). This project seeks to reduce the barriers faced by MSMEs in Central America to access financing needed to implement climate adaptation measures. CAMBio II project provides concessional loans and technical assistance, encouraging MSMEs to adopt climate-resilient production practices.

The project also includes a grant component that provides financial rewards to both MSMEs and intermediary financial institutions that successfully implement these adaptation practices. In the Dominican Republic, this effort has been articulated through the Business Articulation Platform for Climate Action, formed by Fundación Popular, Red Nacional de Apoyo Empresarial a la Protección Ambiental, United Nations Development Programme (UNDP), Consejo Nacional de la Empresa Privada, the National Council for Climate Change, and the Ministry of Environment. This platform trains MSMEs and large companies on using the *RDuceTuHuella* tool to measure and reduce their GHG emissions (World Bank Group, 2023).

Despite being implemented by the same agency, FP097 and FP174 lack an integrated or coordinated approach to maximize their results. Each operates in different sectors and geographic areas without an evident connection, reducing opportunities for synergy between interventions.

c. Complementarity of GCF projects with other climate investments and development partners

Collaboration among various projects funded by different partners is essential to comprehensively address the challenges of climate change in the LAC region, especially in small island developing States and the most vulnerable areas of Central America.

Each of the projects mentioned in Table 3–2 has a specific focus, but all are aligned with the goal of strengthening climate resilience and moving towards low-carbon economies. These include FP152 "Global Subnational Climate Fund (SnCF Global) – Equity", FP151 "Technical Assistance (TA) Facility for the Global Subnational Climate Fund" and FP198 "CATALI.5°T Initiative: Concerted Action to Accelerate Local I.5° Technologies – Latin America and West Africa".

FP174 is implemented by CABEI and focuses on strengthening the adaptive capacity and climate resilience of vulnerable rural communities in countries such as Costa Rica, El Salvador, Honduras, Panama, the Dominican Republic, Guatemala and Nicaragua. FP174 shows complementarity with the Microfinance for Ecosystem-based Adaptation (MebA) project, which is being carried out in eight countries in Latin America and Africa, including the Dominican Republic, through United Nations Environment Programme (UNEP) and funded by the Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection. MebA promotes private sector involvement in adaptation financing by facilitating microfinance products for small farmers to invest in EbA options, improving the quality of life of the population (United Nations Environment Programme, 2020).

The FP174 project seeks to promote private sector involvement in financing climate change adaptation by facilitating financial products that enable small farmers to invest in EbA options. Meanwhile, the MebA project aims to provide vulnerable rural and peri-urban populations with access to microfinance services and products that allow them to invest in activities related to ecosystem sustainability, improving their incomes and resilience to the effects of climate change. Both projects share the goal of engaging the private sector in financing climate change adaptation measures, particularly through the facilitation of financial products that enable small farmers and rural communities to invest in ecosystem-based solutions. This alignment in objectives and strategies reinforces the coherence between FP174 and the MebA project, contributing to improving the quality of life of vulnerable populations and promoting environmental sustainability in the region (United Nations Environment Programme, 2020).

Box 3–2. Complementarity between electric mobility projects: complementary projects in design, but not necessarily in implementation

The analysis of GCF-funded projects related to electric mobility in the Dominican Republic reveals opportunities for synergy but also highlights challenges in terms of coordination and alignment with national priorities.

Complementary projects in the Dominican Republic

FP189 (E-Mobility, implemented by Inter-American Development Bank – IDB) and FP237 (E-Motion, implemented by Agence Française de Développement – AFD) are being executed in the Dominican Republic alongside other countries in the region. Both projects share the objective of promoting low-carbon transportation through the introduction of electric mobility technologies.

While these projects have aligned objectives, there is no evidence of direct coordination between the AEs (IDB and AFD), which could limit complementarity and the potential to maximize their impact in the country.

Integration between national and regional efforts

The readiness programme of UNEP, also implemented in the Dominican Republic, aims to build capacities and establish national policies for electric mobility. This programme complements the work of FP189 and FP237, particularly in areas such as developing regulatory frameworks and financing strategies.

However, the design documents for FP189 and FP237 do not detail how readiness programme actions are integrated into their national strategies. This creates a challenge in ensuring effective alignment between regional approaches and the country's specific needs.

Presence of multiple international actors in the country

In the Dominican Republic, in addition to the IDB, AFD and UNEP, other actors such as GIZ and Development Bank of Latin America and the Caribbean are also promoting projects related to sustainable mobility, though outside the GCF framework. These initiatives include programmes such as Euroclima+, which develops national policies for sustainable mobility across various countries in the region.

Despite the potential to coordinate efforts, there are no formal mechanisms to ensure complementarity between these initiatives and the projects funded by the GCF in the Dominican Republic.

d. Added value of GCF investments in the country

The GCF is playing an important role in the Dominican Republic, providing more than financial resources. GCF-funded projects contribute to areas such as institutional strengthening, social inclusion, energy transition and the creation of a low-emission economy. Beyond funding, the GCF promotes the adoption of the highest international standards in project formulation, implementation and monitoring. Projects executed under GCF standards adhere to strict principles of transparency, sustainability and social inclusion, aligning the Dominican Republic's actions with global best practices in sustainability and climate financing.

Participation in GCF initiatives also encourages national institutions to strengthen their technical and operational capacities, creating a multiplier effect that enhances the quality and sustainability of projects. The accreditation process is a notable example, offering a significant opportunity for institutional development. This process not only elevates standards, enabling access to other funding sources, but also drives capacity-building. As noted by representatives from institutions undergoing accreditation, "going through the accreditation process is a huge step forward in capacity-building that an institution like this can aspire to. The added value of the process has been fantastic."

Additionally, its high standards help elevate national standards to the highest international levels, aligning the country's actions with global best practices in sustainability and climate financing.

Financing for decarbonization and clean transportation: The GCF is expected to support emissions reduction in the transportation sector by introducing electric vehicles, primarily in public transport and commercial fleets. Besides reducing emissions, FP189 (E-Mobility) and FP237 (E-Motion) support includes resilient urban transportation infrastructure to withstand threats like floods, heat waves and hurricanes, especially in vulnerable cities in the region. The transition to low-carbon mobility reduces health care costs and dependence on imported fossil fuels while fostering job creation in electromobility-related sectors.

Social inclusion and local actor engagement: Projects are expected to positively impact the participation of local actors in the Dominican Republic. FP097 involves MSMEs in rural sectors, particularly agriculture and helps them obtain support in improving their climate resilience. Although the project has executed very few activities in the country to date, in 2023, it held workshops on gender, organizational capacities, climate change threats, and adaptation measures (Green Climate Fund, 2024).

3. Effectiveness

Assessing the effectiveness of GCF-funded projects in the Dominican Republic is a complex task due to several factors.

- Limited evidence availability: To evaluate the effectiveness of GCF investments, it would be necessary to analyse the outcomes of each project individually. However, in the Dominican Republic, no SCPs are being implemented, resulting in limited concrete and specific evidence on direct impact.
- Dispersed implementation in MCPs: Of the nine MCPs, six are in the implementation phase; however, as of the time of this study, these projects have hardly executed activities in the country, focusing their efforts on other territories.[27] This reduces the ability to analyse specific results for the Dominican Republic, as implementation in the country may not have started yet or may be limited. For example, projects FP151 and FP152 list 42 beneficiary countries across four regions (eastern Europe, LAC, Africa and Asia-Pacific).
- Lack of communication with the NDA: An aggravating factor is that the AEs, which lead project implementation, do not report specific progress to the NDAs of each country. As a result, the NDA in the Dominican Republic lacks detailed information on the status and progress of projects within its territory. As one stakeholder in the country mentioned, "If information is not specifically requested from the IAE, there is no access to information on project implementation."
- Insufficient reporting in annual performance reports (APRs): The APRs submitted to the GCF do not break down implementation progress by country within MCPs. This makes it challenging to assess to what extent the projects in which the Dominican Republic participates are achieving the expected national-level objectives.

These factors complicate the analysis of GCF investment effectiveness in the Dominican Republic, as fragmented implementation, a lack of specific reporting, and the absence of clear activities in some cases limit the availability of reliable and precise information.

[27] The FP174 project, implemented by CABEI, has started with an awareness-raising workshop on the intervention.

a. Utility and limitations of the RPSP

The RPSP is active in the Dominican Republic, with a total of USD 5.8 million committed through four national grants and five regional grants. Of this total, USD 4.6 million is committed through national projects, and USD 1.2 million is through regional projects. Overall, this amount represents about 3.2 per cent of the total RPSP funding in the LAC region.

DOM-RS-001 "Strengthening national capacities through the climate change readiness support program in the Dominican Republic" was the first support granted to the Dominican Republic through the RPSP. The grant was approved in 2016 and managed by Fundación Reservas, with funding of USD 300,000. This resource aimed primarily to strengthen national capacities for climate change adaptation and preparedness. The fund sought to train the foundation in direct access to climate financing, promoting low-carbon and climate-resilient development. The implementation of this grant included training local institutions, improving adaptation planning and mobilizing investments for sustainable projects. Since 2017, thanks to this support, Fundación Reservas has actively collaborated on projects with the Ministry of Environment and Natural Resources, prioritizing proposals that foster collaboration among national and regional actors for effective engagement with the Fund. In this context, 11 key consultancies were implemented to strengthen sectors related to the country's climate change mitigation and adaptation goals. The operational capacity of the NDA was also enhanced, consolidating the Dominican Republic's commitment to the GCF (Fundación Reservas, 2019).

DOM-RS-002 "Building capacity to advance National Adaptation Plan process in the Dominican Republic" was awarded to the Dominican Republic through UNEP with funding of USD 2,998,325. This initiative aimed to reduce the country's vulnerability to climate change by improving adaptation and resilience. The project sought to integrate climate adaptation into planning and execution in key sectors at national and local levels. The result of this support led to the drafting of a NAP as a guiding and useful tool for addressing the challenge of adapting to climate change. The main expected outcome of this support was the development of two concept notes, which have not yet been completed. However, the grant also aimed for other important achievements, such as strengthening institutional, legal, policy and planning frameworks and actively engaging key stakeholders in adaptation planning and implementation. Additionally, it aimed to foster the production of relevant and quality knowledge and capacity-building at various levels, promoting an integrated approach to enable the Dominican Republic to efficiently and sustainably address climate challenges over the long-term (Green Climate Fund, 2018).

DOM-RS-003 "Building capacity for direct access to climate finance", awarded through the Centre for Agricultural and Forestry Development (CEDAF) for USD 565,032, aimed to strengthen the country's capacity to access climate finance directly and manage these resources effectively. Specifically, it sought to enhance the NDA's capabilities to meet the GCF's fiduciary, social and environmental standards. Additionally, the grant was intended to increase private sector involvement by creating collaboration networks and implementing awareness-raising and training activities. These actions were part of a strategic framework designed to optimize the flow of climate finance from both national and international sources, prioritizing highly vulnerable sectors such as agriculture and forestry. The result of this grant provided support to the institution in its accreditation process, although it has not yet been completed. However, it equipped the NDA with capacities in climate change adaptation, highlighting climate finance as a central mechanism for achieving sustainability in the Dominican Republic. This readiness grant aimed to develop three concept notes; however, none have been produced to date. The proposal also highlighted the need to create a platform to monitor the flow of climate finance, which would allow national institutions and

private actors to track and evaluate the impact of investments in climate adaptation (Green Climate Fund, 2019).

DOM-RS-004 "Mobilizing International Climate Finance and Private Investments for Low-Carbon Development in the Dominican Republic" was the most recent individual readiness support accessed by the Dominican Republic. It was awarded through GGGI for a total of USD 695,742. The main objectives of this readiness grant included creating a national finance platform focused on monitoring climate finance flows and promoting private sector participation in adaptation and mitigation projects, as well as advancing the accreditation of two local entities. This grant sought to develop a national climate finance strategy that facilitates effective planning and prioritization in accessing both national and international funds. It also proposed creating collaboration networks between private and governmental entities and facilitating training in key areas, promoting a comprehensive approach to climate change and strengthening climate resilience in the country (Green Climate Fund, 2022). As a result of this grant and the country's efforts, in 2024, the first sovereign green bond was issued in international markets with a 12-year maturity, raising USD 750 million at its launch, demonstrating an institutional context that strengthens its position as a country eligible to receive funds for its climate change policy (Martínez and Mascaró, 2024). The RPSP grant played a crucial role in achieving this outcome by supporting the development of the underlying portfolio, fund allocation, impact monitoring, quantification, and the disclosure of environmental effects (Global Green Growth Institute, 2024).

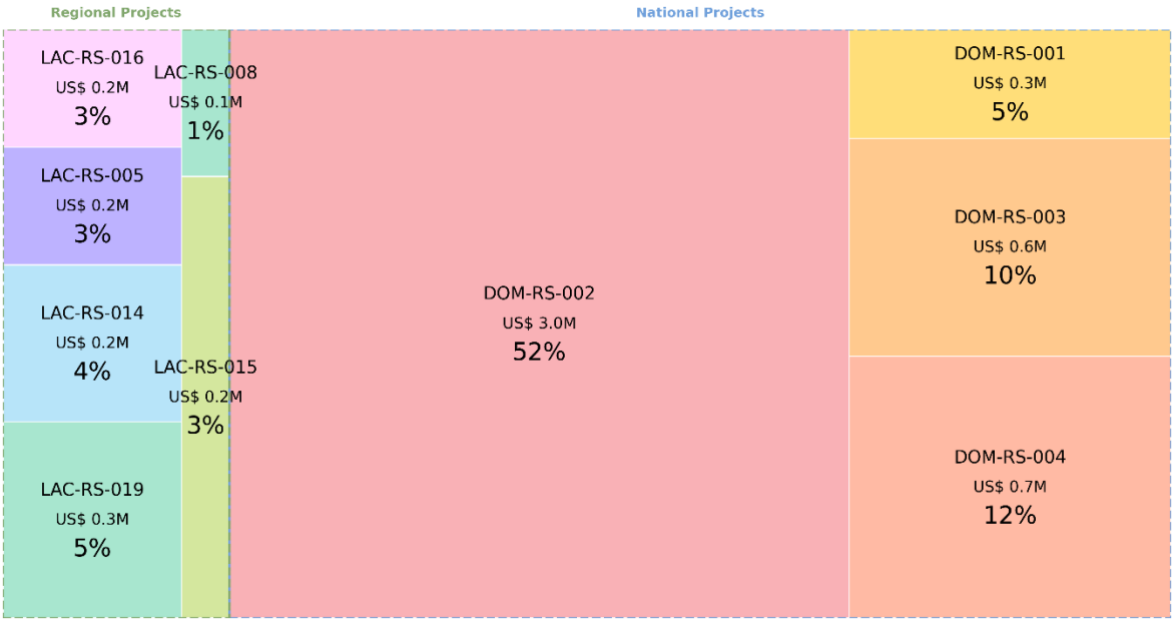
Dominican Republic participates in the regional project LAC-RS-005 "Advancing a regional approach to e-mobility in Latin America", aimed at identifying and harmonizing climate financial flows in electric mobility (Green Climate Fund, 2020). This project covers investments in both private fleets and charging station infrastructure.

As observed, many readiness programmes have included the goal of generating concept notes; however, this goal has not been achieved to date. An identified obstacle to producing high-quality concept notes capable of attracting AE participation and gaining GCF approval is the insufficient resources allocated specifically for this activity within the readiness programme. This budget limitation hinders the hiring of necessary experts and the dedication of adequate time and effort to meet the GCF's stringent standards. As one stakeholder mentioned, "Readiness programmes in the Dominican Republic are primarily seen as institutional strengthening projects rather than a means to access new resources. Although they include the goal of developing concept notes, the funds allocated for this are often limited, barely sufficient to hire a local consultant. This makes it difficult to reach the quality level the GCF requires in its concept notes. In contrast, the Adaptation Fund provides sufficient funding for a team of up to seven people to work on concept notes, and its submission requirements are less stringent than those of the GCF."

Figure 3–4 shows the distribution of RPSP funds in the Dominican Republic. Some 73 per cent of the resources are allocated to the NAP, indicating a high priority on strengthening the country's strategies for adapting to climate change. This reflects the need to build resilience to the effects of climate change, especially in a vulnerable country like the Dominican Republic.

Additionally, 13 per cent is dedicated to capacity-building for direct access to climate finance, 8 per cent is allocated to mobilizing international and private finance for low-carbon development, and 6 per cent is focused on strengthening national capacities.

Figure 3–4. Financing by title of the RPSP in the Dominican Republic



Source: GCF API readiness data (amount approved by country), as of B.39 (19 July 2024), analysed by the IEU DataLab.
Note: The regional RPSP figures reflect planned allocations rather than actual disbursements and may not correspond directly to disbursement made on the ground in the Dominical Republic. The figures should therefore be interpreted as indicative and subject to change with further data revisions and project developments.

b. Challenges in project design and approval

The design and approval of GCF-funded projects in the Dominican Republic face various structural and operational challenges. These difficulties limit efficient access to fund resources and affect the country's ability to align strategic projects with its climate priorities.

Limitations in DAE accreditation

The Dominican Republic faces significant challenges in accrediting local entities as DAEs with the GCF, limiting its ability to design and approve projects autonomously. Barriers include the high demands of the accreditation process, lack of clarity about the strategic value of accreditation, and lack of coordination among relevant actors.

The NDA has nominated three entities for direct access accreditation; however, it has received communication from the GCF Secretariat indicating that, for now, there is only administrative capacity to proceed with the accreditation of one institution per country. Given this situation, the NDA has had to prioritize one of the nominated entities.

The absence of accredited local entities reduces the country's ability to directly influence project design and align its climate goals with broader regional agendas. During interviews, dissatisfaction was observed with MCPs designed primarily by the headquarters and regional offices of IAEs. This reliance on external timelines and processes hinders efficient implementation and reduces agility in responding to emerging needs.

Disconnection between the NDA and GCF processes

The NDA's limited role in the design and approval of GCF projects in the Dominican Republic poses a significant challenge. Its involvement is mainly limited to approving no-objection letters,

and its access to information on project implementation is sporadic, depending on persistent follow-up with IAEs. This situation has led to dissatisfaction within the NDA, which seeks to change its position by accrediting local DAEs. The goal is to design projects that are more aligned with the country's needs and capacities, thereby strengthening national capacities in climate project management.

Implementation challenges

The Dominican Republic is currently involved in six MCPs in the implementation phase, providing an opportunity to analyse the APRs to identify potential challenges during execution. However, due to the limitations of these documents, it is not possible to pinpoint specific factors restricting implementation solely in the Dominican Republic, although their presence cannot be entirely dismissed. A notable issue was observed in the implementation of FP097 (CAMBio II), stemming from delays in fund availability caused by the GCF Secretariat's postponed approval of the latest APR. This project, executed by CABEI, also experienced setbacks due to tropical storms Eta and Iota. Nevertheless, these challenges have not directly affected implementation within the Dominican Republic.

As previously mentioned, the limitations of the APRs make it difficult to obtain clear feedback on project implementation. Additionally, AEs vary in the level of detail provided and frequently do not report on specific activities carried out in each country.

A major challenge in the implementation of the NAP in the Dominican Republic has been the exclusion of the Ministry of Environment from the process, even though the NAP was approved by CEDAF. This situation has created uncertainty and a lack of clarity regarding the reasons behind the ministry's exclusion, which has complicated coordination and the active participation of one of the main institutions responsible for environmental management in the country.

Moreover, although institutional capacities were developed within CEDAF for the execution of the NAP, similar capacities were not established within the Ministry of Environment. The project was executed through UNEP, an entity without an office in the Dominican Republic, requiring the use of UNDP services for personnel recruitment and administrative process management. This dependency has caused delays, as UNDP prioritizes its own procurement and hiring over those of UNEP, significantly affecting the timing and efficiency of NAP activities.

c. Critical factors affecting the effectiveness of initiatives

The effectiveness of GCF-funded initiatives in the Dominican Republic depends on several key factors influencing their design and execution. These include a solid institutional framework, the stability of government priorities, the capacity to manage projects adaptively, and overcoming bureaucratic barriers.

Institutional framework and pre-existing structures

A strong institutional framework is essential for the success of climate initiatives. Projects aligned with national programmes are more likely to be implemented smoothly, as they avoid conflicts with existing policies and ensure continuity of actions.

In this regard, the Dominican Republic has a robust legal framework for climate change and has identified its priorities in this area. However, the country faces a significant challenge in lacking direct access to GCF resources, which limits its ability to achieve these goals more efficiently. Without this access, project implementation and the achievement of key climate objectives depend on intermediary mechanisms, which can cause delays and reduce flexibility in adapting to local needs.

Commitment to national priorities

Political stability and consistency in government priorities are essential to maintaining consistency during project execution. Shifts in priorities can create uncertainty and delays in implementation, making it crucial for projects to align with the country's long-term national goals. In the Dominican Republic, economic development is expected to be achieved in the coming years alongside environmental sustainability, which is why government policies have incorporated climate adaptation as a key focus in their international cooperation decisions. An example of this is that 13.23 per cent of the international cooperation funds received nationally are directed towards the environment and climate change (the Ministry of Economy, Planning and Development). Among the various international cooperation actors is the GCF, which has committed to supporting the country's NDCs through MCP projects, even without a country programme.

However, the effectiveness of GCF projects is constrained by the NDA's lack of adequate tools to effectively manage funds and ensure their alignment with the NDCs. While the NDA seeks to channel resources towards the country's climate priorities, it faces limitations in its capacity to design clear operational strategies, coordinate with key stakeholders and monitor project progress. This absence of technical and administrative instruments hinders the implementation of effective initiatives, highlighting the need to strengthen its capacities and provide it with the necessary tools to fulfil its role more efficiently.

Adaptive management and flexibility in execution

The adaptive management of GCF-funded projects faces challenges in adjusting to local realities. An overly rigid approach that requires waiting until all information is available before acting can slow down decision-making. Local stakeholders suggest adopting a more flexible methodology that allows data-collection during implementation, promoting learning on the go and adjusting to emerging needs.

An example of this is the implementation of the readiness programme DOM-RS-004. In collaboration with the GGGI, the GCF supported efforts to enhance the institutional capacity, strategic frameworks and project portfolio of the Dominican Republic to increase the mobilization of national and international climate financing, which culminated in the issuance of green bonds. The grant's design should have been aligned with the overarching National Climate Finance Strategy to guide, enable and plan access to and use of both national and international climate financing. This comprehensive definition, with interesting lines of action yet characterized by a complex logical framework and budget management, requires GCF support to adapt to the country's evolving context until the proposed results are achieved.

4. Efficiency

General perception of efficiency

Despite the scale and potential impact of GCF-funded projects, their management is perceived as slow and inefficient. Interviews with local stakeholders highlight that, although the GCF offers favourable concessional terms, its procedures are complex and bureaucratic, limiting its ability to respond quickly to the country's climate needs.

The rigidity of the processes negatively impacts both project implementation and fund access, preventing projects from progressing at the necessary pace to meet national and international climate goals. This situation creates frustration among the entities involved, jeopardizing institutional sustainability and reducing motivation to participate in future calls.

Bottleneck in entity accreditation

The accreditation process has been identified as one of the main barriers to efficiency. Local entities face serious challenges in meeting the GCF's technical and administrative requirements, which include strict financial standards, proven management capacity and advanced environmental and social safeguard policies.

In the case of the Dominican Republic, the Government has nominated three national entities for the GCF accreditation process, but the Secretariat has requested that they prioritize only one. This has created difficulties for the Ministry of Environment and Natural Resources, as GGGI is currently supporting the accreditation processes of Fondo Marena and Fundación Sur Futuro.

The lack of an accredited national entity has led to dependence on IAEs, such as multilateral organizations or development banks, to submit projects. This approach reduces the country's autonomy in designing projects that fully align with its local priorities and needs.

Complexity in project preparation and approval

Even AEs face a second hurdle in the project preparation phase. The GCF requires proposals to present a high level of technical justification and detailed analysis, both in terms of climate impact and compliance with environmental and social criteria. Meeting these high standards requires a significant investment of time and resources, which is prohibitive for many entities with limited resources.

This process increases design costs and can extend over years, during which local conditions may change. National priorities may shift due to political changes or emerging situations, forcing the reorganization or abandonment of proposals entirely, leading to a significant loss of resources invested in the planning stage.

a. Readiness and Preparatory Support Programme

In terms of efficiency in the use of readiness resources, the Dominican Republic demonstrates stronger performance than the LAC average. Specifically, the country has a disbursement rate of 98 per cent for the total approved amount, surpassing the regional average of 78 per cent. This points to a higher level of efficiency in disbursing approved RPSP funds. However, the Dominican Republic's average approval time for RPSP grants is 225 days – shorter than the global average of 253 days but longer than the LAC average of 187 days – indicating room for improvement relative to other countries in the region.

Table 3–3. Average number of days between submission and approval in Dominican Republic national RPSP

Country/region	Average days for approval	Amount disbursed (USD mi.)	Amount approved (USD mi.)	Disbursed/approved ratio
Dominican Republic**	225	4.5	4.6	98%
LAC	187	134.6	171.6	78%
Total	**253**	**404**	**557.4**	**72%**

Source: GCF Tableau server (iPMS data), as of B.39 (19 July 2024), analysed by the IEU DataLab.
Note: **The figures at country level includes only projects implemented exclusively within The Dominican Republic. Regional or global projects that may have activities in the Dominican Republic have been excluded to provide a clearer picture of in-country approval times and disbursement rates.

b. Proposal approval process

Among the nine MCPs that include the Dominican Republic, the average time from submission to approval is 964 days – about 49 per cent longer than the LAC regional average of 647 days. The multi-layered design process – often carried out at the head office level of AEs – requires multiple levels of coordination and approval, accounting for a substantial share of the overall approval period.

Table 3–4. Number of days to approval process for the MCPs that include the Dominican Republic

FP	Days to approval
FP097	485
FP151	1,171
FP152	1,171
FP174	972
FP189	748
FP198	1,209
FP223	611
FP237	1,514
FP242	791
Average for MCPs that include the Dominican Republic	964
Average for LAC region**	647

Source: GCF Tableau server (iPMS data), as of B.39 (19 July 2024), analysed by the IEU DataLab.
Note: **Number of days to approval process for LAC region include SCPs and MCPs only in the LAC region. MCPs across regions were excluded.

c. Disbursement speed

Disbursement speed – the time from a fund's approval to when resources are first made available – offers a measure of management efficiency. In MCPs that include the Dominican Republic, the average disbursement occurs in 373 days, which is faster than the regional average of 495 days. However, since these figures represent a MCPs' average, it is uncertain whether the Dominican Republic receives its share of project funds at the same pace – or whether it experiences delays. Additional data or analysis would be needed to determine how quickly funds specifically reach the Dominican Republic.

d. Efficiency in co-financing traction

The GCF's capacity to mobilize co-financing is a key measure of its overall impact. For the Dominican Republic's portion of relevant MCPs, preliminary estimates suggest that approximately USD 206.5 million in co-financing could be attracted. In other words, for every dollar of GCF financing committed to these nine MCPs, an additional USD 1.98 in co-financing may be leveraged[28].

[28] These figures for the Dominican Republic are indicative and based on MCP agreements; final allocations may differ as project details continue to be implemented.

All GCF-funded projects in the Dominican Republic include foreseen co-financing, highlighting it as a key aspect in mobilizing additional resources thanks to the Fund's support. The foreseen co-financing analysed was from both public and private sources. In seven of the nine MCPs, the financing was entirely public. Project FP223 has 84 per cent private financing and only 16 per cent public financing, while project FP152 has 100 per cent private co-financing.

Table 3–5. Comparison of co-financing source by project in the Dominican Republic

FP	Sources of co-financing	Co-financed in the Dominican Republic (USD mi.)	Co-financed ratio	Total value in the Dominican Republic (USD mi.)
FP097	Public	1.8	45%	4
FP151	Public	0.2	34%	0.7
FP152	Private	14.3	80%	17.9
FP174	Public	13.4	35%	38.4
FP189	Public	25	44%	45
FP198	Public	0.6	26%	2.4
FP223	Private	58.8	75%	78
	Public	11.2	14%	
FP237	Public	28.7	62%	46
FP242	Public	85.7	77%	110.7

Source: GCF Tableau server (co-financer data), as of B.39 (19 July 2024), analysed by the IEU DataLab.

5. PARADIGM SHIFT, POTENTIAL SUSTAINABILITY, REPLICATION AND SCALABILITY

The potential for a paradigm shift that GCF-funded projects could generate in the Dominican Republic is currently limited. This is largely because the country has exclusively participated in MCPs, which, although representing a significant opportunity for climate financing, have yet to lead to substantive activities within the national territory.

While MCPs can offer benefits at the regional level, the implementation of these projects in the Dominican Republic has not reached the scale or impact needed to enable significant changes in national approaches and policies related to climate change. The limited execution of activities within the country has prevented GCF projects from generating transformative effects that could contribute to strengthening climate resilience and low-carbon development locally.

Additionally, the lack of direct access to GCF funding limits the Dominican Republic's ability to make more agile decisions aligned with its national priorities, restricting its capacity to fully leverage the opportunities these projects could offer and embed GCF's investments into national systems. In this context, exclusive participation in MCPs, which involve projects designed and managed at the regional level, has made it difficult for the country to implement initiatives that directly respond to its local needs, thus limiting the transformative impact of the GCF in its fight against climate change.

The Dominican Republic faces significant vulnerability to the effects of climate change, underscoring the urgent need to access international funds to implement projects that strengthen its resilience and promote low-carbon development. Given its high risk of events such as hurricanes,

droughts and sea level rise, the country requires additional resources to adapt its infrastructure, productive systems and communities to climate challenges.

The GCF has the potential to fund these crucial efforts, offering a significant opportunity for the Dominican Republic to advance in implementing adaptation and mitigation projects. However, for the country to fully capitalize on this potential, it is necessary to increase the actual level of execution and allocated funding. The availability of more resources, along with an effective focus on implementation, would allow the Dominican Republic to advance its climate priorities, improving its response capacity and reducing its vulnerability to the impacts of climate change.

Regarding the support received through the RPSP, the case of DOM-RS-004 is seen as a success story in achieving a paradigm shift in private climate finance. The programme has contributed to the development of the National Climate Finance Strategy, which guides and plans the access to and use of climate finance in the country. The issuance of green bonds is an example of financial innovation promoted by the programme, facilitating investments in sustainable and climate-resilient projects. The programme has fostered collaboration between government entities and the private sector, creating a conducive environment for systemic changes in climate finance in the Dominican Republic. The programme's success is based on the capacity of national institutions to manage climate finance and the Government's commitment to climate sustainability.

Additionally, through the DOM-RS-003, activities designed to involve private actors, such as workshops for the development of climate-related projects, were implemented. A network and platform have been established to monitor private sector climate finance flows, fostering investment in mitigation and adaptation actions.

The GCF's readiness programme is adopting a transformative approach in its climate strategies, moving beyond isolated actions towards a model that promotes structural and systemic changes. The regionalization of readiness has begun to prioritize key aspects, integrating the transformation of agrifood systems as a central objective. This approach seeks to go beyond the mere introduction of technological innovations, promoting systemic change that includes social, economic and environmental dimensions.

In the Dominican Republic, a dialogue with the NDAs is under way to align these strategies with national priorities, fostering greater participation and ownership of climate goals. Collaboration with local financial entities, such as the Agricultural Bank, reflects a commitment to mobilizing financial resources towards climate-responsible actions. This not only strengthens access to climate finance but also promotes economic sustainability in key sectors.

a. Expected future impact and sustainability potential of GCF investments in the Dominican Republic

Results achieved and projects in progress

To achieve the paradigm shift and reach the expected impact of GCF-funded projects, their proper execution and completion are necessary (though not sufficient) conditions. In the Dominican Republic, the paradigm shift and potential impact are restricted by the scarcity of GCF interventions in the country. Although nine MCPs have been approved, only six are in the implementation phase, and none of them have carried out significant activities within the country. This creates high uncertainty about the benefits the country will be able to derive from these initiatives. Therefore, the paradigm shift proposed by GCF projects faces difficulties in moving from theory to practice.

This situation highlights the need for greater investment and commitment at both national and international levels to ensure that GCF projects can be implemented effectively and generate the

expected benefits in terms of climate change adaptation and mitigation. Without an increase in the quantity and quality of interventions, the transformative potential of GCF projects may not fully materialize in the Dominican Republic.

Involvement of the NDA: Key to sustainability

The NDA expects its participation to be fundamental in ensuring the sustainability of GCF-funded projects. As the main link between the GCF and the country, the NDA should ensure that the project objectives are aligned with national priorities and facilitate effective communication among stakeholders.

However, as previously mentioned, the role of the NDA is severely constrained due to its limited ability to truly influence the design and implementation of projects. Despite these constraints, the NDA emphasizes that readiness programme initiatives contribute to capacity-building. This empowerment allows local actors to manage and sustain GCF-funded initiatives effectively, enabling the benefits, once achieved, to extend beyond the project's lifespan.

The NDA in the Dominican Republic has facilitated collaboration among key stakeholders, such as the Ministry of Environment, private sector entities like the Agricultural Bank, and local civil society organizations. For instance, through its engagement in the DOM-RS-003 project, the NDA has actively involved private actors in workshops designed to develop climate-related projects, resulting in tangible outputs such as a private sector platform for monitoring climate finance flows. This approach has directly fostered partnerships that have enabled the mobilization of financial resources for mitigation and adaptation actions, exemplified by the development of green financing instruments like climate-smart livestock programmes.

Moreover, the NDA's role in project monitoring has been pivotal. In the DOM-RS-004 initiative, the NDA worked closely with CEDAF to track the implementation of the National Climate Finance Strategy. This collaboration not only ensured that project activities aligned with national priorities but also facilitated real-time adjustments to address challenges, such as delays in private sector engagement. Establishing a direct communication channel with AEs, the NDA was able to resolve operational bottlenecks promptly, which significantly improved project efficiency and impact.

These practical actions underscore the importance of an active NDA in integrating lessons learned from ongoing projects into future initiatives, creating a feedback loop that enhances both the sustainability and the systemic impact of GCF interventions in the country.

However, this dynamic generally does not occur, as many times the IAEs implement projects from headquarters and offices outside the country.

Participation of multiple actors and institutional and social ownership of projects

The active participation of multiple stakeholders is essential for the success and sustainability of projects, especially those aimed at addressing climate change and fostering resilience. Among these stakeholders, the private sector plays a crucial role by providing the resources, innovation and expertise necessary to ensure that these initiatives can thrive in the long term.

The Dominican Republic has a dynamic economy and a growing private sector. This context has presented some challenges for project FP097, as the financial products offered to intermediaries have not been sufficiently attractive, given that market conditions are highly favourable for credit takers. There is a competitive offer in the Dominican financial market, which has prevented these resources from being utilized so far. This highlights the capabilities of the private sector in the country.

The private sector serves as a crucial platform to sustain climate action initiatives. By involving companies and entrepreneurs, projects can leverage financial investments, technological

advancements and market-driven solutions that can enhance their effectiveness and reach. Private sector participation not only increases the available capital but also fosters a sense of ownership among companies, motivating them to contribute to the project's success. In the Dominican Republic, the GCF has actively engaged the private sector to enhance climate action initiatives. A notable example is the DOM-RS-004 project, launched on 10 May 2023. This initiative, implemented by GGGI in collaboration with the Ministry of Environment and Natural Resources, aims to increase both public and private sector financing for climate action (Global Green Growth Institute, 2024).

The project has facilitated workshops and capacity-building activities, training over 42,000 participants, including government officials and private sector actors. These efforts have led to the development and implementation of more than 183 investment projects and policies globally, fostering a sense of ownership among companies and motivating them to contribute to the project's success (Global Green Growth Institute, 2024).

Additionally, the GCF has supported the issuance of the Dominican Republic's first sovereign green bond, amounting to USD 750 million. This financial instrument is designed to fund sustainable projects in clean energy, transportation and waste management, demonstrating the GCF's commitment to mobilizing private investments for climate-resilient development (Global Green Growth Institute, 2024).

Through these targeted actions, the GCF has effectively involved the private sector in the Dominican Republic, leveraging financial investments and fostering partnerships that enhance the effectiveness and reach of climate action initiatives.

It is important to note that the private sector in the Dominican Republic often lacks awareness of the GCF and generally considers that only the public sector can access this institution. Despite the importance of collaboration between these two sectors, private sector participation in GCF-funded projects has been notably low.

This limited involvement can be attributed to various factors. Firstly, there is a lack of knowledge about the opportunities offered by GCF projects. Many companies are not aware of how they can benefit from these initiatives or of the financial and technical resources available to them. This is compounded by the perceived risks associated with investing in climate initiatives, leading companies to be cautious about committing their resources.

Consequently, this lack of private sector participation not only limits the potential of GCF projects but also creates a significant gap in the collaboration necessary to tackle climate challenges. To bridge this gap, it is essential to promote greater awareness and understanding of the GCF and its opportunities among institutions in this sector, as well as to establish clear incentives that encourage active participation in adaptation and mitigation initiatives.

b. Replication and scaling of GCF investments in the Dominican Republic

The transformative potential of GCF investments in the Dominican Republic depends not only on the quality of project design but primarily on their effective implementation and completion.

One of the main challenges to scaling and replicating these initiatives lies in the low levels of execution, often impacted by the arbitrariness with which AEs decide to implement the projects in the context of an MCP. Without in-country implementation and project completion within the expected timelines, the lessons learned and best practices dissipate, compromising their scalability potential. Additionally, a lack of continuity in the actions carried out in the MCPs by the AEs can discourage participation from the private sector and other strategic actors, which are essential for ensuring long-term financial sustainability.

Some of the institutions interviewed consider that the GCF could play a key role in scaling successful initiatives previously funded by other donors. This is because meeting the requirements to formulate a project for the GCF becomes more feasible when there is already a successful experience that has generated evidence and best practices. For example, an AE with a presence in the Dominican Republic commented that, after successfully completing a climate-smart livestock project funded by the Global Environment Facility, it sought to scale it with GCF funds. However, the formulation process for the GCF presents a considerable level of uncertainty: the AE prefers not to proceed with the concept note without prior support from the NDA, while the NDA, in turn, needs a relatively developed project to provide its approval. This circular process complicates the possibility of scaling initiatives and represents a challenge for moving forward with proposals that have already demonstrated their effectiveness.

6. Country ownership

a. Identification, ownership and involvement of national authorities

National ownership of GCF-funded projects faces significant challenges due to the central role played by AEs, which, in the case of the Dominican Republic's MCPs, are international entities. In this context, national authorities find their ability to influence and negotiate project terms limited, jeopardizing alignment with local priorities and needs.

The Dominican Republic has demonstrated a strong interest in changing how AEs include the country by nominating three national entities for accreditation with the Fund. Considering these nominations, the Government was surprised by the GCF Secretariat's request to prioritize only one entity.

While these challenges highlight some weaknesses of the GCF, the responsibility does not lie solely with the Fund. In the LAC, frequent changes in government impact the continuity and learning curve of technical teams, weakening institutional strength and leadership capacity in climate projects. Nevertheless, the Dominican Republic stands out for its relative institutional stability, which allows for greater continuity in the management of projects and programmes.

b. Effectiveness of the GCF in developing institutional capacities

The projects implemented under the GCF readiness programme in the Dominican Republic have made progress in strengthening institutional capacities at the national and subnational levels. The Dominican Republic has accessed four grants under the RPSP, of which three stand out for including efforts to build capacity.

The DOM-RS-004 project has as its main goal the enhancement of the Government's institutional capacity to mobilize climate finance and private investments in support of the NDC. Its objectives include: (i) developing the National Climate Finance Strategy, (ii) supporting the accreditation of two DAEs, (iii) assessing the capital market for issuing green bonds and debt-for-climate swaps, (iv) providing technical assistance for financial institutions to integrate environmental and social standards, and (v) implementing the country's first Green Education and Training Strategy.

Likewise, the DOM-RS-002 project aims to build sustainable capacity to identify, plan and implement medium- and long-term climate adaptation measures, reducing the country's vulnerability to climate impacts through adaptive planning in key sectors and across different levels of government.

Finally, the DOM-RS-003 project, implemented by CEDAF, focuses on preparing the country-nominated entity to meet GCF standards, thereby strengthening its fiduciary, environmental and social capacities to effectively manage climate funds and support national climate finance goals.

Together, these projects reflect GCF's efforts in institutional capacity development through the RPSP, promoting multi-sector partnerships, the integration of climate adaptation into public policies, and continuous learning. However, the continued ownership of these achievements will depend on the country's ability to consolidate these initiatives within a robust institutional framework, which will be crucial for addressing climate change challenges in an integrated manner.

There is still no evidence that the MCPs have generated actions to strengthen the country's institutional capacity and country ownership.

7. Gender and Indigenous Peoples

In the Dominican Republic, all analysed MCPs include a gender approach to varying degrees, recognizing the importance of integrating women into climate adaptation and sustainability efforts, especially in rural and vulnerable areas. For the analysis, documents such as the gender assessment, gender action plan and environmental and social safeguards report were reviewed. However, given that disaggregated information at the national level is unavailable, it is not possible to confirm whether these activities and plans will be specifically carried out in the Dominican Republic.

Additionally, interviewed stakeholders expressed a lack of awareness regarding the effective implementation of these projects in the country, suggesting a lack of clarity or communication about the specific progress and benefits that the MCPs could bring at the local level. This lack of information limits the ability to assess the concrete impact on gender and rights aspects within the Dominican context, highlighting an opportunity to improve communication and transparency in the execution of GCF projects in the region.

The initiatives identified as potential success cases were taken from the design documents of the MCPs, not from their implementation stage, as the weak monitoring systems and lack of standardization in tracking do not allow for a clear analysis of progress in gender and Indigenous Peoples' issues.

a. Initiatives with a gender focus

The reviewed projects show a strong commitment and consistent approach towards the inclusion and empowerment of women in strategic sectors. While training and financial support initiatives are common, the projects could benefit from setting clear objectives to increase female representation in leadership and decision-making roles. This would help ensure equitable and sustainable participation of women in sectors such as clean technology and sustainable mobility. The following analyses the common factors identified regarding gender approaches in the analysed projects.

Training and skill development: All projects include training activities for women with the goal of promoting their participation in technical or sustainable sectors, according to the funding proposals. The training ranges from technical skills in electric mobility and sustainability to economic empowerment through leadership and entrepreneurship.

Promotion of safe and equitable work environments: FP237 and FP198 include measures to ensure that women work in safe environments, free from harassment and violence. This approach is key in sectors where women may be underrepresented and exposed to higher risks.

Within specific approaches in the funded projects, two cases stand out:

- The FP097 project aims to implement the "adapt-awards," an incentive system to reward MSMEs led by women. This practice is innovative because, in addition to providing financing, it creates an additional incentive for more women to participate in sectors traditionally dominated by men and in climate adaptation-related projects.
- FP189 plans to integrate a gender module into all training sessions in the electric mobility sector, covering topics such as gender-based violence prevention and gender-differentiated transportation patterns. This measure stands out for going beyond technical training and addressing gender equity in a practical and culturally sensitive way, helping to reduce biases and promoting an inclusive environment in the mobility sector.

b. Safeguards and rights in project implementation

The institutions collaborating with the GCF in the Dominican Republic agree that the Fund sets a high standard for the implementation of safeguards, the protection of Indigenous rights, the inclusion of a gender perspective, transparency and grievance mechanisms.

The Fund not only focuses on climate rationale but also promotes effective social inclusion and respect for human rights in all its projects. The GCF requires implementing institutions to incorporate measures that ensure the active participation of Indigenous and rural communities, as well as the consideration of gender gaps in the design and implementation of projects. Additionally, transparency in processes is encouraged, and appropriate channels are ensured for managing grievances, allowing beneficiaries to voice their concerns or report potential irregularities.

Safeguards and rights in implementation are well integrated into these projects, with a focus on risk mitigation and rights protection at each phase. However, the projects could further improve by establishing specific mechanisms for conflict resolution and providing training on rights to the communities involved, thus promoting a relationship of trust and mutual respect. The following presents common factors and some specific cases regarding the use of safeguards and rights in implementation:

Safeguards and rights protection policies: All projects integrate environmental and social safeguards to ensure that their activities do not negatively impact the communities involved. These policies include protocols to mitigate impacts on vulnerable communities and ensure their rights are respected.

Monitoring and compliance reporting systems: Each project implements monitoring systems that allow for the evaluation of safeguard compliance and protection of beneficiaries' rights. This ensures that any problems or negative impacts are detected and addressed in a timely manner.

Some specific practices in certain projects stand out as good practices to consider:

- Projects FP174 and FP198 have established clear consultation mechanisms in design documents (funding proposal, environmental and social safeguards report, gender action plan, and gender assessment), involving communities in planning and decision-making during implementation. Prior consultation is the distinguishing factor, as most projects provide consultation and participation mechanisms during implementation, but not in each of the phases.
- The environmental and social management system developed in the FP242 includes a monitoring system that collects gender- and ethnicity-disaggregated data to assess the impact of activities on different communities. This practice is particularly useful for monitoring differential impacts and allows activities to be adapted in a timely manner. Implementing such a detailed system strengthens transparency and promotes equity in the project's impact.

- FP198 incorporates training for communities on their rights and the project's safeguards in its funding proposal, which not only protects communities but also empowers them by providing the necessary tools to monitor and ensure the enforcement of rights. This approach encourages active community participation and ensures that they are informed and empowered to act in case of negative impacts.

c. Challenges in including intergenerational and minority approaches

Although all projects integrate an approach for ethnic minorities and Indigenous communities, especially through safeguards that protect communities from the negative impacts of project activities and safeguard their territorial and cultural rights, to strengthen their impact, the projects could consider implementing more in-depth consultation processes and establishing direct benefit channels for local communities, ensuring more equitable and meaningful participation at all levels of the project.

Projects such as FP174 and FP180 showcase deeper practices in their design by involving local communities in sustainable economic activities (e.g. tourism and conservation), thus promoting their economic participation and autonomy, while integrating their traditional knowledge in the management of protected areas. This approach allows communities to preserve and value their culture while benefiting economically. The combination of environmental conservation and cultural and economic empowerment is a model to be followed by other sustainability projects.

In turn, FP223 plans to implement specific safeguards to respect the cultural practices and territorial rights of the Indigenous communities involved, based on the GCF's Indigenous Peoples Policy. This approach includes prior consultations and the development of culturally adapted benefits for the communities. This measure not only avoids negative impacts but also promotes cultural and economic development in harmony with the rights of Indigenous Peoples.

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4. ECUADOR COUNTRY CASE STUDY REPORT

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ABBREVIATIONS

AE	Accredited entity
APR	Annual performance report
B.39	Thirty-ninth meeting of the Board
BDE	Banco de Desarrollo del Ecuador
CAF	Development Bank of Latin America
COA	Organic Environmental Code
CONAFIPS	National Corporation for Popular and Solidarity Finance
DAE	Direct access entity
ENCC	National Climate Change Strategy
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V
FPIC	Free and informed prior consultation
GAD	Decentralized Autonomous Government
GCF	Green Climate Fund
GHG	Greenhouse gas
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IAE	International accredited entity
IDB	Inter-American Development Bank
L&D	Loss and damage
MAATE	Ministry of Environment, Water and Ecological Transition
MCP	Multi-country project
MSME	Micro-, small- and medium-sized enterprise
NAP	National Adaptation Plan
NDA	National Designated Authority
NDC	Nationally determined contribution
RBP	Results-based payment
REDD	Reducing emissions from deforestation and forest degradation
RPSP	Readiness and Preparatory Support Programme
SCP	Single-country project
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change

A. BACKGROUND AND CONTEXT

1. OVERVIEW OF ECUADOR

Geography and climate: Ecuador, located in the northwestern region of South America, is known for its remarkable geographical diversity, with access to both the Pacific Ocean and the Amazon Basin. The country is divided into four main regions: The Coast, the Highlands (Sierra), the Amazon and the Galápagos Islands. Each region has unique climatic and ecological characteristics, making Ecuador a megadiverse country. The country hosts more than 6 per cent of the world's declared species and boasts diverse landscapes, with a large expanse of forests, especially in the Amazon rainforest. According to the Ministry of Environment, Water and Ecological Transition[29] (MAATE), in 2020, Ecuador's natural forests covered approximately 12.5 million hectares, representing nearly half the country's total area (Ecuador, Ministry of Environment, Water and Ecological Transition, 2023). These forests provide various ecosystem services, both timber and non-timber, to the Ecuadorian population, especially to rural communities; however, they face high deforestation rates due to the expansion of the agricultural frontier, particularly cattle ranching.

Nonetheless, Ecuador's ecological wealth also makes it highly vulnerable to the impacts of climate change. Major challenges include shifts in rainfall patterns, increased frequency of extreme weather events, and biodiversity loss. (World Bank, 2024). The melting of glaciers in the Andes and ocean acidification in the Galápagos illustrate the direct impact of climate change on Ecuadorian ecosystems. These phenomena threaten global biodiversity and regional climate stability, emphasizing the urgency of implementing significant investments for their preservation.

Demographics: Ecuador's population of approximately 17.8 million inhabitants is predominantly concentrated in urban areas, with Quito and Guayaquil being the largest cities. However, 35 per cent of the population lives in rural areas, where Indigenous and Afro-Ecuadorian communities are the most vulnerable to climate change, as they rely on natural resources for their livelihoods. (National Institute of Statistics and Census, 2024). These communities are primarily located in the Highlands and the Amazon, where they face challenges such as soil erosion and climate variability (United Nations Development Programme, 2022).

Economy: The country primarily relies on natural resources, with oil as its main export. The oil sector provides approximately 30 per cent of fiscal revenues and 40 per cent of total exports. (Banco Central del Ecuador, 2024). Agriculture accounts for a third of jobs, the highest rate in the Latin America and the Caribbean (LAC) region after Bolivia. Most of the workers are small-scale farmers, many from low-income households. However, reliance on extractive sectors such as agriculture and mining expose the country to economic risks from international market fluctuations and environmental degradation. As countries adopt stricter stances against deforestation-linked crops, Ecuador's high deforestation rates could subject the country's agricultural exports to increasingly stringent restrictions. Notably, these deforestation rates are also incompatible with Ecuador's emission reduction goals. Furthermore, climate change affects agriculture, reducing productivity and jeopardizing food security.

Politics: Ecuador is a presidential democratic republic where the President acts as both the Head of State and Head of Government. Since adopting the 2008 constitution, the country has undergone significant political changes, including advancements in social and environmental rights. The new

[29] The Ministry of Environment was renamed Ministry of Environment, Water and Ecological Transition since 5 June 2021. In this report, both old and new names are abbreviated as MAATE.

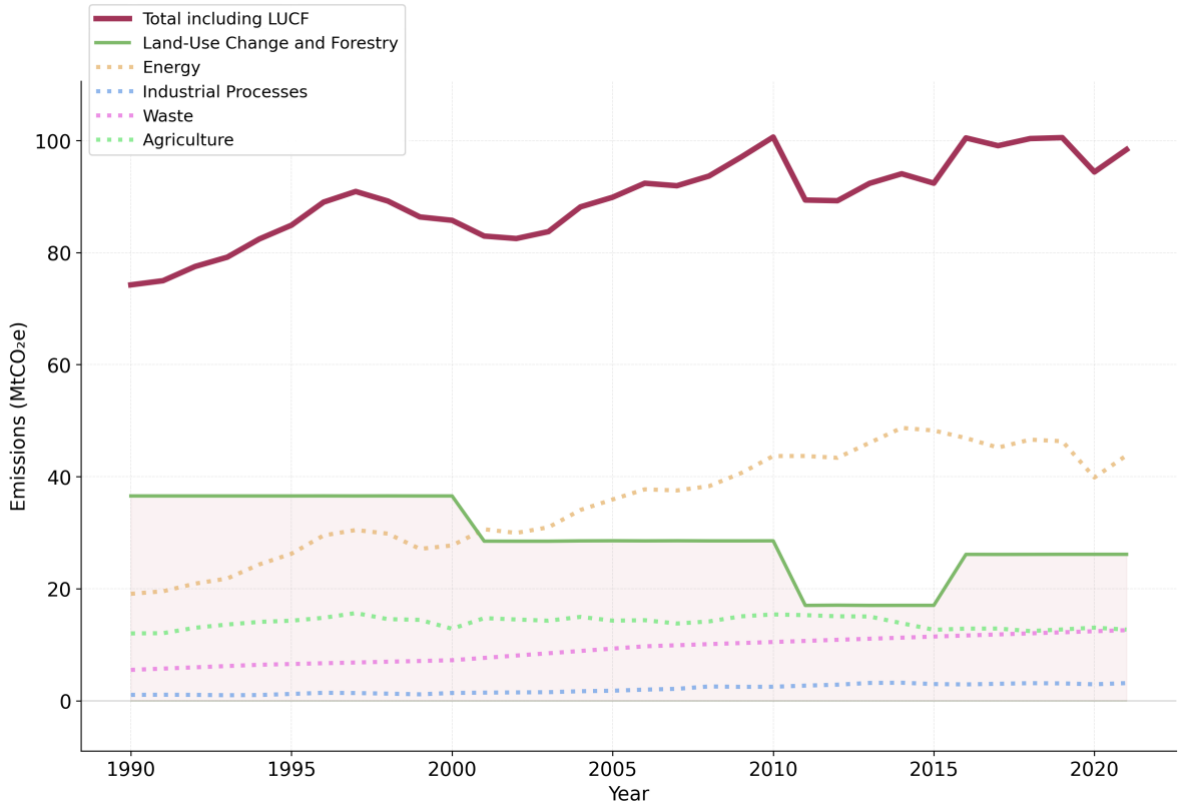
constitution introduced landmark reforms, such as recognizing the rights of nature and redistributing power through a plurinational state. Ecuador's strong commitment to combating climate change is further evident in its ratification of the Paris Agreement (Ecuador, Ministry of Environment, 2016a).

The country has developed a series of climate change mitigation and adaptation policies that aim to reduce emissions and conserve forests, such as the National Climate Change Strategy 2012–2025 (Ecuador, Ministry of Environment, 2011) and the REDD+ Action Plan[30] (Ecuador, Ministry of Environment, 2016b). However, implementing these policies faces limitations due to financial and institutional constraints.

2. CLIMATE CHANGE CONTEXT

Like many other nations, Ecuador faces numerous challenges related to its greenhouse gas (GHG) emissions and its vulnerability to climate change's impacts. As Figure 4–1 illustrates, the country emitted 94.19 million tons of CO_2 equivalent in 2021, making it the sixtieth largest emitter globally, responsible for 0.20 per cent of global emissions. (Climate Watch, 2024b).

Figure 4–1. Ecuador's annual GHG emissions, 1990 to 2021



Source: Historical country-level and sectoral GHG emissions data (1990–2021) from Climate Watch (2024b), visualized by the IEU DataLab.

The line chart in Figure 4–1 above shows Ecuador's annual GHG emissions from 1990 to 2021, with each sector plotted as its own line (i.e., not stacked). To emphasize the contribution of land-use

[30] REDD stands for reducing emissions from deforestation and forest degradation.

change and forestry, the area under the solid green line is coloured in red, highlighting the net GHG emissions (in $MtCO_2e$) these sectors contribute relative to the total.

These emissions mainly come from three key sectors.

Energy sector (44.52 per cent): The energy sector is Ecuador's largest emitter of GHGs, with transportation being the primary contributor. The growing number of vehicles and the country's reliance on fossil fuels have significantly increased GHG emissions. Although Ecuador has substantial renewable energy potential, it continues to rely heavily on non-renewable sources, which accounts for this high percentage of emissions.

Land-use, land-use change, and forestry (26.56 per cent): Ecuador faces a serious deforestation issue, particularly in the Amazon region, where agricultural and livestock expansion has led to significant forest reduction. This sector is especially important because, beyond contributing to emissions, deforestation undermines the natural carbon sinks that play a vital role in offsetting Ecuador's carbon footprint.

Agriculture (12.91 per cent): Agriculture is also a significant source of GHG emissions, primarily through livestock activities and traditional farming methods. While agriculture contributes a smaller share of GHGs than other sectors, it is critical to the rural economy, making efforts to transform this sector particularly complex.

The waste and industrial processes sectors add another 12.8 per cent and 3.2 per cent, respectively, to the country's total emissions.

Future projections and climate commitment

According to projections from MAATE, emissions are expected to continue rising, particularly in the energy sector, due to increasing demand for transportation and energy. Nonetheless, the country has shown a strong commitment to addressing this challenge. In its nationally determined contribution (NDC), Ecuador pledged to reduce its emissions by 20.9 per cent by 2025, contingent upon securing international financial support. This ambitious target reflects Ecuador's determination to implement mitigation policies, though its success largely depends on external funding.

Vulnerability to climate risks

Based on the 2022 ND-GAIN country index from the University of Notre Dame (n.d.), Ecuador ranks 118th out of 187 countries. Its vulnerability score of 0.465 (125th) shows high exposure and limited adaptive capacity, while its readiness score of 0.346 (129th) indicates that more capacity-building is needed to address climate challenges and convert investment to adaptation actions. Multiple hazards – especially flooding – underscore the importance of continued adaptation efforts to safeguard people and infrastructure. The country faces numerous natural hazards exacerbated by climate change (World Bank, 2024), with floods being the most frequent, representing 33.77 per cent of annual natural risks. Other significant hazards include earthquakes (15.58 per cent), volcanic activity (14.29 per cent), and landslides (14.29 per cent).

Poverty increases the vulnerability of some communities, particularly in rural areas where livelihoods depend heavily on natural resources. Indigenous and Afro-descendent populations are disproportionately affected by phenomena such as rising sea levels, increasing temperatures and unpredictable rainfall. These challenges exacerbate their exposure to extreme climate events such as storms, droughts and floods, further undermining their resilience and adaptation capacity.

3. CLIMATE CHANGE POLICIES AND INSTITUTIONAL CONTEXT

Ecuador has demonstrated a strong commitment to environmental protection and climate change management, grounded in its constitutional framework and reinforced by a series of high-level legal

instruments and public policies. Table 4–1 provides an overview of Ecuador's long-standing commitment to supporting national and global efforts to address climate change and protect the environment.

Table 4–1. Timeline of national policy documents for climate change

Timeline
1994: Ecuador joins the United Nations Framework Convention on Climate Change (UNFCCC).
2008: Ecuador's Constitution establishes the right to a healthy environment and prioritizes climate change mitigation in Article 414.
2010: Creation of the Inter-institutional Climate Change Committee through Executive Decree 495 to coordinate climate change policies.
2012: Adoption of the National Climate Change Strategy (ENCC) for the 2012–2025 period, focusing on adaptation and mitigation.
2015: Ecuador signs the Sendai Framework for Disaster Risk Reduction, recognizing the link between climate change and natural disasters.
2016: Launch of the REDD+ Action Plan: Forests for Good Living (2016–2025), an integral part of the ENCC.
2016: Ecuador signs the Paris Agreement, committing to contribute to the global reduction of GHG emissions.
2017: The Organic Environmental Code (COA) is published, providing a regulatory framework for climate change management.
2017: Ratification of the Paris Agreement and the beginning of the construction process for the first NDC.
2019: Ecuador publishes the Regulation of the Organic Environmental Code, complimentary to the COA published in 2017.
2019: Ecuador officially publishes its first NDC, with specific commitments to reduce 9% of emissions in key sectors.
2021: Ecuador presents the National Climate Finance Strategy.
2021: Presentation of the NDC implementation plan, including the National Adaptation Plan (NAP) 2023–2027.
2023: Launch of the NAP.
2024: Approval of the National Climate Change Mitigation Plan (2024–2070), the first long-term strategy towards decarbonization.

The 2008 Constitution of the Republic of Ecuador grants individuals and communities the right to live in a healthy and ecologically balanced environment and prioritizes climate change mitigation as a state priority. Article 414 obliges the state to limit GHG emissions, reduce deforestation and promote renewable energy and clean, low-impact technologies.

Ecuador is also strongly committed to international efforts to address climate change. As a member of the UNFCCC, Ecuador signed the Paris Agreement in 2016 and ratified it in July 2017. Additionally, Ecuador adopted the 2030 Agenda for Sustainable Development as a state policy in 2018, reaffirming its dedication to contributing to global sustainability objectives. Ecuador is also a signatory of the Sendai Framework for Disaster Risk Reduction, recognizing the importance of addressing climate change as a driver of disaster risk.

Ecuador has established a legal framework and institutional structures to tackle climate change domestically. The National Development Plan (2017–2021) (Regional Observatory on Planning for Development, 2017) serves as the nation's road map for national planning and is built upon two central pillars: territorial equity and environmental sustainability. The plan highlights the importance of integrated risk management to reduce the country's vulnerability to climate impacts.

The COA (Ecuador, 2017), published in 2017, defines regulations for climate change management and facilitates inter-institutional and intersectoral coordination. The Regulation of the Organic Environmental Code (Ecuador, 2019), issued in June 2019, ensures COA's implementation by encouraging policies, plans, programmes, projects and adaptation measures to reduce climate vulnerability and risk. It also reaffirms the critical role of the National Climate Change Adaptation Plan (Ecuador, Ministry of Environment, Water and Ecological Transition, 2023) in integrating adaptation into national development planning.

The National Climate Change Strategy (2012–2025) (Ecuador, Ministry of Environment, 2011) serves as a key state policy guiding the country's actions to address climate change through two strategic pillars: adaptation and mitigation. The strategy outlines two main objectives:

- Reducing social, economic and environmental vulnerability to climate change impacts.
- Reducing GHG emissions and increasing carbon sinks in strategic sectors.

The implementation of this strategy is overseen by the Inter-institutional Committee on Climate Change, created in 2010 through Executive Decree 495 and later revised in the Regulation of the Organic Environmental Code. As the highest political body for coordinating, articulating and facilitating climate change policies and actions, the Inter-institutional Committee on Climate Change comprises key ministries and state secretariats chaired by the MAATE. However, it does not include representation from cooperatives, civil society or the private sector. Within this framework, the Climate Change Sub-Secretariat acts as the Technical Secretariat, strategically implementing Ecuador's national and international climate commitments.

In November 2016, MAATE issued the REDD+ Action Plan "Forests for Good Living." This national approach seeks to align forest-related measures and actions with national and local policies, programmes and initiatives, generating multiple environmental and social benefits. The REDD+ Action Plan (2016–2025) (Ecuador, Ministry of Environment, 2016a) is a key component of the ENCC and reflects Ecuador's commitment to reducing deforestation and associated GHG emissions. Developed over several years of collaborative work, the MAATE coordinated the plan, acting as the National REDD+ authority, with contributions from government institutions, civil society and international partners.

In line with its commitments under the UNFCCC and the Paris Agreement, Ecuador began drafting its first NDC in 2017, officially submitting it in 2019 (Ecuador, 2022). The NDC targets (i) a 9 per cent reduction in GHG emissions across key sectors such as energy, production, waste, and agriculture, and (ii) a 4 per cent reduction in land-use change emissions, including deforestation and soil degradation. Adaptation efforts focus on six priority sectors: human settlements, water resources, natural resources, productive and energy sectors, health and food sovereignty, which includes agriculture, livestock, aquaculture and fisheries.

In 2021, Ecuador presented its NDC implementation plan, integrating mitigation and adaptation measures. The adaptation component aligns with the National Climate Change Adaptation Plan 2023–2027, which operationalizes the ENCC (Ecuador, Ministry of Environment, 2012). It emphasizes adaptation in six critical areas: human settlements, water, natural heritage, food sovereignty, health and strategic productive sectors.

Most recently, Ecuador approved its National Climate Change Mitigation Plan (2024–2070) (Ecuador, Ministry of Environment, Water and Ecological Transition, 2024), the nation's first long-term strategy to transition towards decarbonization over the next 46 years. This plan underlines Ecuador's international commitments as a signatory of the UNFCCC and the Paris Agreement.

At the subnational level, the Decentralized Autonomous Governments (GADs) play a crucial role in integrating climate change adaptation into local development planning. Their efforts align with the National Development Plan 2017–2021 and the National Territorial Strategy, which guide the sustainable management of natural resources, infrastructure and human settlements.

B. KEY FINDINGS

1. RELEVANCE

a. Approach and value proposition of the GCF

The GCF project portfolio in Ecuador includes four single-country projects (SCPs) addressing specific national challenges. However, unlike other LAC countries, Ecuador has no current projects in the GCF pipeline. Four concept notes were developed with the support of Readiness: Strategic Frameworks for Ecuador, facilitated by the Avina Foundation. Although the national designated authority (NDA) accepted these notes to enhance their pipeline, they were not submitted to the GCF.

NDA is developing a robust climate finance pipeline aligned with national priorities, employing a fundraising strategy targeting different sources.

Ecuador participates in 10 multi-country projects (MCPs), reflecting a regional and global approach that integrates the country into collective efforts to combat climate change. However, inclusion in these projects does not always ensure direct investment in the country, which has drawn criticism of these regional initiatives.

As one of the first countries in the region to adopt climate change policies, Ecuador has developed strong planning and management capacities at both the national and local levels. It was also among the first countries to gain approval for GCF-funded activities in October 2016 and the second country in the LAC region to receive disbursements (Green Climate Fund, 2017), allowing it to demonstrate significant progress in project implementation. This early success reflects Ecuador's pre-existing capacity, positioning it as an early leader in securing GCF funding.

A key aspect of the GCF portfolio in Ecuador is the presence of 11 Readiness and Preparatory Support Programme (RPSP) grants. These grants are designed to strengthen national capacities in accessing and managing climate finance and implementing mitigation and adaptation projects. Additionally, Ecuador was the first country to receive funding from the REDD+ results-based payment (RBP) Pilot Programme, obtaining approval for project FP110 (Green Climate Fund, 2019). This achievement reflects the country's high level of preparedness to access such initiatives. It has generated significant expectations within Ecuador, across the LAC region and globally, as it represents the GCF's first financing in this field.

Ecuador ranks as the fourth highest recipient of GCF funding among LAC countries, following Brazil, Costa Rica and Colombia. The GCF has committed USD 299.7 million to Ecuador, a significant investment compared to other LAC countries. Of this, USD 161.5 million is allocated to four SCPs, and the remaining USD 138.2 million expected to be invested through the 10 MCPs in which Ecuador participates.

Table 4–2. GCF project portfolio in Ecuador

FP	Title	SCP or MCP	AE
FP019	Priming financial and land-use planning instruments to reduce emissions from deforestation	SCP	UNDP
FP095	Transforming financial systems for climate (the TFSC programme)	MCP	AFD
FP099	Climate Investor One	MCP	FMO
FP110**	Ecuador REDD-plus RBP for results period 2014	SCP	UNDP
FP128	Arbaro Fund – Sustainable Forestry Fund	MCP	MUFG_Bank
FP149	Green Climate Financing Facility for Local Financial Institutions in Latin America	MCP	CAF
FP151	Technical Assistance (TA) Facility for the Global Subnational Climate Fund	MCP	IUCN
FP152	Global Subnational Climate Fund (SnCF Global) – Equity	MCP	PCA
FP173	The Amazon Bioeconomy Fund: Unlocking private capital by valuing bioeconomy products and services with climate mitigation and adaptation results in the Amazon	MCP	IDB
FP180	Global fund for coral reefs investment window	MCP	PCA
FP185	Climate change: The new evolutionary challenge for the Galápagos	SCP	CAF
FP190	Climate Investor Two	MCP	FMO
FP212	&Green Fund: Investing in inclusive agriculture and protecting forests	MCP	FMO
FP235	Mangroves for climate: Public, private and community partnerships for mitigation and adaptation in Ecuador	MCP	CI

Note: **The FP110 project is part of the GCF's REDD+ RBP pilot programme, which comprises eight unique projects and programmes (FP100, FP110, FP120, FP121, FP130, FP134, FP142, FP144). These initiatives have been intentionally included for simplicity in the analysis and data set but possess a distinct nature due to the characteristics of the RBP pilot modality. Unlike the standard proposal approval process and the simplified approval process used by other GCF projects and programmes, the RBP pilot modality specifically focuses on providing financial incentives for measurable and verifiable emission reductions achieved by participating countries. This strategy supports efforts to mitigate climate change by reducing emissions from deforestation and forest degradation, while also promoting conservation, sustainable management of forests and the enhancement of forest carbon stocks.
Abbreviations: SCP = single-country project; MCP = multi-country project; UNDP = United Nations Development Programme; AFD = Agence Française de Développement; FMO = Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.; IUCN = International Union for Conservation of Nature; PCA = Pegasus Capital Advisors; IDB = Inter-American Development Bank; CAF = Development Bank of Latin America; CI = Conservation International Foundation

However, the potential investments through MCPs assume equitable funding distribution for MCPs among all participating countries. While instances of such fairness exist in the LAC region – such as projects executed by Central American Bank for Economic Integration in Central America and the Caribbean – these examples remain exceptions rather than the norm. Ecuador and other countries have expressed concerns over perceived arbitrariness and a lack of foresight in allocating MCP resources, citing inequities in allocating funds.

Stakeholders acknowledge that GCF-funded projects hold particular significance, as they address Ecuador's specific needs and contribute to its climate goals, as outlined in its regulatory instruments

and environmental commitments. Experts consulted highlighted that GCF support has strengthened institutional capacity, creating favourable conditions to maximize benefits and advance the country's climate goals.

Following the regional trend, Ecuador primarily accesses GCF resources through grants, constituting 44 per cent of the financial instruments used. These grants are likely preferred due to their low financial risk and the projects' high social and environmental impacts. Senior loans, representing 34 per cent of funding, constitute the second most utilized instrument, signalling Ecuador's ability to repay some financial support and indicating a degree of financial resilience. At 7 per cent, reimbursable grants are the third most used instrument, suggesting that while grants dominate, there remains an expectation for repayment, albeit with more flexible terms than conventional loans.

This financial management approach reflects the crucial role of grants for initiatives that yield substantial long-term societal and ecological benefits without immediate financial returns. It also underscores Ecuador's dependence on external funding to implement critical climate actions, especially in sectors less likely to attract private investment.

Conversely, using loans also reflects a balance between immediate financing needs and long-term fiscal responsibility. The substantial reliance on senior loans indicates that Ecuador is channelling funds into projects with potential long-term economic returns, such as renewable energy or infrastructure development projects aligned with climate objectives. These loans offer favourable terms, aligning with the purpose of international climate financing to support sustainable development while avoiding excessive debt for developing countries.

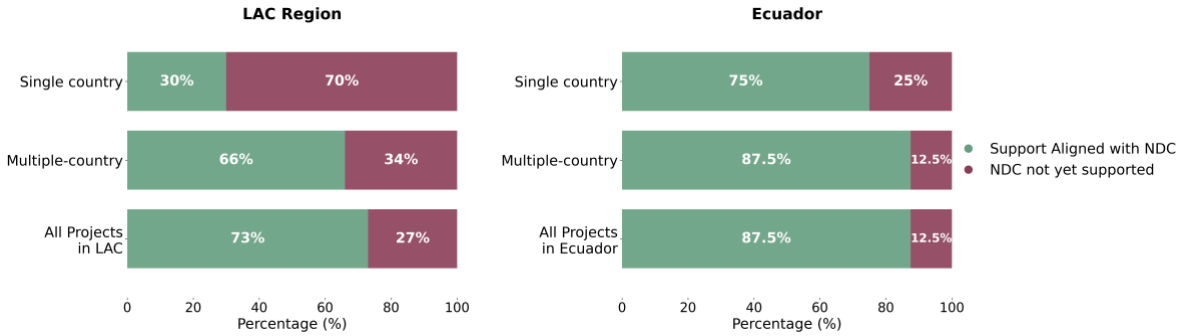
Ecuador's approach to combining financing instruments raises important questions about its long-term debt management strategy. While grants do not require repayment, the presence of loans and reimbursable grants reflects efforts to strengthen the capacity to manage debt-for-climate action. However, Ecuador must also ensure that projects financed through loans are economically viable and avoid burdening future generations. This strategy is likely aligned with Ecuador's broader fiscal management objectives and commitment to maintaining sovereignty over its financial and development goals.

b. GCF's ability to meet country needs

Alignment with NDCs

Ecuador exhibits a strong alignment between its NDC priorities and GCF investments. Notably, 75 per cent of SCPs and 87.5 per cent of MCPs that include Ecuador support Ecuador's related NDCs in the analysis. This indicates a robust integration of GCF support within the national climate framework, especially in regional collaborations. This alignment underscores Ecuador's effective use of both national and regional initiatives to achieve its climate goals, while highlighting the importance of enhancing support for areas not yet fully aligned, such as low emissions transports.

Figure 4–2. Alignment of GCF portfolio with needs identified in the LAC and Ecuador's NDCs



Source: GCF iPMS data, as of B.39 (19 July 2024); WRI Climate Watch 2020 NDC Tracker (2024a), analysed by the IEU DataLab.

To assess the alignment of Ecuador's NDC priorities and GCF's investment, each GCF project and its identified result areas was mapped to the corresponding NDC sector using the methodology outlined in Box 4–1 below.

Box 4–1. Methodology

To examine the extent to which Ecuador's NDC priorities align with the GCF result areas, we used the "Climate Watch NDC Content" data set from the World Resources Institute. This data set compiles structured indicators and text from NDCs submitted by Parties to the UNFCCC. While Climate Watch categorizes dozens of sectoral references (e.g., energy, transport, health, agriculture, water, coastal zone, environment, etc.), for the purposes of our analysis, we chose and consolidate sectors into eight larger groupings that mirror the GCF's published result areas.

For instance, "energy" was mapped to "energy generation and access", "transport" to "transport", "buildings" to "buildings, cities, industries and appliances". We also combined certain categories from the NDC content data set, such as adding "health" and "water" under "health and water," and merging "coastal zone" with "environment" under "coastal and environment" to align with GCF's "health, food and water security" and "ecosystems and ecosystem services", respectively.

Alignment with country needs by result areas

As explained above, the GCF's investments in Ecuador show strong alignment with the priority areas of Ecuador's NDC. In Ecuador, the GCF's mitigation and adaptation areas are covered through both SCPs and MCPs, contributing to national priorities such as forest and land-use, energy generation and access, ecosystem and health, food and water security.

In Ecuador, USD 193.8 million (approximately 65 per cent of total climate funding) is allocated to mitigation, while adaptation receives USD 103.6 million (around 35 per cent). Although both areas receive substantial support, the figures show a stronger emphasis on mitigation.

In the mitigation component, forestry and land-use receive the largest share of GCF funding, which aligns with Ecuador's latest NDC. The initiative aims to strengthen sustainable forest management, restore natural heritage and increase the establishment of sustainable commercial forest plantations. Among SCPs, two notable examples are FP019 "Priming financial and land-use planning instruments to reduce emissions from deforestation", and FP110 "Ecuador REDD-plus RBP for results period 2014". Both projects align with the country's NDCs. FP019 was implemented between 2015 and 2023 by the United Nations Development Programme (UNDP) to support the

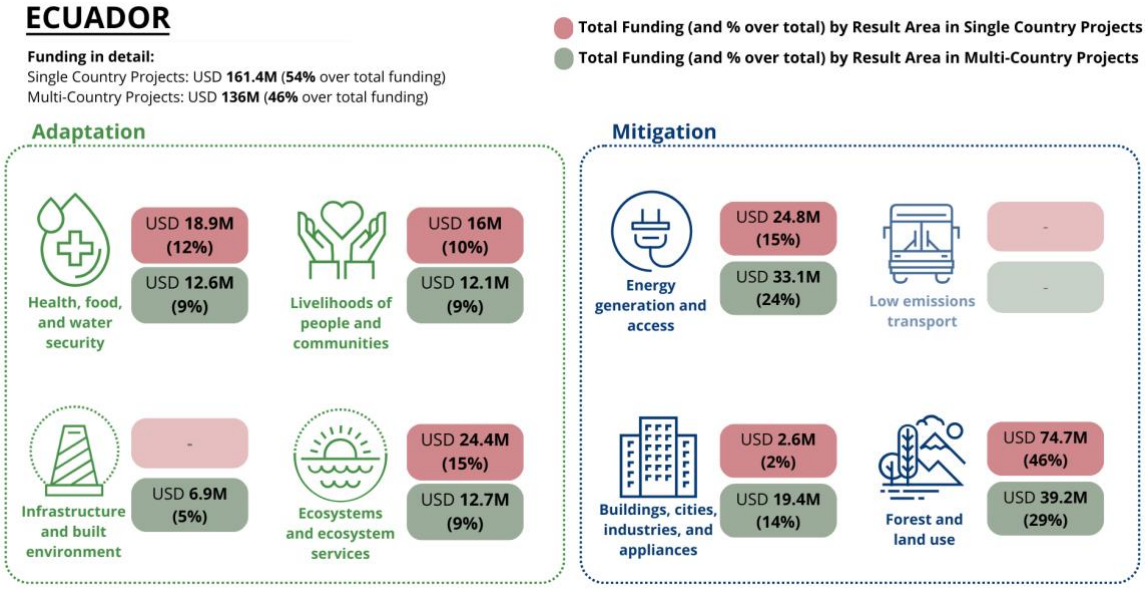
implementation of a REDD+ action plan to reduce GHG emissions caused by deforestation and forest degradation. Although the project was designed before the NDC, it aligned with the National Climate Change Strategy, supporting the goal of achieving net-zero deforestation by 2020. Meanwhile, FP110 coincided with the presentation of the NDC, facilitating access to funds to develop and implement policies that strengthen the institutional strategy for REDD+.

Another relevant project is FP185 "Climate change: The new evolutionary challenge for the Galápagos", approved during B.32 in 2022 (Green Climate Fund, 2022). When implemented, it will aim to make the Galápagos Islands' energy system sustainable and self-sufficient by reducing the islands' dependency on imported diesel. This programme aligns with the NDC by promoting renewable energy, improving energy efficiency, fostering sustainable livestock development and sustainable forest management. Similarly, FP235 "Mangroves for climate: Public, private and community partnerships for mitigation and adaptation in Ecuador" (Green Climate Fund, 2024), approved in July 2024 during B.39 but not yet implemented, allocates 41 per cent of its financing to forestry and land-use, reaffirming the alignment with the NDC.

The MCPs, which includes Ecuador as the target countries, concentrate 24 per cent of their funds on the energy access and power generation area.

In the adaptation area, MCPs funding mainly focuses on "health, wellbeing, and food and water security" result area. Ecuador has made a macro-level commitment to developing public policies informed by the best available information to address climate change's impacts on health. The FP185 project stands out for its high potential to align with allocated funds. Key components include increasing the number of farmers benefiting from investments or practices that support climate-resilient water and agricultural food production, enhancing and streamlining value chains for climate-adapted agricultural and fishery products, and establishing links to new markets, among other initiatives.

Figure 4–3. Percentage of financing by result area for SCPs and MCPs



Source: GCF API projects data (results area), as of B.39 (19 July 2024), analysed by the IEU DataLab.
Note: These figures reflect planned allocations rather than actual disbursements and may not correspond directly to disbursement made on the ground in Ecuador. The figures should therefore be interpreted as indicative and subject to change with further data revisions and project developments.

Access to GCF funds

In Ecuador, SCPs are entirely directed towards the public sector, whereas nine out of 10 MCPs are directed towards the private sector. This indicates a clear differentiation in project approaches based on their geographic scope, with a notable trend towards private sector participation in multinational initiatives.

Ecuador lacks locally accredited direct access entities (DAEs), highlighting a structural weakness in its capacity to access GCF funds directly. Currently, project implementation in the country relies heavily on external actors. International accredited entities (IAEs) manage 85 per cent of the funds allocated to the country, compared to 70 per cent across the LAC region. On the other hand, the remaining 15 per cent of Ecuador's portfolio is managed by regional DAEs.

The NDA is promoting accreditation for the Banco de Desarrollo del Ecuador (BDE). This bank specializes in financing investments in infrastructure and public service provision, aiming to improve regional development, the quality of public management, and technical capacities at the subnational level. Once accredited, the BDE will focus on strengthening local capacities in climate finance, which will predominantly benefit subnational governments, cooperatives, and small- and medium-sized enterprises (SMEs).

Several institutions are interested in the BDE's accreditation. The Development Bank of Latin America (CAF) has a stake in the process, having invested USD 800 million in sanitation and drinking water projects through the BDE. CAF has worked for several years with the BDE to improve management systems in general, and environmental and social management in particular.

The Inter-American Institute for Cooperation on Agriculture has also played a significant role in the BDE's accreditation process, working closely with the institution through RPSP resources. This collaboration is crucial to ensure the BDE meets the accreditation requirements and efficiently manages funds allocated to climate projects.

The country has identified the potential to collaborate with public banks, as they add significant value due to their capacity to reach end beneficiaries. In this context, the GCF supports Ecuador through FP173 "The Amazon Bioeconomy Fund: Unlocking private capital by valuing bioeconomy products and services with climate mitigation and adaptation results in the Amazon". Although the programme has not yet begun implementation in Ecuador, it is the first approved programme that includes a bioeconomy-linked loan. This loan was approved with credits backed by a sovereign guarantee and will be executed by the public bank, National Corporation for Popular and Solidarity Finance (CONAFIPS).

There are four public banks in Ecuador, each focused on different market segments. CONAFIPS serves cooperatives within the popular and solidary economy, financing microenterprises with productive activities. With a successful track record of collaboration with the Inter-American Development Bank (IDB), CONAFIPS is a key player in the financial system, reaching 250 cooperatives across the country.

2. COHERENCE AND COMPLEMENTARITY

a. Role of NDA in ensuring coherence and complementarity at the national level

Ecuador's NDA demonstrates competent expertise and leadership in climate change issues. The NDA can bring together various actors, cooperators, financiers and other stakeholders to ensure effective programmatic coherence. GCF-funded projects align with the country's policies and

priorities, with NDA serving as a governing body to ensure coordination and prevent overlaps between projects with similar objectives. The alignment between MCPs and the country's interests and priorities are less clear. Ecuador is usually just one beneficiary among a group of countries, with the NDA often unaware of the commitments and progress of those projects within the country, especially when MCPs are conducted by non-regional institutions.

There is no formal meeting space for all stakeholders involved in climate change or for the GCF. When a national policy document is being developed, the NDA provides small ad hoc spaces to share information. These meetings aim to disseminate information and ensure that implementers or cooperators communicate with each other to avoid duplicating actions.

b. Alignment between GCF-funded projects with similar objectives in the country

Ecuador has achieved notable internal coherence in several key projects, particularly in funding granted to the REDD+ strategy. Projects FP019 and FP110, executed by UNDP and MAATE, are examples of this coherence.

The REDD+ Action Plan and PROAmazonía project are part of Ecuador's commitments under its NDC. The primary objective of project FP019 is to support the country in implementing its REDD+ Action Plan. On the other hand, project FP110 is part of the GCF's REDD+ RBP Pilot, demonstrating alignment with the country's need to reduce emissions from deforestation and forest degradation. Both projects continue to implement the national REDD+ policy.

Internal coherence between these projects began emerging in 2018 when the country started applying to the GCF's RBP window. Both projects aim to enhance Ecuador's National REDD+ Action Plan, developed during the preparation phase and officially issued through Ministerial Decree No. 116 and the amending Ministerial Agreement 136 of November 2023. This plan applies to all of Ecuador.

c. Complementarity of GCF projects with other climate investments and development partners

GCF-funded projects not only complement but also leverage other public and private investments. The PROAmazonía programme exemplifies a successful collaboration between the Global Environment Facility and the GCF, combining significant resources from both funds to address environmental challenges in the Ecuadorian Amazon. These also include multilateral institutions and other development partners, some of which are accredited with the GCF. All of them collaborate with the Ecuadorian government on climate change-related matters.

FP173 (Amazon Bioeconomy Fund) provides a clear example of how GCF projects are complemented by other regional initiatives and international funds, such as Euroclima+ and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), to maximize their impact and promote sustainable and inclusive development. This project seeks to improve conditions in the Amazon region to foster private investment in bio businesses that combat climate change, protect local livelihoods and promote inclusive development. Implemented by the IDB, it is complemented by support from Euroclima+ and GIZ in entrepreneurship, restoration and biodiversity knowledge.

FP190 "Climate Investor Two", implemented by FMO, aims to develop infrastructure in the water, sanitation and oceans sectors to mitigate the effects of climate change. It has received investments from the European Commission, the Dutch Fund for Climate and Development, and others, including a direct investment of USD 40 million from FMO.

d. Added value of GCF investments in the country

The GCF upholds high standards in gender policies, safeguards and Indigenous issues, establishing itself as a model in climate financing.

The GCF's policies provide a common framework for all funded projects. The NDA regards it as a guarantee of quality, setting high standards in gender policies, safeguards and Indigenous issues. The added value of GCF investments lies in the Fund's willingness to support unconventional projects and assume risks that other funds are unwilling to take. Some examples are FP173 (Amazon Bioeconomy Fund) (IDB), and the ECU-RS-009 (ID 2207-17278) "Creating the enabling conditions for the implementation of the Loss & Damage (L&D) mechanism in Ecuador". Both activities have been approved and are awaiting implementation.

While many stakeholders recognized the GCF's added value, some noted that, although all climate funds face challenges with response times, the GCF takes the longest. The various implementing agencies can also affect this response time, some of which are more agile than others. The thorough analysis of climate rationale required by the GCF provides a more rigorous approach to development projects, which is appreciated but can also extend the timelines.

The project promoted innovative and sustainable processes such as deforestation-free production. The involvement and commitment to 51 collaboration agreements signed with different actors generated trust and contributed to the success of the activities. These actors included private sector, producer associations, academia, coordination partners and a local team in the six provinces.

3. Effectiveness

Evaluating the effectiveness of GCF-funded projects in Ecuador is complex for several reasons.

- **Limited availability of evidence**: To assess the effectiveness of GCF investments, it would be necessary to analyse the outcomes of each project. However, Ecuador has only one completed SCP (FP019) and one in the implementation phase (FP110). This results in limited concrete and specific evidence regarding the direct impact of these initiatives in the country.
- **Dispersed implementation in MCPs**: Many MCPs have not yet carried out substantial activities in Ecuador, with their efforts focused on other LAC members. This reduces the ability to analyse specific results for Ecuador, as implementation in the country may not have started or is limited.
- **Lack of communication with the NDA**: An inhibiting factor is that AEs, which lead the implementation of projects, particularly the MCPs, are not required to report specific progress to the NDAs of each country. As a result, Ecuador's NDA lacks detailed information about the status and progress of projects within its domain.
- **Insufficient reporting in annual performance reports** (APRs): The APRs submitted to the GCF do not breakdown the progress of implementation by country for MCPs. This makes it difficult to assess the extent to which projects involving Ecuador meet the expected national objectives.

These factors complicate the analysis of the effectiveness of GCF investments in Ecuador, as fragmented implementation, lack of specific reports and the absence of clear activities sometimes limit the availability of reliable and accurate information.

a. Achieved results

The information compiled through interviews with stakeholders, primarily those involved in RPSP and REDD+ related projects, confirmed the effectiveness of completed projects. Meanwhile, funding proposals currently under implementation show promising progress towards achieving their objectives.

The accredited entities (AEs) highlighted the important accomplishments in GCF-funded interventions. Some of these achievements include:

- Capacity-building: Climate finance and technical capabilities at the national and local government levels have improved, along with their institutional strength in addressing climate change. Tools for training, such as guides, online platforms and workshops, have been developed to disseminate and sustain knowledge.
- Partnerships: The relationship between MAATE and implementing partners has been strengthened, facilitating the creation of a pipeline of climate projects for potential future funding.
- Climate knowledge promotion: Climate rationale has been incorporated into various areas, generating a range of concept notes. These include watershed improvement in the highlands, emission reduction, climate change adaptation in local communities and technological innovation to reduce vulnerability among small agricultural producers.
- National registry and information system: Efforts have been made to conceptualize the national climate change registry and design a measurement, reporting and verification system to track adaptation and mitigation, which is essential for reporting to the UNFCCC. Through the implementation of the readiness ECU-RS-005 project, titled “Generation of a conceptual framework for the National Climate Change Registry of Ecuador (RNCC) and design of a version V.0 of the measuring, reporting, and verification (MRV) system as part of the RNCC”, a comprehensive measurement, reporting and verification system has been established. The system enables tracking of the NDCs’ mitigation and adaptation efforts, monitoring national and international climate finance flows and understanding the impacts of funded activities.
- Public policies: Significant progress has been made in developing instruments to guide sectoral public policies in agriculture, health, water and the environment. One notable example is the NAP, developed under the readiness project ECU-RS-002 (ID 1801-15043) "Green Climate Fund Readiness and Preparatory Support for National Adaptation Plan in Ecuador". This plan has facilitated identifying ways to integrate mitigation and adaptation actions while analysing gaps in existing mechanisms to incorporate these measures into the required sectors.

These achievements reflect significant progress in implementing climate change strategies and improving available capacities and resources.

Overall, the interview findings suggest that the RPSP, FP019 and FP110 effectively achieve their objectives. The only SCP completed is FP019 at the end of 2023. Other projects are in the implementation phase, making it difficult to assess concrete results, although there is significant potential for progress.

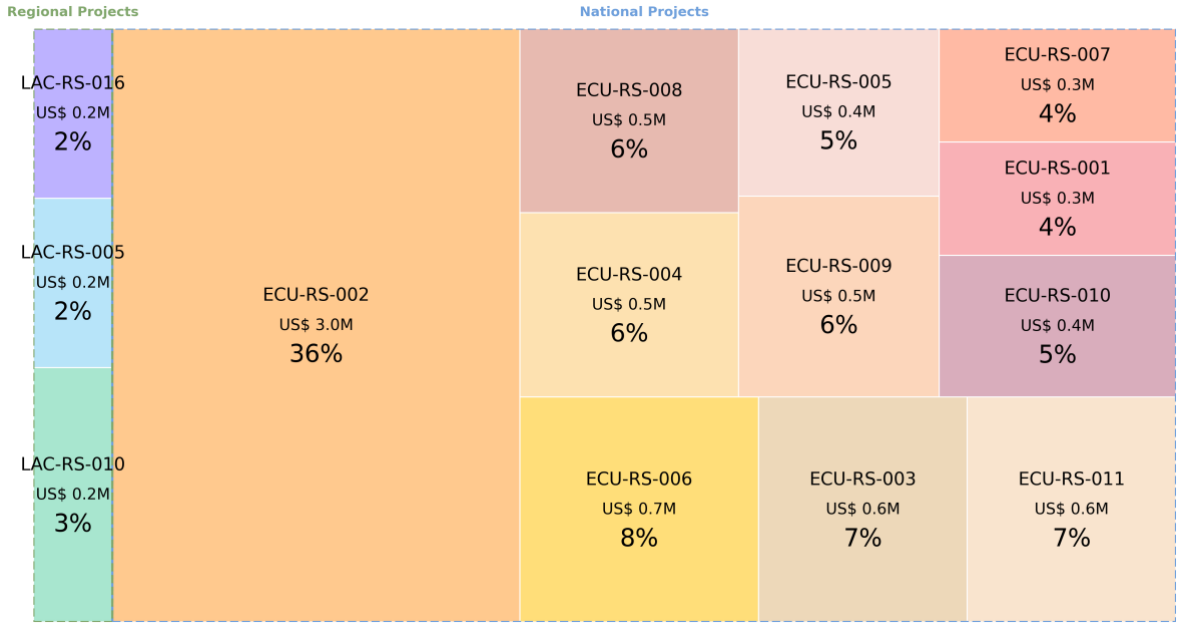
For the NDA, the MCP involving Ecuador show low implementation levels, reducing its effectiveness and achievement of tangible results.

b. Utility and limitations of the RPSP

The RPSP aims to support country-driven initiatives to improve institutional capacities, governance systems, and planning and programming frameworks to advance a long-term, transformative climate agenda. While the RPSP primarily supports national-level adaptation efforts through NAPs, it can also indirectly support non-national adaptation plans.

Figure 4–4 shows the broad distribution of RPSP funds to Ecuador. In Ecuador, the RPSP has committed USD 8.3 million, representing approximately 5 per cent of the total for LAC. The effectiveness of GCF financing through the RPSP is reflected in its ability to reinforce institutional capacity and establish an enabling environment for climate change projects.

Figure 4–4. Financing by project title of RPSP in Ecuador



Source: GCF API readiness data (amount approved by country), as of B.39 (19 July 2024), analysed by the IEU DataLab.
Note: The regional RPSP figures reflect planned allocations rather than actual disbursements and may not correspond directly to disbursement made on the ground in Ecuador. The figures should therefore be interpreted as indicative and subject to change with further data revisions and project developments.

The most significant achievement of RPSP in Ecuador was strengthening institutional, technical and technological capacities. For example, building these capacities was key to the success of the Socio Bosque Project – leveraged with GCF funds through PROAmazonía – and the development of a distinctive label for sustainable and deforestation-free production.

Of the total 11 grants received by the country, one aims to develop an adaptation plan, approved in 2018 (ECU-RS-002 – Adaptation Planning, channelled through UNDP as the AE. This grant marked the first development of an adaptation plan without requiring the country to prepare and present a concept note.

Among the remaining 10 grants, two were specifically targeted at strengthening Ecuador's NDA and advancing programming actions for the country – ECU-RS-004 “Ecuador NDA institutional strengthening and digitalization process” and ECU-RS-001 “Green Climate Fund Readiness and Preparatory Support for Ecuador”. The first was managed by GIZ, and the second by UNDP. ECU-

RS-0001 was unsuccessful in generating a country programme, as evidenced by the country's lack of a programming document for future strategic actions.

Readiness grants also support the development of a strategic framework, for which Ecuador received two grants: ECU-RS-003, managed by Fundación Avina and ECU-RS-011, managed by the Global Green Growth Institute.

According to Fundación Avina, ECU-RS-003 "Enhance the capacity of Decentralized Autonomous Governments to access and manage climate finance in Ecuador and contribute to the implementation of the NDC" proved effective, with the readiness approach enabling the reallocation of resources and strategy and putting general and climate financing on Ecuador's agenda to achieve set objectives. Its commitment to preparing four concept notes for submission to NDA enhanced the project's effectiveness. The notes comprised (i) two proposals for water resource improvement in northern and central highlands watersheds, (ii) one proposal for emissions reduction and adaptation to climate change with Indigenous Peoples and other local communities, and (iii) one proposal for technological innovations to reduce vulnerability among small agricultural producers.

One notably challenging case is the regional RPSP "Increasing Resilience through Nature-based Solutions in Latin American Cities (Nature4Cities Latam)", carried out by UNEP. The project stands out for its emphasis on nature-based solutions, integration of national policies with local government, influence on and participation in local planning processes, and creation of a community of practice. This community of practice enables 13 participating cities from four countries to exchange experiences and lessons learned. Ecuador focuses on climate resilience, aligning with the national strategy, the climate change plan's local approach and the NDC's inclusion of urban contributions. Santo Domingo, the fourth most populous city, was chosen as the focus due to its positive experience in connecting with the private sector to finance the scoping of a water basin near the city for development, involvement with young people and support for local initiatives such as housing projects. The selected city faces complex social and environmental challenges requiring complicated implementation efforts. These occurred during highly adverse conditions: extreme weather events, widespread violence, a pandemic, an outbreak of dengue fever, political and social unrest and an electricity supply crisis. Many citizens feared travelling to the workshops, while the project teams could not travel in official vehicles or carry identification that linked them to a United Nations agency, as this would have exposed them to threats, kidnappings and extortion by organized crime groups. These extreme circumstances heightened emergency and associated risks but also highlighted opportunities. The intervention highlighted the need for adaptation measures and acted as a catalyst for recognizing the need for preventative actions through robust public policies.

c. Challenges in project design and approval

The design and approval of GCF-funded projects in Ecuador face various structural and operational challenges. These difficulties limit the efficient access to Fund resources and affect the country's ability to align strategic projects with climate priorities.

Complexity in accessing funds: Accessing GCF financing is long and complex. Since projects are planned with specific goals and timelines, delays in approvals risk a loss of relevance or misalignment with national priorities. This can lead to missed opportunities, diminished motivation among proposing institutions, and wasted resources on project designs that never materialize. Moreover, the misalignment between project timelines and emerging national priorities can reduce the impact of interventions and limit the country's ability to respond to climate challenges effectively.

Some AEs noted they initially believed their available information was sufficient. However, while designing projects to meet GCF requirements, they realized their knowledge had room for improvement due to advances in science and technology regarding tropical ecosystems. Meeting GCF's high standards takes time and a considerable investment. One interviewee stated, "Designing a project in a region with a solid scientific base and simpler ecosystems is very different from preparing a proposal in countries with less investment in science and ecosystem infrastructure."

During interviews, some AEs mentioned that the GCF's lack of a regional presence made the approval process challenging, affecting implementation timelines and the achievement of objectives. Additionally, language barriers prevent sharing e-learning resources with local governments (i.e. GADs).

Limitations in local entity accreditation: Ecuador, like many countries in the region, struggles to accredit local entities as DAEs to the GCF, impeding its ability to design and approve projects autonomously. Barriers include stringent accreditation requirements, the unclear strategic benefits of being accredited, and inadequate coordination between relevant stakeholders.

The absence of accredited local entities reduces the country's capacity to directly influence project design and align its climate goals with broader regional agendas. Furthermore, without direct access to funding, Ecuador depends on external timelines and processes, hindering efficient implementation and reducing its agility in responding to emerging needs.

Disconnection between the NDA and GCF processes: The DNA's limited role in the design and approval of GCF projects in Ecuador creates significant challenges. This lack of active participation is most noticeable in MCPs, where IAEs design proposals primarily from their central offices, with minimal involvement from local offices and the NDA.

d. Implementation challenges

Structural barriers in GCF programming, high costs and limited representation of national institutions among AEs complicate the programming process. This leads to MCPs predominantly implemented by IAEs, reducing opportunities for effective collaboration with national actors such as national financial intermediaries. Consequently, local actors like micro-, small- and medium-sized enterprises (MSMEs), cooperatives and other organizations remain disconnected from initiatives directly impacting their territories and beneficiaries.

The NDA is promoting the involvement of local governments in climate financing and has proposed nominating the BDE as a DAE. The bank focuses on working at the subnational level with GADs and indirectly engaging local cooperatives in supporting MSMEs, which significantly impact productive and Indigenous communities. If accredited, the BDE will help MSMEs and local communities overcome current barriers and access climate financing through the GADs.

Interviewed AEs emphasized that delays generated during the design phase and the start of implementation undermine efforts to achieve expected results. The interviewees also mentioned other challenges in the GCF project cycle, particularly language and time zone barriers, the lack of human resources in central and local governments and technical teams, and the protracted nature of GCF processes. Implementation challenges AEs face during the implementation includes:

- GCF documents and communications are often available only in English, limiting the ability to engage local governments effectively.
- GCF personnel often lack an adequate understanding of local contexts.

- Local governments and partners frequently lack sufficient knowledge of GCF and other climate financing mechanisms, especially regarding private sector engagement. This gap creates a disconnect between project design and the criteria required to secure funding.
- The prolonged nature of GCF processes – from approval to execution – often reduces the relevance of projects as environmental and political conditions evolve. These delays require repeated adjustments, increasing demands on time, budgets and human resources.

Two SCPs in Ecuador, FP019 and FP100, were analysed based on their APRs to identify the types of challenges these projects face. The most frequent challenges in the implementation phase proved to be policy and regulatory barriers, political issues, which includes government's policy changes, related delays in decision-making and security issues.

e. Critical factors affecting the effectiveness of initiatives

Project implementation faces several critical challenges, such as the limited capacity to undertake climate change initiatives, a limited number of specialists and their high turnover between projects, lengthy timelines, the GCF's limited understanding of Ecuador's context, and associated costs. Despite these limitations, progress has been made and valuable lessons have been learned, particularly in the REDD+ RBP programmes and the current RPSP activities.

Local and institutional capacities

A significant barrier to success is the limited national capacity to undertake climate change-related initiatives, mainly due to a lack of specialized technical personnel. Competition between institutions and projects for these professionals is intense, often leading to constant staff turnover between institutions and projects. Implementers, the NDA and other entities involved in the field compete to attract and retain these specialists. As a result, staff turnover can be significant, and while projects may recover trained officials, there remains a shortage of qualified personnel available.

Existing platforms supporting coordination between participants include the Inter-institutional Climate Change Committee, which involves only governmental entities, and the International Cooperation Round-table led by the Ministry of Foreign Affairs, which addresses a broad range of topics beyond climate change. However, additional spaces are needed to coordinate GCF projects and climate change more broadly and to optimize approaches, methodologies and geographical coverage.

Experience of AEs

AEs implementing SCPs have demonstrated exceptional proficiency in effectively implementing and managing projects, notably FP019 and FP110. Their achievements are driven by key enablers such as innovative policies and tools that facilitate collaboration among multiple actors, fostering innovation and processes like sustainable, deforestation-free production. An effective governance model involving government ministries, the private sector, producer associations, academia and alliances has also been crucial. Additionally, adopting direct fund transfers to communities has improved efficiency and effectiveness in field-level implementation.

Another critical success factor has been forming teams with a strong presence in the field and deep knowledge of local communities. This proximity to local actors has generated trust and facilitated handling situations requiring direct or immediate approaches.

The PROAmazonía team has identified several critical success factors facilitating project implementation. These include the adopting policies and methodologies designed for multi-sectoral and innovative work, a robust governance model guiding projects, and the close involvement of the local team with participating communities. This proximity has fostered trust, strengthened

engagement and encouraged a sense of ownership among stakeholders. In contrast, the GCF's adaptive management approach is somewhat disconnected from national and local realities, highlighting a crucial area for improvement.

Adaptive management

Some delays in approving AE requests for extensions have paralysed projects and can lead to staff attrition. Interviewees requested greater flexibility in submitting project addenda or justifications, including managing these processes in parallel, to avoid delaying project implementation.

The GCF's adaptive management approach does not adequately reflect national realities and faces more significant challenges in addressing local and community-level needs. Some interviewees suggest that progress in adaptive management could apply a "learning-by-doing" methodology to improve adaptive management. The current model, which requires complete information before making decisions, slows progress and fails to meet the urgency of the climate crisis. A more effective approach would involve the GCF taking increased risks, supporting information generation during implementation, and integrating the process with a robust monitoring and knowledge management system.

4. Efficiency

Despite GCF-funded projects' scale and potential impact, their management is perceived as slow and inefficient. Interviews with local actors highlight that, although the GCF offers favourable concessional conditions, its procedures are complex and bureaucratic, limiting its ability to respond swiftly to the climate crisis.

The inflexibility of these processes hampers project implementation and access to funds and undermines efforts to achieve national and international climate goals at the required pace. This situation generates frustration among the entities involved, jeopardizing institutional sustainability and diminishing the motivation of stakeholders to participate in future calls for proposals.

a. Readiness and Preparatory Support Programme

In Ecuador, the average time for the first disbursement of readiness support is 233 days – considerably longer than the LAC average of 187 days. Nevertheless, Ecuador demonstrates higher efficiency in utilizing its approved resources: the country boasts an 85 per cent disbursement ratio, surpassing the 78 per cent regional average.

Table 4–3. Average number of days between submission and approval in RPSP Ecuador

Country/region	Average days	Amount disbursed (USD mi.)	Amount approved (USD mi.)	Amount disbursed/ approved
Ecuador**	233	6.5	7.7	85%
LAC	187	134.6	$171.6	78%
Total	**253**	**404**	**557.4**	**72%**

Source: GCF Tableau server (iPMS data), as of B.39 (19 July 2024), analysed by the IEU Data Lab.
Note: **The figures at country level includes only projects implemented exclusively within Ecuador. Regional or global projects that may have activities in Ecuador have been excluded to provide a clearer picture of in-country approval times and disbursement rates.

The RPSPs have achieved their objectives effectively. The NDA and the various implementing partners express general satisfaction with the RPSP and the projects it delivers. Additionally, the

projects equip the NDA with the personnel essential for addressing key issues and activities – individuals who would otherwise be beyond the NDA's resources.

The RPSP projects implemented in Ecuador have been particularly effective in building the capacity of partners and NDA. Despite this effectiveness, some RPSP initiatives do not achieve their aims. For example, a readiness initiative implemented by Fundación Avina presented four concept notes to the NDA, but these have not been widely disseminated. The NDA has stated its commitment to developing a pipeline on climate change projects, but this is not evident in the number of concept notes submitted to the GCF.

b. Proposal approval process

In Ecuador, GCF-funded projects' approval time varies by project type: SCPs in Ecuador are approved in about 625 days on average, whereas MCPs require around 731 days, compared to the LAC regional average of 647 days. Table 4–4 provides an overview of approval time for projects in Ecuador.

Table 4–4. Number of days to approval time for projects in Ecuador

FP	Days to approval
FP019	504
FP095*	374
FP099*	614
FP110	384
FP128*	925
FP149*	1,343
FP151*	1,171
FP152*	1,171
FP173*	374
FP180*	173
FP185	1,093
FP190*	587
FP212*	575
FP235	520
Average for SCPs in Ecuador	625
Average for MCPs that include Ecuador	731
Average for LAC region**	647

Source: GCF iPMS data, as of B.39 (19 July 2024), analysed by the IEU DataLab.
Note: *MCPs that include Ecuador; **Number of days to approval process for LAC region include SCPs and MCPs only in the LAC region. MCPs across regions were excluded.

The GCF financing portfolio in Ecuador prioritizes mitigation projects, which account for the largest share of investment at 54 per cent and experience the longest approval time with 873 days. Investment in cross-cutting projects is also significant with 587 days, but these have a more streamlined approval process. On the other hand, adaptation projects, while fewer in number of 173 days, seem to be approved more quickly, as demonstrated by FP180. This may suggest a trend

towards prioritizing the implementation of adaptation projects to address the urgency of immediate climate impacts. Box 4–2 provides an example of AEs' efforts to increase the efficiency in proposal development and approval.

Box 4–2. Efforts required by those engaging with the GCF to enhance operational efficiency

CAF's experience illustrates the efforts required to improve operational efficiency when working with the GCF. The organization faced a sharp learning curve as GCF requirements demanded more time and personnel than initially anticipated. This resulted in notable delays during project preparation, post-approval negotiations and implementation.

To address these challenges, CAF adjusted its approach by increasing staff involvement, particularly in finance and legal areas, and dedicating teams exclusively to managing its relationship with the GCF. This shift reduced its reliance on external consultancies, strengthened internal capacity and allowed CAF to address potential weaknesses in proposals. As a result, projects were better structured for reviews, and negotiation times were reduced due to the enhanced capabilities of its legal team.

For more complex projects, CAF established multidisciplinary teams composed of climate and diversity specialists, country-specific experts, safeguard and finance experts and legal advisers. These teams, supported by specialized consulting firms, conducted feasibility analyses, stakeholder consultations and prepared key documents.

A recent success story is CAF’s electric mobility project, where CAF significantly reduced timelines. One CAF representative stated, "We have learned to formulate, negotiate and meet conditions. We went from a process of four years from project conception to meeting conditions, to reducing it to two years." This achievement demonstrates how adaptive management has allowed CAF to optimize its processes and respond more efficiently and effectively to GCF requirements.

c. Disbursement speed

The exact impact of delays in GCF disbursements on the results of the Fund’s investments in the country remains unmeasured. However, both implementers and the NDA agree that these delays negatively affect project execution, significantly reducing efficiency. For approved projects nearing implementation, delays in planning and rescheduling often result in the loss of critical months for execution. Since the time available for project implementation cannot be extended, these disbursement delays jeopardize the achievement of objectives within the planned timelines.

Interviewees reported significant implementation challenges. Project start-up can take between 1.5 and two years from the preparation of the concept, potentially rendering the project design outdated. It is estimated that up to three years may elapse from the initial preparation of the concept note to the first disbursement.

Disbursement speed refers to the time elapsed between the approval of funds and their allocation to projects, serving as an indicator of efficient management. Table 4–5 presents data only for SCPs in Ecuador that had already received at least one disbursement by the cut-off date – therefore, MCPs and those without a first disbursement (e.g., FP185) are excluded. As a result, the figures offer a limited view of Ecuador’s overall portfolio. Among the two SCPs with available data (FP019 and FP110), the average disbursement speed of 386 days is faster than the LAC average of 495 days. Meanwhile, FP185, which was approved by the GCF Board in May 2022 and reached the legal opinion on the AE’s internal approval in April 2024, has not yet disbursed funds and thus does not factor into the calculation.

Table 4–5. Number of days between approval and first disbursement for SCPs in Ecuador

FP	Number of days between approval and first disbursement
FP019	263
FP110	509
FP185	-
Average for Ecuador	386
Average for LAC region	495

Source: GCF iPMS data, as of B.39 (19 July 2024), analysed by the IEU Data Lab.

d. Efficiency in co-financing traction

Projects in Ecuador often attract strong co-financing, with 65 per cent of the funds coming from private entities, highlighting the private sector's important role in climate change financing. Clear examples are seen in projects FP152 and FP180, which receive 100 per cent of their financing from private sector entities. Overall, 50 per cent of projects are co-financed and receive an average of 35 per cent of funding from public sources. For every dollar the GCF contributes to Ecuador, an additional USD 1.73 is mobilized.

Table 4–6 provides a comparison of private and public sector funding in Ecuador.

Table 4–6. Comparison of the source of co-financing by projects in Ecuador

FP	Sources of co-financing	Co-financed in Ecuador (USD mi.)	Co-financed ratio	Total value in Ecuador (USD mi.)
FP019	Public	42.8	51%	84
FP095*	Public	57.8	63%	91.4
FP099*	Private	29.2	68%	43.2
	Public	8.7	20%	
FP128*	Private	11.5	52%	22.2
	Public	7.9	36%	
FP149*	Public	13.8	34%	41.1
FP151*	Public	0.2	34%	0.7
FP152*	Private	14.3	80%	17.9
FP173*	Public	31.9	53%	59.8
FP180*	Private	12	75%	16
FP185	Public	52.3	44%	117.6
FP190*	Private	52.8	63%	84.3
	Public	17.6	21%	
FP212*	Private	54.2	61%	89.5
	Public	15.9	18%	

Source: GCF Tableau server (co-financer data), as of B.39 (19 July 2024), analysed by the IEU Data Lab.
Note: *MCPs that include Ecuador

e. Other factors affecting efficiency

AEs indicate that the GCF's complex reporting systems add to the complexity of their own internal systems, increasing their administrative burden. One area with significant potential for improvement is reporting through APRs. One AE representative commented, "For a year, we continued to receive observations about what we meant when we mentioned that 50 people participated in a workshop." This reflects the difficulty in achieving clarity and precision in the requested reports.

AEs note that while GCF programmes aim for ambitious objectives, there is still room to enhance efficiency by better balancing internal processes and the intended benefits obtained. During the implementation process, the excessive reporting requirements undermine the willingness of technicians to commit to their tasks, "Some technicians do not want to get involved in GCF projects because they know it will be a headache" (IAE referent).

5. Paradigm shift, potential sustainability, replication and scalability

The government of Ecuador has shown a significant openness to exploring areas traditionally overlooked in financing. The country has positioned itself as a leader in prioritizing critical climate and biodiversity issues by effectively leveraging climate change funding sources such as the GCF, Global Environment Facility (GEF), and the Adaptation Fund. In particular, the government has successfully brought attention to challenging topics often excluded by conventional financing mechanisms, such as "losses and damages" and climate change adaptation. This progress signals a very positive shift in the national climate agenda.

The GCF stands out by financing adaptation and mitigation projects and taking on risks other funds are reluctant to, especially in Ecuador. These risks include investments in bioeconomy, a pioneering approach that works directly with communities, cooperatives and MSMEs. The concessionality of resources and its higher risk tolerance provide an "additionality" that other climate finance mechanisms cannot offer. This enables a paradigm shift for end users who would otherwise lack access to such financing. The government sees this as a vital contribution that fosters transformative approaches to tackling climate change and improving the quality of life for its people.

A prime example of this shift is the bioeconomy project, FP173 (Amazon Bioeconomy Fund) has been approved and is awaiting implementation. This project offers an unprecedented credit opportunity in the region. Traditionally, individuals had to conform to the rigid conditions of available financing. However, this project is designed to adapt to local realities and community needs, promoting a more inclusive approach aligned with local needs.

In August of 2024, a USD 16 million loan was formalized to strengthen biobusinesses in the Amazon, with 50 per cent of the funds coming from GCF project FP173 through CONAFIPS. This initiative will benefit approximately 1,800 biobusinesses within the popular and solidarity economy, emphasizing women-led businesses and Indigenous communities. It is estimated that 80 per cent of the beneficiaries will be microenterprises, 15 per cent associations and cooperatives, and 5 per cent medium-sized or anchor companies. The programme consists of three components: financing of biobusinesses, risk mitigation and mobilization of additional resources, and institutional strengthening.

In the Amazon, where numerous local communities and Indigenous Peoples manage land collectively through the "*chacra*" system, the bioeconomy represents a key opportunity. By promoting sustainable economic alternatives, bioeconomy initiatives aim to eliminate or reduce the incentives for activities that drive deforestation, such as agricultural expansion. These projects

alleviate pressure on natural resources, protect forests and generate direct benefits for local communities.

a. Expected future impact and sustainability potential of GCF investments in Ecuador

Results achieved and projects in progress

In Ecuador, the success, completion and achievements of GCF-funded interventions are primarily attributable to the RPSP and REDD+ projects, which have effectively met their objectives and provided valuable lessons for future initiatives.

Among the GCF initiatives delivering significant results, the PROAmazonía project stands as a remarkable success in Ecuador and serves as a model for the RBP REDD+ programme. Box 4–3 provides an overview of the key activities, outcomes and progress achieved under the PROAmazonía project, highlighting its multifaceted contributions to sustainable development in the Amazon.

Box 4–3. PROAmazonía: A multifaceted effort for sustainable development in the Amazon

The PROAmazonía and RBP project represents a holistic effort to promote sustainable development in the Amazon region. While its full impact is yet to be realized, significant strides have been made across several critical areas:

Forest revaluation: The project has promoted a broader appreciation of the forest's value, emphasizing bioenterprizes and alternative uses beyond timber. This approach highlights the synergy between environmental and economic benefits.

Sustainability integration into governance: By embedding sustainable practices into public policies and ministry actions, the project has catalysed a paradigm shift in development approaches and public awareness, laying a solid foundation for the Amazon's long-term sustainability and well-being.

Empowerment through field schools: Field schools have been vital in transferring knowledge and building capacity in local communities. Their effectiveness at the grass roots level has attracted interest from institutions such as the Ministry of Agriculture.

Advancing inclusivity and equality: The project's efforts to empower women, youth and marginalized groups have advanced inclusivity and social equality without unintended consequences such as violence, reflecting the community's acceptance of these initiatives.

Bioenterprizes in restored forests: The current landscape-based restoration model, including agroforestry and silvopastoral systems, supports forest restoration. Based on biological resources, bioenterprizes incentivize communities to participate in sustainable forest management.

Strengthening Indigenous leadership and conservation: The formation of the Amazon Indigenous Group by the REDD+ Working Group in 2021 empowered Indigenous representatives to address conservation, traditional knowledge and collective rights. As a result, they have developed an intercultural REDD+ toolkit featuring a range of materials on prior consultations and sustainable production.

These advances reflect the project's impact through implementing actions and fostering a shift in mindsets, promoting inclusivity and strengthening local capacities for sustainable development.

Despite the positive outcomes of RPSP and REDD+ initiatives, recently implemented projects have yet to generate sufficient outcomes for estimating impact. Nevertheless, ongoing investments have a high potential for sustainability in ongoing investments, considering the institutional framework supporting them.

Involvement of the NDA: Key to sustainability

A key factor enhancing the likelihood of success and sustainability in GCF investments in Ecuador is the active involvement of MAATE as the NDA. Through this role, MAATE ensures that GCF-funded projects align with national priorities, are culturally relevant and are informed by local knowledge. Its focus on complementarity also prevents project overlaps. The NDA's participation strengthens cohesion among stakeholders and ensures that projects address Ecuador's specific needs, increasing the potential for long-term sustainability.

Furthermore, Ecuador's extensive governmental experience and capacity in climate projects have positioned the country as a regional leader in implementing climate policies. Since the National Constitution of 2008 (Constitutional Court of Ecuador, 2008), which enshrines environmental protection through various environment-related rights and guarantees, such as the Rights of Nature, the human right to water and procedural provisions for environmental and climate issues, Ecuador has shown a strong commitment to climate action. These constitutional principles have enabled Ecuador to develop solid technical capabilities at the governmental level in climate change adaptation and mitigation.

This experience has been invaluable in designing and implementing GCF-funded projects, contributing to the development of institutional frameworks that support investment sustainability. The country's capacities and accumulated experience in environmental and climate projects provide a solid foundation for the successful implementation, adaptability and long-term sustainability of these projects.

Participation of multiple actors and institutional and social ownership of projects

REDD+ related projects in Ecuador (FP019 and FP110) have demonstrated a significant level of institutional and social ownership, which is central to their sustainability. The phased approach of the REDD+ mechanism has allowed broad stakeholder participation, bringing together government agencies, non-governmental organizations, local communities and Indigenous Peoples. This inclusive strategy has fostered collaboration, built networks and consolidated strategic alliances. It has created a solid political and technical foundation and strengthened local capacities, increasing the potential for ongoing future sustainability.

The increasing involvement of the private sector is another vital factor in the sustainability of GCF investments in Ecuador. Projects related to electric mobility and public transport have successfully attracted private investment, facilitating public infrastructure development and improving services. This public-private collaboration indicates that climate financing can stimulate local economic opportunities, reduce project reliance on public funds and attract support from committed private actors.

The MSME sector, a cornerstone of Ecuador's economy, is critical to generating income for families and communities, especially in rural areas. However, challenges related to formalization and productivity hinder MSME growth and capacity to adapt to climate challenges. Strengthening support for MSMEs could significantly improve the sustainability of GCF investments. By integrating MSMEs as key actors in GCF projects, these initiatives could create economic opportunities, encourage local ownership and generate direct benefits for communities, thereby increasing the likelihood of long-term success.

The readiness grant ECU-RS-003 (ID 1801-15042) (Decentralized Autonomous Governments) is an example of how GCF investments can strengthen institutional capacities. This project generated four concept notes presented to MAATE, involving the private sector in key areas such as watershed water management, emissions reduction and technological innovation for small-scale agricultural

producers. These initiatives reinforce the potential for investment sustainability and lay the groundwork for future collaborations that address climate challenges through a comprehensive approach tailored to local needs. Box 4–4 provides another example of how GCF investments can strengthen sustainability by providing concessional credits through cooperatives and biobusinesses, ensuring growth and reinvestment in the long term.

In summary, while several GCF-funded projects in Ecuador have yet to generate the results needed for a higher-level impact assessment, their prospects for sustainability are promising. Key contributors to this potential include the active involvement of the NDA, the government's technical expertise, social and institutional ownership, private sector participation and the untapped potential among MSMEs. These factors will enable Ecuador to continue leveraging GCF climate financing and transform these projects into lasting drivers of sustainable progress.

Box 4–4. Potential for sustainability and scaling up of FP173

The IDB is a vital strategic partner of the GCF, ensuring that sustainability is achieved on project completion and benefits are sustained over time. For FP173, a pioneering intervention requiring long-term sustainability and growth, additional resources will be mobilized from the biobusinesses that can be supported with credits and cooperatives and CONAFIPS further consolidating the market.

Credits will be provided under suitable conditions that cover the operational and financial costs while aligning with the typical operations of cooperatives and CONAFIPS. This is not a programme designed to disrupt or distort the market. Instead, blending IDB resources enables credit offerings with reasonable terms and rates – slightly below market levels – to preserve the concessionality provided by the GCF.

Sustainability will also be reinforced as income and repayments from these credits empower cooperatives to reinvest in similar portfolios. While the market is not expected to reach billions of dollars, there is a favourable expectation for continued growth.

b. Replication and scaling of GCF investments in Ecuador

The future impact and sustainability potential of GCF investments in Ecuador is promising. Still, it depends on the country's ability to replicate and scale successful projects and create conditions to maintain achievements once funding ends. The success of initiatives like the REDD+ project and the grant ECU-RS-009 (ID 2207-17278) (L&D mechanism) will demonstrate the feasibility of generating positive and replicable experiences in other contexts. One CAF interviewee said the potential success of the 24 months of readiness support for implementing the L&D mechanism would provide the first instance of successfully introducing this mechanism through the GCF's RPSP. However, to achieve greater scalability, overcoming challenges associated with project design, funding costs, timelines and the loss and rotation of specialized teams will be necessary.

Ensuring GCF investments can generate transformative and sustainable impact in Ecuador requires a multifaceted approach. This approach includes strengthening local and institutional capacities, broadening participation to include private sector entities and SMEs, and establishing mechanisms to maintain the continuity of technical teams.

Potential for replication and scalability in REDD+ projects

The FP110 (REDD+ RBP) is a notable example of how GCF-funded interventions can have a local impact on replication and scaling. By linking institutional mechanisms for transferring funds to local communities, the project shifted production and land-use from livestock to sustainable crops like

cocoa and coffee. This transformation reduces emissions, discourages agricultural expansion, promotes forest conservation and generates new income sources for beneficiaries.

The project's success offers a replicable model for other regions of the country and different contexts, demonstrating that sustainable economic alternatives can effectively involve local communities. Additionally, this approach can be scaled up to reach beneficiaries in other areas where livestock has historically driven deforestation.

Risk reduction and management: the potential and expectations regarding the L&D mechanism

Ecuador is advancing with innovative initiatives that could become replicable climate risk reduction and management models. CAF and the government have presented the readiness project ECU-RS-009 (L&D mechanism), aimed at establishing the institutional, technical, and operational conditions necessary to conceptualize and eventually implement the UNFCCC's L&D mechanism. The innovative approach to strengthening local and institutional capacities for managing climate impacts is expected to enhance the country's ability to face future climate risks.

As this initiative is the first of its kind in Ecuador, it represents a significant challenge and a unique opportunity. Developing a sound, replicable model will depend on the demonstrable success of the pilot phase. If Ecuador can show that the L&D mechanism reduces vulnerabilities, mitigates climate risks and helps mobilize resources, it will strengthen the case for scaling it up nationally and replicating it internationally, particularly in other climate-vulnerable nations.

Given that L&D is a key component of the UNFCCC, the framework developed in Ecuador could be adopted by other signatories to the Convention. The project's success could encourage international donors and climate funds to support replication efforts in other countries.

Challenges and opportunities for scaling and replicability

The interest in replicating and scaling GCF-funded initiatives is not limited to national actors. International organizations such as GIZ and German Federal Ministry of Economic Cooperation and Development are willing to collaborate on scaling these projects. However, significant challenges remain, such as the high cost and long timelines involved in designing projects for GCF funding. This is particularly discouraging for smaller AEs, which often lack the financial and time resources to follow these processes efficiently. Difficulties in obtaining additional financing or maintaining momentum after initial approval can reduce scaling opportunities.

A key challenge for the sustainability of GCF investments in Ecuador is maintaining specialized technical teams once project funding ends. Most professionals involved in implementing these projects are hired temporarily. When funding ends, the teams dissolve, taking their technical knowledge and acquired experience with them. This limits the continuity of actions and the ability to scale learned lessons and successful practices.

Staff turnover affects the ongoing execution of projects, posing a risk to long-term sustainability, as the absence of trained technical teams prevents local institutions from continuing to implement or replicate initiatives. To mitigate this challenge, it is essential to develop strategies that strengthen permanent institutional capacities and establish structures able to maintain and scale actions once external funding is exhausted.

6. COUNTRY OWNERSHIP

a. Identification, ownership and involvement of national authorities

Ecuador has demonstrated a strong sense of national ownership in climate change-related projects and programmes, primarily led by the MAATE, which is key in defining the country's climate policies. The NDA is seen as a reliable entity for various organizations working in the climate sector, consolidating its position as the leader in the field.

MAATE plays an active role in the early stages of conceptualizing environmental and climate issues, enhancing the country's identification and ownership of projects. A notable example is MAATE's strategic involvement in the REDD+ RBP projects, linked to PROAmazonía, implemented by UNDP and led in collaboration with the Ministry of Agriculture and Livestock. However, while this ownership is evident to the involved entities, MAATE has expressed a desire to be more involved in some MCPs, citing a perceived disconnect with certain implementers regarding updates on project progress.

Ecuador has 10 MCPs under implementation, and the NDA observes variations in information-sharing between those conducted by IAEs and those by regional DAEs. Regional DAEs are generally more effective at facilitating information exchange and fostering collaboration during project conceptualization, as demonstrated by FP173 (Amazon Bioeconomy Fund).

IAEs managed by multilateral agencies in LAC countries that implement MCPs offer governments the advantage of understanding their countries and institutions, gained through prior experience with projects aligned with LAC and national priorities.

A key aspect that could affect national ownership is the potential for the GCF to directly select executing agencies for the GCF readiness programmes, which now seems a likelihood since the readiness strategy's actualization. State representatives view this as a setback that may undermine national ownership by limiting the country's ability to lead the design and implementation of projects.

b. Effectiveness of the GCF in developing institutional capacities

A primary focus of the RPSP implemented in Ecuador has been strengthening institutional capacities at both central and subnational levels. Although the country has a long tradition and is a pioneer in climate change policies, frequent political changes create disruptions in technical teams, which require constant updating and training.

The need to consolidate capacities is even more evident in subnational governments, where the knowledge and skills gap in climate management is considerably larger than at the central level. One of the NDA's main objectives in its coordination role is to promote effective decentralization of these capacities, ensuring that local governments and communities have the necessary tools to manage climate projects and access green financing.

Developing capacities at the subnational level is crucial to fostering climate awareness and ensuring the effective implementation of national climate policies in the territories, engaging local actors affected by climate change.

c. Stakeholder involvement

Stakeholder involvement with the GCF varies considerably depending on the resources and capacities of each organization. IAEs, especially multilateral ones, generally have more involvement due to their access to better financial, technical and infrastructure resources. This enables them to

manage the bureaucratic and complex processes of the GCF more effectively, dedicating a considerable amount of human, technical and financial resources to their relationship with the GCF.

In contrast, smaller organizations with limited resources find it difficult to sustain these processes. An example is the Fundación Futuro Latinoamericano, which attempted to get accredited with the GCF several years ago but faced various difficulties and was unsuccessful. Despite a recent opportunity under more favourable conditions, they decided not to pursue the accreditation process again due to their previous experience.

One of the Ecuadorian government's main objectives is the accreditation of the BDE as a national DAE. This development is highly anticipated, as it would strengthen local project management capacities, promoting greater ownership and leadership by the country in implementing climate finance.

Since 2009, MAATE has led the building and implementation of the REDD+ action plan. The REDD+ Working Group is one of the most important and enduring platforms for civil society involvement in Ecuador's environmental sector. It serves as a direct and open channel for dialogue between the National REDD+ Authority of Ecuador, civil society, Indigenous Peoples and other local communities, Afro-descendants, Montubios, women and youth. Since 2013, this group has been critical in shaping REDD+ policy.

In 2017, MAATE signed Ministerial Agreement No. 46, formally establishing the REDD+ Working Group as part of the institutional framework necessary for implementing REDD+. The group includes participants from academia, the private sector, civil society organizations, youth organizations, women's organizations and Indigenous Peoples' organizations.

MAATE developed guidelines on REDD+ readiness for free and informed prior consultation (FPIC). With the collaboration of its REDD+ programmes, an FPIC guide was developed, which the government uses, although it has not been institutionalized.

7. Gender and Indigenous Peoples

Ecuador has a strong tradition of incorporating gender and intercultural approaches into public policy development, including climate change. The country recognizes the vital contribution of Indigenous Peoples and other local communities, as reflected in the National Constitution, which guarantees the right to FPIC. However, it is important to note that while consultation is a right, consent is not binding for the state, leading to tensions in implementing initiatives such as REDD+.

a. Notable initiatives with a gender and Indigenous Peoples focus

The GCF's commitment to integrating a gender perspective into projects in Ecuador is evident in several specific actions. These include forming gender-balanced work teams, developing training guides for subnational governments that incorporate gender and climate change modules, and ensuring balanced participation of male and female officials in project activities. Additionally, gender-focused communication products have been developed to highlight the role and leadership of women in combating climate change.

Several GCF-funded projects have made notable progress in promoting gender equality. A key example is "*Botas Violetas*" – Purple Boots – (United Nations Development Programme, n.d.), from the FP110 project (REDD+ RBP). Implemented by the UNDP, the initiative aims to empower women in rural and Indigenous communities through gender and rights sensitization and training processes. The initiative's success has inspired discussions to extend it to other projects and countries. Additionally, in the same project, the latest APR for FP110 in 2023 highlights that new

workshops on masculinities were conducted, with 56 men receiving training on the importance of contributing to gender equity in GCF-funded projects. (Green Climate Fund, 2024)

The PROAmazonía programme and the REDD+ action plan, key components of Ecuador's NDC commitments, also promote gender equity and social inclusion. Through these initiatives, the GCF has complemented actions already contributing to emission reductions, such as supporting the Socio Bosque Project, which provides economic incentives to Indigenous Peoples and communities for forest conservation agreements.

A notable example of integrating Indigenous Peoples is allocating funds to local peoples and communities to implement development, conservation and sustainable production projects. Of these funds, 44.6 per cent were contributed by the GCF through the PROAmazonía programme, under FP110 (REDD+ RBP), led by MAATE and implemented with UNDP support (United Nations Development Programme, 2023).

Regarding Indigenous Peoples, the Amazonian Indigenous Group was established in 2021 and promoted by the same actors who formed the REDD+ Working Group. Empowering 16 representatives of Indigenous Peoples and other local communities, the Amazonian Indigenous Group organized itself autonomously to analyse various issues associated with conservation, collective rights and traditional knowledge. A key outcome of this group's work dynamics was an interculturality toolbox for REDD+. The toolbox included educational and communicative materials such as culturally relevant posters on free, prior and informed consultation, a map of traditional knowledge in conservation and sustainable production and a poster highlighting the history of the contributions of Indigenous Peoples in the three phases of REDD+ – preparation, implementation and payment for results.

b. Safeguards and rights in project implementation

An essential aspect of GCF interventions in Ecuador has been the development of safeguard systems to ensure the protection of rights and the inclusion of gender considerations. For example, in FP235 (Mangroves for climate), the IAE has emphasized integrating safeguards as a cross-cutting aspect of its work. These include addressing gender equity and cultural diversity, recognizing traditional practices and examining critical issues such as gender-based violence, health and safety.

Institutions working with the GCF in Ecuador agree that the Fund sets a high standard regarding implementing safeguards, Indigenous rights, gender perspective, transparency and grievance mechanisms. As stated by an IAE representative, "If anyone wants to know what the good practices are regarding this, they should refer to the GCF; it is by far the most demanding."

c. Challenges in including intergenerational and minority approaches

Despite efforts to integrate a gender approach, one of the most frequently highlighted challenges in GCF-funded projects in Ecuador has been the limited attention to intergenerational issues, such as the needs of children and older people. While projects generally align with the country's realities, it would be beneficial to incorporate non-discrimination and disability approaches more actively, along with greater recognition of cultural minorities such as Afro-descendants and Montubios. Although these groups are not always economically vulnerable, they are of significant cultural importance.

d. FP019 and FP110: observations and testimonies

Beekeeping bioentrepreneurship

Asociación Agropecuaria Tsapau was founded in 2021 by 15 women and 15 men of the Shuar community. Their shared motto "grow, envision, and develop" reflects their commitment to collective progress and sustainable growth. Today, it has 42 business partners, all of whom have received capacity training and infrastructure support. They modified their monoculture practice to incorporate four products in their value chain: *wayusa*, cinnamon, vanilla and honey.

The group highlights the importance of empowering women, building women's capacities, engaging young people and developing leadership skills. The group is currently applying for climate finance, with the women leaders representing the organization at national events.

> "We are beekeepers; (growing produce) was not normal for women (but) it has helped us to become independent and not depend on our husbands." – *Committee head*

Specialty coffee collection centre: Union of Agricultural Associations of Morona Santiago

The union, first organized in 2018, is a collection of associations representing rural coffee producers. Initially formed with 11 associations, it currently includes six, with two newly established associations interested in joining.

With support from the Sustainable Agribusiness Centre, the Collection Centre has successfully marketed the union's coffee. They have specialized in coffee tasting and developed a unique or "specialty" deforestation-free coffee called "Morona Santiago". While the average cost of a pound of regular coffee is USD 1.60, their specialty coffee fetches between USD 3.0 and 12.0, depending on quality.

> "Forests used to be seen as a place to get money from timber. Now, we try to promote sustainable coffee, tourism and livestock. All this motivates us to take care of the trees." – *Union coffee producer*

> "I feel flattered because my coffee is better" – *Union coffee producer*

Legalization of ancestral lands: Shuar Pumpuis Centre

The project collaborated with the community to develop land regulations within the Kutuku Shaimi Protected Forest. Its main objective was to obtain legal title to the lands in the name of the community, which currently has 350 residents.

A census and socio-historical study were conducted to demonstrate the community's deep ancestral ties to their lands. Safeguards and free, prior and informed consultation were implemented throughout the process. A comprehensive management plan was also developed, as the lands are located in a conservation area. The project also created profiles for sustainable forest use and tourist trails. Notably, MAATE has not issued land legalization titles for more than 10 years, but the community's active participation in the project has brought it close to receiving legal title.

> "Before, no one had recognized our effort. With this, our future is going to change (including our) education and health" – *Community leader*

Bioentrepreneurship for producing and marketing *wayusa* (Ilex Guayusa) and coffee: Kichwa Rukullakta People Project

The association comprises 17 communities, collectively managing 42,000 hectares of communal land property, with 4,000 hectares designated for restoration. In the past, only men participated in the association. Today, women and young people are also involved. All decisions are made through consultation and consensus mechanisms.

The communities improved their capacities through the project, developed business plans and equipped their distribution centre. They will continue to work with the Kichwa Rukullakta People Project to strengthen the value chain of their products.

The communities have cultivated *wayusa* for 16 years but only initially sold the raw material. Now, with 380 *wayusa* producers, they have learned to add value by creating processed products such as carbonated beverages and beer. They also produce a specialty coffee called Waylla Kuri, or green gold, that they refine for export.

> "We always produce sustainably; we don't use chemicals. We apply the *chakra* system, which the Food and Agriculture Organization of the United Nations recognizes as ancestral knowledge in sustainable production. Previously, it was applied only for self-consumption. Now we have learned its economic value." – *Organization leader*

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5. JAMAICA COUNTRY CASE STUDY REPORT

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ABBREVIATIONS

AE	Accredited entity
AF	Adaptation Fund
APR	Annual performance report
B.39	Thirty-ninth meeting of the Board
CARICOM	Caribbean Community
CCCCC	Caribbean Community Climate Change Centre
CABEI	Central American Bank for Economic Integration
CCD	Climate Change Division
CCFPN	Climate Change Focal Point Network
CP	Country programme
DBJ	Development Bank of Jamaica Limited
DAE	Direct access entity
FP	Funding proposal
GEF	Global Environment Facility
SnCF	Global Subnational Climate Fund
GCF	Green Climate Fund
GHG	Greenhouse gas
GDP	Gross domestic product
IDB	Inter-American Development Bank
IAE	International accredited entity
JSIF	Jamaica Social Investment Fund
LAC	Latin America and the Caribbean
MEGJC	Ministry of Economic Growth and Job Creation
M&E	Monitoring and evaluation
MCP	Multi-country project
NAP	National adaptation plan
NDA	National designated authority
NAMA	Nationally appropriate mitigation action
NDC	Nationally determined contribution
PIOJ	Planning Institute of Jamaica
RPSP	Readiness and Preparatory Support Programme
REDD	Reducing emissions due to deforestation and forest degradation
SCP	Single-country project
SIDS	Small island developing State
UNFCCC	United Nations Framework Convention on Climate Change

A. Background and context

1. Overview of Jamaica

Geography and climate. Jamaica is an island nation in the Caribbean Sea, about 90 miles south of Cuba and 100 miles west of Haiti. The island is known for its lush and scenic tropical beauty, presenting mountains, narrow valleys and a coastal plain. The Blue Mountains, the island's highest peaks, reach over 2,300 metres. Jamaica is organized into three counties and 14 parishes. Its capital, Kingston, which serves as the primary hub for commerce and culture, is located along the southeastern coastline, nestled beneath the stunning Blue Mountains and adjacent to the world's seventh-largest natural harbour. Montego Bay, the island's second-largest city on the northwest coast, is the focal point of tourism. Other popular tourist destinations include Port Antonio, Ocho Rios, and Negril (Embassy of Jamaica, 2007).

The climate of Jamaica is tropical, influenced by the sea and the northeast trade winds. Coastal areas are hot and humid, while the interior regions are more temperate. The island experiences little seasonal variation in temperature, with coastal temperatures reaching about 32°C and with minimum temperatures of about 4°C recorded on the high peaks. Rainfall is seasonal, with the heaviest rain occurring in October and May. The average annual rainfall for the entire island is about 2,100 mm, but regional variations are considerable (Embassy of Jamaica, 2007).

Jamaica's geography and climate make it a unique and diverse destination, offering everything from beautiful beaches to lush mountains and vibrant cities (Briney, 2019).

Demographics. Jamaica's population was approximately 2.83 million as of 2022. The population growth rate is relatively low at 0.08 per cent. Ethnically, most Jamaicans are of Sub-Saharan African descent, making up 76.3 per cent of the population. Other ethnic groups include Afro-European (15.1 per cent), East Indian and Afro-East Indian (3.4 per cent), Caucasian (3.2 per cent), Chinese (1.2 per cent), and others (0.8 per cent). The official language is English, and Jamaican Patois is also widely spoken.

The rural population has been experiencing a slight decline over the years. As of 2022, approximately 1.2 million people lived in rural areas, representing 42.62 per cent of the total population. The economic activity of the rural population is primarily centred around agriculture (World Bank Group, n.d.).

Economy. Jamaica's economy is mixed but increasingly based on services, notably tourism and finance. Since independence in 1962, the country has developed markedly but unevenly. Mining and manufacturing became more important to the economy in the latter half of the 20th century, while the export of agricultural commodities declined.

The Jamaican economy has been highly indebted for decades. Since 2013, the Government has successfully implemented fiscal consolidation measures, reducing the public debt to gross domestic product (GDP) ratio by more than 60 percentage points to 75.5 per cent in 2023 – the lowest level in 25 years. Prudent macroeconomic management, anchored in debt reduction targets and inflation-targeting monetary policy with ample foreign reserves, was facilitated post-pandemic recovery amid the challenging external environment of inflationary pressures and tightening global financial conditions.

Tourism and agriculture, which collectively account for more than a third of jobs, are vulnerable to external shocks, especially climate-related shocks, which could undermine growth and poverty reduction efforts. The major crop is sugarcane, with its by-products molasses and rum. Fruits, including oranges, coconuts and bananas are also important (Jamaica Information Service, 2018).

Climate change has significantly impacted Jamaica, leading to more severe hurricanes, increased heavy rainfall, longer periods of drought and shoreline erosion. The Government has implemented various measures to help with climate change mitigation and adaptation, such as better management of water resources, adopting sustainable farming practices and implementing water harvesting resources. In 2020, Jamaica became the first Caribbean country to submit a tougher climate action plan to the United Nations due to the risks from rising sea levels, drought, and more intense hurricanes (World Bank, 2024).

Politics. Jamaica's political system is a constitutional monarchy with a parliamentary democracy based on the Westminster model. The Head of State is King Charles III, represented by a Governor-General with largely ceremonial powers. The executive power is vested in the Cabinet, led by the Prime Minister, who is appointed by the Governor-General.

The legislative branch comprises a bicameral parliament with the House of Representatives and the Senate. Jamaica's political and legal traditions closely follow those of the United Kingdom. The country gained political independence in 1962 with the Jamaica Independence Act. The judiciary operates independently of the executive and the legislature, with jurisprudence based on English common law.

Jamaica has developed a Climate Change Policy Framework with a multi-sectoral approach. This framework aims to ensure climate change adaptation and mitigation through the development, coordination and implementation of policies, sectoral plans, programmes, strategies and legislation. The objectives include institutional capacity-building, national response to climate change impacts, improved communication on climate change impacts, climate financing for adaptation and mitigation initiatives, and developing and implementing technologies (Jamaica, 2023).

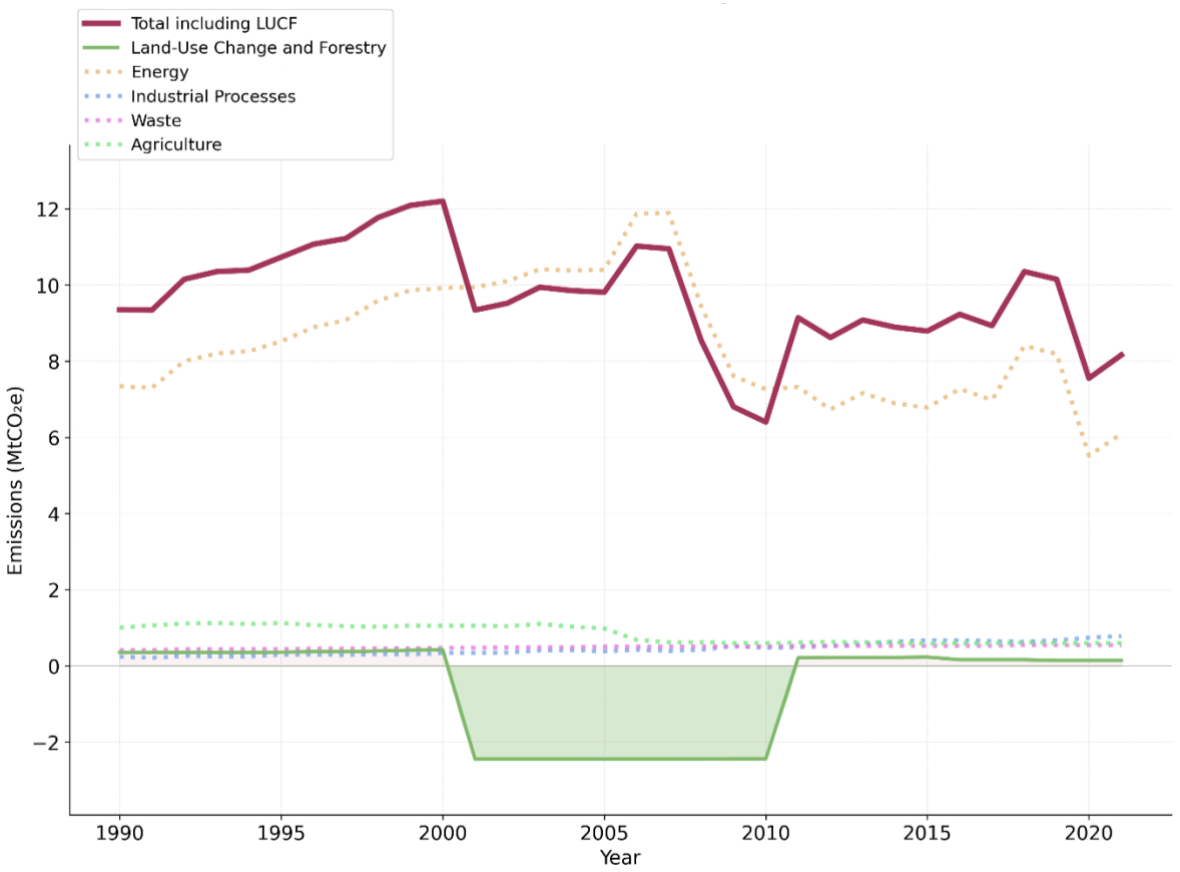
The framework also emphasizes the importance of public consultation to improve participation in mitigation and adaptation response measures. It aims to mainstream climate change adaptation and mitigation measures into ecosystem protection, land-use and physical planning. Priority initiatives include water resources management, low-carbon development, disaster risk financing, ecosystem protection and communication (Jamaica, Ministry of Water, Land, Environment and Climate Change, 2015).

2. CLIMATE CHANGE CONTEXT AND POLICIES

In 2021, Jamaica emitted a total of 7.58 million tons of CO_2 equivalent, ranking 151st among the world's largest emitters and accounting for 0.02 per cent of global emissions (Climate Watch, 2024). The energy sector is the main contributor to greenhouse gas (GHG) emissions in the country, accounting for 75 per cent of the total. It is followed by emissions from industrial processes, which represent 10 per cent of GHGs. Other sectors, such as agriculture, land-use change and waste, contribute less, with 7 per cent, 2 per cent and 2 per cent, respectively.

Jamaica faces significant challenges in both reducing its GHG emissions and managing its vulnerability to climate change.

Figure 5–1. Jamaica annual GHG emissions, 1990 to 2021



Source: Historical country-level and sectoral GHG emissions data (1990–2021) from Climate Watch, 2024, visualized by the IEU DataLab.

The line chart in Figure 5–1 above shows Jamaica's annual GHG emissions from 1990 to 2021, with each sector plotted as its own line (i.e., not stacked). To emphasize the contribution of land-use change and forestry, the area under the solid green line is coloured in green or red, highlighting the net GHG emissions (in $MtCO_2e$) these sectors contribute relative to the total.

These GHG emission challenges mainly come from four sources:

- Energy dependence on fossil fuels: Jamaica relies heavily on imported fossil fuels, particularly oil, for its energy needs. This contributes to GHG emissions and makes the country vulnerable to fluctuations in global oil prices. Transitioning to renewable energy sources is a key priority but requires substantial investment.
- Transportation sector: The transportation sector is one of the largest contributors to Jamaica's GHG emissions. With an increasing number of vehicles on the road, the country struggles to implement alternative transportation solutions like electric vehicles or LNG powered buses for better public transportation systems.
- Industrial and agricultural emissions: Although Jamaica's industrial and agricultural sectors are relatively small, they still contribute to GHG emissions, partly through imports needed to substitute for the lack of local production.
- Financing and technology: Jamaica faces financial challenges in implementing cleaner, more energy-efficient technologies and efforts are limited.

Vulnerability to climate risks

As a small island developing State (SIDS), Jamaica faces extreme vulnerability to the effects of climate change. Various sectors of its economy and natural environment are at risk, with potentially devastating impacts on its resources, infrastructure and the quality of life of its population. The following describe the key sectors that will be most affected (Jamaica, Ministry of Economic Growth and Job Creation, 2018):

- Coastal and marine resources: Jamaica's coastline, approximately 886 km long, is essential to the country's economy. Most of the population, infrastructure, tourism and economic activities rely on this area. Reef fishing, generating USD 34 million annually, is a critical source of income. However, climate change is causing rising sea levels, extreme weather events, coral bleaching and damage to marine ecosystems. These threats could severely impact the fishing industry and tourism.
- Water resources: In recent years, Jamaica has suffered from severe droughts, a trend expected to worsen with rising temperatures. Water availability, vital for agriculture, energy, mining, tourism and health care services, is at risk. Additionally, changes in rainfall patterns, evaporation and potential saltwater intrusion into groundwater sources pose critical challenges for the island's water supply.
- Human settlements and infrastructure: About 82 per cent of the population lives within 5 km of the coast, and over 70 per cent of industries are in the coastal zone. Between 2000 and 2017, Jamaica experienced 15 storms, hurricanes, droughts and floods, costing nearly USD 1 billion, equivalent to 1.3 per cent of GDP. Hurricane Ivan in 2004 alone caused damage equivalent to 7 per cent of GDP. Urban expansion in coastal areas, especially informal settlements, further increases infrastructure vulnerability to extreme weather events.
- Agriculture: This key employment and foreign exchange sector faces significant climate change threats. The challenges include reduced water availability, soil fertility loss and increased pest prevalence. Tropical storms have caused millions in crop losses, and recent impacts on agricultural and fishing production remain devastating for small producers. Recently, Jamaica's agricultural sector has been severely impacted by hurricane Beryl, a category 4 storm that made landfall on 3 July 2024, leaving a trail of destruction across the country's agricultural heartland. The storm caused an estimated USD 6.5 billion in damages, affecting approximately 45,000 farmers in the southern parishes of Clarendon, Manchester and Saint Elizabeth.

The Beryl unleashed its fury on farms, devastating staple crops such as plantains, yams, cassava, breadfruit, ackee, mangoes and bananas. The fishing and livestock industries also suffered significant losses. Additionally, according to Government of Jamaica estimates, hurricane Beryl damaged 8,700 homes.

- Tourism: Tourism contributes approximately USD 1.9 billion to the country and is one of the most important sources of foreign exchange. However, the sector is highly vulnerable to climate change effects, with coastal erosion, fresh water shortages, increased cooling costs, natural habitat destruction and rising insurance premiums being just some of its threats. In 2007, hurricane Dean caused tourism losses of around USD 43.7 million.
- Human health: Health risks in Jamaica are rising due to the spread of vector-borne diseases and water-related issues exacerbated by climate change. Extreme events such as heat waves and floods also affect health determinants. Health care facilities are vulnerable to extreme climate events; in the past, hurricanes like Wilma and Sandy caused considerable damage to health infrastructure.

- Forests: Jamaica's forests are under threat due to increased droughts and intense storms. These factors jeopardize forest areas and biodiversity and increase susceptibility to wildfires, which can further intensify climate change effects and endanger nearby human communities.

In the 2022 ND-GAIN country index from the University of Notre Dame (n.d.), Jamaica stands at 88th out of 187 countries overall. Its vulnerability score of 0.422 (92nd) indicates high exposure to climate impacts and limited adaptive capacity, and its readiness score of 0.412 (96th) reflects a limited developed capacity to implement adaptation measures. Ongoing efforts will be important for Jamaica to tackle evolving climate challenges and further strengthen its resilience.

Future projections and climate commitment

Jamaica is expected to face a variety of climate-related problems, such as average temperatures increasing by 1.5°C to 2°C by mid-century; rising sea levels of 1 metre by the end of the century leading to coastal erosion, loss of land and damage to infrastructure, particularly in low-lying areas; more intense hurricanes and storms posing significant risks to Jamaica's infrastructure, economy and human safety, especially for tourism and agriculture; changes in rainfall patterns leading to prolonged droughts and more severe flooding; and coral reef degradation vital for marine biodiversity, tourism and fisheries.

Jamaica has taken steps to address both GHG emissions and its climate vulnerabilities through mitigation and adaptation (United Nations Framework Convention on Climate Change, 2015):

- Nationally determined contributions (NDCs): Jamaica has committed to reducing GHG emissions as part of the Paris Agreement.
- Renewable energy initiatives: the Government is promoting using solar, wind and hydroelectric power to reduce dependence on fossil fuels.
- Climate resilience building: Jamaica is investing in climate adaptation strategies, such as upgrading infrastructure in coastal areas, improving water resource management, reforestation and other nature-based solutions to mitigate climate impacts.
- International support: As a SIDS, Jamaica has been able to access climate finance, which is key for mitigation and adaptation, from international organizations such as the Green Climate Fund (GCF) and the Global Environment Facility (GEF).

Jamaica's NDCs, submitted as part of the Paris Agreement, outline the country's goals for reducing GHG emissions and adapting to climate change:

- Emission reduction target: Jamaica has committed to reducing its GHG emissions by 25.4 per cent by 2030 compared to business-as-usual levels. With international support, this target could increase to a reduction of up to 28.5 per cent. This includes a commitment to transitioning to renewable energy sources and improving energy efficiency across sectors (Henry, 2022).
- Energy transition: Jamaica aims to generate 50 per cent of its energy from renewable sources by 2030 and 100 per cent by 2050. This represents a significant increase from current levels, with solar, wind, and hydroelectric power playing a major role in reducing the country's reliance on fossil fuels (Henry, 2022).
- Energy efficiency: the Government has committed to improving energy efficiency in buildings, transportation and industrial sectors. This includes promoting energy-efficient appliances, retrofitting public buildings, and encouraging the use of electric vehicles (Henry, 2022).

Jamaica has developed comprehensive strategies to enhance climate resilience, with a focus on reducing vulnerability to climate risks and building capacity for adaptation (Dawkins, 2021):

- Jamaica's Vision 2030 Plan: This plan integrates climate resilience into the country's overall strategy for sustainable development. The plan aims to reduce poverty, improve health

outcomes and ensure environmental sustainability, with a particular emphasis on preparing for climate-related shocks (Jamaica, 2023).

- National adaptation plan (NAP)[31]: The plan outlines specific measures for climate adaptation, including strengthening coastal defences, improving water management systems, and increasing the resilience of the agriculture and tourism sectors to climate impacts (Jamaica, 2023).
- Disaster risk management: Jamaica is investing in disaster risk reduction and preparedness, particularly in enhancing infrastructure to withstand extreme weather events; including strengthening early warning systems, disaster response mechanisms and building climate-resilient infrastructure (Jamaica, 2023).

Jamaica has been actively seeking international support for its climate efforts:

- Access to climate funds: Jamaica has developed its International Climate Finance Strategic Framework to guide the efficient allocation of official development assistance to tackle climate change challenges. The country is leveraging international climate finance mechanisms, such as the GCF and the GEF, to support projects related to renewable energy, reforestation, and climate adaptation (Dawkins, 2021).
- Partnerships for resilience: The country has partnered with multilateral organizations such as the World Bank, the United Nations Framework Convention on Climate Change (UNFCCC), and other bilateral partners such as the UK Foreign, Commonwealth and Development Office to enhance technical capacity and financing for its climate initiatives.

Jamaica increasingly focuses on nature-based solutions as part of its climate adaptation strategy. This includes efforts to protect and restore mangroves, coral reefs and forests, which provide natural buffers against storms, floods, and erosion (Dawkins, 2021).

3. CLIMATE CHANGE INSTITUTIONAL CONTEXT

Since 2012, Jamaica has sought to improve its institutional arrangements to address climate change. The Climate Change Division (CCD) was established in 2013 with the specific mandate to address climate-related issues and coordinate relevant activities across all sectors. Currently, the CCD is located within the Ministry of Economic Growth and Job Creation (MEGJC), the institution that serves as the national designated authority (NDA) to the GCF.

The Planning Institute of Jamaica (PIOJ) is the main government advisory body and the liaison with international development partners. It operates under the Ministry of Finance and the Public Service. The PIOJ houses the Vision 2030 Secretariat, which coordinates the implementation of Vision 2030 Jamaica, including the thematic working groups. Climate change is a focus of the Thematic Working Group for Disaster Risk Reduction and Climate Change Adaptation.

In 2014, a Climate Change Focal Point Network (CCFPN) was established, with representatives from key government ministries, departments and agencies to promote cooperation and a multi-sectoral approach to climate change. It was later institutionalized within the Climate Change Policy Framework and continues to operate under the guidance and leadership of the CCD.

The Climate Change Advisory Board was created in 2015. Its members are appointed by the Cabinet and include representatives from the public and private sectors, academia and non-governmental organizations. Through meetings and subcommittees, members exchange information and advise the Minister and the CCD as appropriate.

[31] This instrument is still in the process of being developed.

Local affairs in Jamaica are managed by the municipal corporations, under the Ministry of Local Government and Community Development. These corporations have authority over various areas directly relevant to climate change mitigation and adaptation, such as public health, water supplies, building regulations, public beaches and sanitation. At the local level, a community network of the CCFPN is expected to be established, which includes, among others, the President of the Parish Development Committees, the Social Development Commission Officer of each parish, and the President, along with at least one other member of the Association of Local Authorities.

Jamaica has created a climate finance working group, led by the Ministry of Finance and the Public Service. The objective of this group is to strengthen the capacity of climate finance professionals in the country. It includes various public sector entities, as well as representatives from the private sector and non-governmental organizations.

Jamaica has two draft nationally appropriate mitigation actions (NAMAs): one for renewable energy and the other for water sector. The draft water sector NAMA, prepared in July 2019, defines two goals. First, to reduce GHG emissions by 20 per cent by 2030 by implementing energy efficiency projects in the National Water Commission's water supply system and the National Irrigation Commission's irrigation system. Second, to increase the share of renewable energy generation to 10 per cent by 2030 by implementing photovoltaic solar energy systems in all subsectors (water supply, sewage and irrigation). The NAMA for energy sector aims to promote the incorporation of renewable energy-based electricity generation in Jamaica.

The Government of Jamaica has committed to maintaining a no-net-loss of forest cover, as outlined in its 2017 Forest Policy and the most recent National Forest Management and Conservation Plan (2016–2026). Reducing emissions due to deforestation and forest degradation (REDD+) is a national strategic priority according to the National Forest Management and Conservation Plan, with one of its key outcomes being outcome 3 "strengthening institutional capacity for REDD+ activities". In 2018, Jamaica obtained GCF readiness funding for the "REDD+ readiness support in Jamaica" project through the MEGJC. This project, implemented by the Forestry Department and managed by the CCD, helps build capacity and establish planning mechanisms to guide the country in its REDD+ readiness, including the development of a National REDD+ Strategy.

B. KEY FINDINGS

1. RELEVANCE

a. Approach and value proposition of the GCF

Value proposition of the GCF

As analysed in previous sections, climate change represents a significant challenge for Jamaica, which is already facing more intense drought conditions, periods of extreme rainfall, rising sea levels and increasingly high temperatures. These threats jeopardize the country's path towards sustainable development and its efforts to build a low-carbon, climate-resilient society.

Access to substantial financing is a priority to make these transformations a reality, and the GCF is a key player in advancing Jamaica's climate action. The Fund has the potential to provide the financial resources and partnerships necessary to drive climate solutions that support the implementation of the Paris Agreement.

Jamaica's country programme (CP), developed in 2020 with the support of the GCF's Readiness and Preparatory Support Programme (RPSP), aims to strategically guide the country's actions by

identifying key projects for climate investment in the coming years (Jamaica, Ministry of Economic Growth and Job Creation, 2020). Additionally, the programme strengthens Jamaica's institutional capacity to plan, access and manage climate financing. This dynamic approach allows the programme to adapt to national circumstances and priorities for adaptation and mitigation.

To date, Jamaica has accessed the GCF through six multi-country projects (MCPs), highlighting its importance in integrating regional and global efforts in climate change mitigation and adaptation. In contrast, the country has not accessed GCF resources through single-country projects (SCPs). Although the country has experienced accessing individual projects with other climate financiers, such as the GEF, with which it has signed nine projects totalling USD 15.7 million, Jamaica's portfolio value amounts to USD 55.9 million, representing 4 per cent of GCF investments in the region. However, this figure is based on a significant assumption that funds for MCPs will be disbursed to countries as planned.

While there is evidence that this may happen in the Latin America and the Caribbean (LAC) region, as seen in projects executed by the Central American Bank for Economic Integration (CABEI) in Central America and the Caribbean, this appears to be more the exception than the rule. In fact, several countries have expressed concerns about the arbitrariness and lack of foresight in resource distribution within MCPs, leading to complaints about a perceived inequity in fund allocation.

Currently, Jamaica has approximately five proposals in preparation, and during the mission conducted in the country as part of this study, consultants were informed that an additional six concepts are being developed with an aim to start submitting proposals to the GCF by the end of 2024.

Table 5–1. GCF project portfolio in Jamaica

FP	Title	SCP or MCP	AE
FP151	Technical Assistance (TA) Facility for the Global Subnational Climate Fund	MCP	IUCN
FP152	Global Subnational Climate Fund (SnCF Global) – Equity	MCP	PCA
FP180	Global Fund for Coral Reefs Investment Window	MCP	PCA
FP189	E-Mobility Program for Sustainable Cities in Latin America and the Caribbean	MCP	IDB
FP223	Project GAIA ("GAIA")	MCP	MUFG Bank
FP242	Caribbean Net-Zero and Resilient Private Sector	MCP	IDB Invest

Note: AE = accredited entity; IUCN = International Union for Conservation of Nature; PCA = Pegasus Capital Advisors; IDB = Inter-American Development Bank

Jamaica considers the RPSP relevant to its CP, as it enables the country to receive readiness support and secure funds to strengthen its capacity for managing mitigation and adaptation actions against climate change. Jamaica has been included in 16 grants with a portfolio value of USD 13.85 million; of these, nine have been allocated nationally, totalling USD 4.658 million, while the other seven have been channelled through regional support, amounting to USD 9.193 million.

In recent years, Jamaica has strategically utilized readiness support to overcome barriers that hinder access to climate finance. However, the MCPs being implemented in the country have arisen more because of supply-driven accredited entities (AEs), which do not always address Jamaica's specific challenges or sufficiently involve national organizations and local beneficiaries in priority sectors such as agriculture, energy, education and health.

Although the first phase of readiness support in Jamaica was positive, the country now requires more strategic forms of this support. Strategic frameworks are needed to implement or update its NDC and drive the development of a strong project portfolio. Thus, a natural evolution is seen from strengthening the NDA towards a more strategic approach to readiness support, focused on programme creation and building a future project portfolio. This is evident in the work that the NDA and the AEs are carrying out in the formulation of concept notes for submission to the GCF.

Stakeholders consulted during the mission expressed that GCF-funded projects are especially relevant, as they address specific needs and contribute to Jamaica's progress towards its climate goals, reflected in its regulatory instruments and environmental commitments. According to these consultations, GCF support has strengthened institutional capacity, creating favourable conditions to maximize benefits and enhance the country's climate commitments.

National needs and GCF's financial instruments

Jamaica, classified as an upper-middle-income country, faces particular challenges in accessing various climate finance options (Hamadeh, van Rompaey and Metreau, 2023). While this classification reflects a capacity to assume financial obligations, it also imposes certain limitations on fund access, making it relevant to analyse how this influences its relationship with the GCF.

In Jamaica's case, funding has primarily been concentrated in two instruments: equity and senior loans, which together represent 79 per cent of total committed funds. This concentration is a noteworthy finding, as it does not align with the general trend in the GCF portfolio in LAC, where greater diversification of financing instruments and an increased emphasis on senior loans are observed.

Equity accounts for 41 per cent of total allocated funds, indicating GCF's interest in making direct investments in projects or companies through equity stakes. The GCF structures these investments to catalyse private sector and other investor participation, sharing risks and facilitating the implementation of projects that may be considered high-risk or low-return under standard conditions. This financing has been essential in four of the six MCPs that include Jamaica, representing 86 per cent of co-financing mobilized in the portfolio (USD 153 million out of a total of USD 178 million), underscoring the effectiveness of this approach in attracting additional capital.

On the other hand, senior loans constitute 38 per cent of the total funds received. This percentage is largely thanks to project FP242 "Caribbean net-zero and resilient private sector", a multi-regional MCP approved at the thirty-ninth meeting of the Board (B.39). The use of senior loans allows Jamaica to benefit from more accessible and suitable financing to drive climate resilience while maintaining a manageable debt structure.

In this context, it is important to remember that Jamaica has been working to reduce its high debt burden and has made significant progress towards this goal. At the end of the 2018/2019 fiscal year, public debt fell below 100 per cent for the first time in this century. This represents a substantial decrease from 2012 when the ratio reached 138 per cent (World Bank Group, 2024). Jamaica's high national debt led the country to enter an Extended Credit Facility agreement with the International Monetary Fund in 2013. This agreement ended in 2016 and was replaced by a Precautionary Stand-By Arrangement, which concluded in September 2019.

These findings suggest that Jamaica's financing structure has been strategically adapted to its specific needs, using instruments that allow for risk-sharing and attracting private financing in key sectors for climate resilience. However, the concentration in these two instruments poses the challenge of diversifying access to other types of financing in the future, aiming to maximize the

impact of available resources and reduce potential financial risks associated with reliance on these financing schemes.

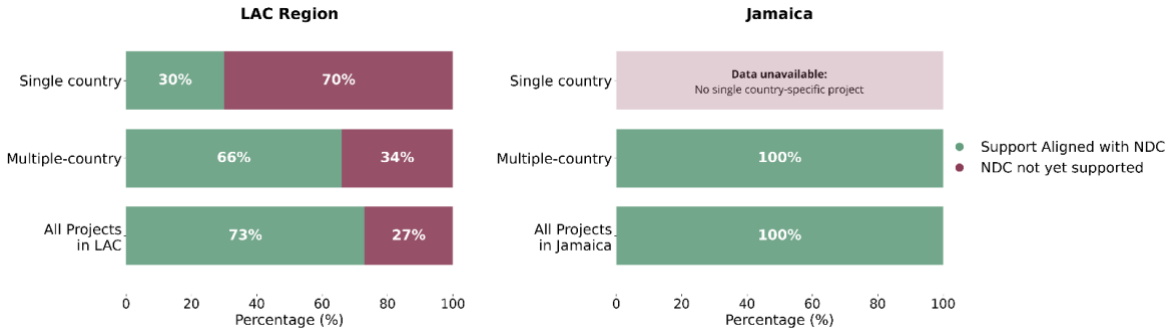
During the interviews, gaps were identified in understanding the nature of the financing offered by the GCF. In at least one interview, it was unclear that the GCF provides concessional financing and that, in theory, its allocation is not linked to countries' income levels. This lack of clarity led some stakeholders to perceive the GCF as a traditional international financial institution rather than a fund dedicated to climate financing. This misunderstanding could limit stakeholders' ability to effectively leverage GCF resources and align their expectations and strategies with the Fund's specific mandate.

b. GCF's ability to meet country needs

Alignment with NDCs

There is a strong thematic alignment between Jamaica's NDC priorities and GCF investments; however, the country does not currently have any SCPs. Instead, its five identified NDC priority areas – energy, agriculture, health and water, disaster risk management and coastal and environment – are supported exclusively through multi-country initiatives. Notably, Jamaica participates in MCPs for transport, buildings and land use, land-use change, and forestry, even though these areas are not identified as NDC priorities in the analysis. This reliance on MCPs underscores the importance of continued engagement with the GCF to expand and diversify investment opportunities for country-specific projects.

Figure 5–2. Alignment of GCF portfolio with needs identified in the LAC and Jamaica's NDCs



Source: GCF iPMS data, as of B.39 (19 July 2024); WRI Climate Watch 2020 NDC Tracker (updated September 2024), analysed by the IEU DataLab.

To assess the alignment of Jamaica's NDC priorities and GCF's investment, each GCF project and its identified result areas was mapped to the corresponding NDC sector using the methodology outlined in Box 5–1 below.

Box 5–1. Methodology

To examine the extent to which Jamaica's NDC priorities align with the GCF result areas, we used the "Climate Watch NDC Content" data set from the World Resources Institute. This data set compiles structured indicators and text from NDCs submitted by Parties to the UNFCCC. While Climate Watch categorizes dozens of sectoral references (e.g., energy, transport, health, agriculture, water, coastal zone, environment, etc.), for the purposes of our analysis, we chose and consolidate sectors into eight larger groupings that mirror the GCF's published result areas.

For instance, “energy” was mapped to “energy generation and access”, “transport” to “transport”, “buildings” to “buildings, cities, industries and appliances”. We also combined certain categories from the NDC content data set, such as adding “health” and “water” under “health and water,” and merging “coastal zone” with “environment” under “coastal and environment” to align with GCF’s “health, food and water security” and “ecosystems and ecosystem services”, respectively.

Alignment with country needs by result areas

Jamaica’s climate finance guidelines highlight several priority areas to strengthen climate resilience and mitigation efforts. The country strongly emphasizes adaptation and mitigation strategies, including coastal resilience projects, watershed management, the promotion of renewable energy, and improvement of energy efficiency. Additionally, Jamaica has developed a national REDD+ strategy to enhance sustainable forest management. The country has access to various international climate finance mechanisms, such as the Adaptation Fund (AF) and the Climate Investment Funds, which support key adaptation and risk reduction activities. To strengthen data-driven decision-making, Jamaica plans to improve its meteorological infrastructure and climate databases, including installing automated weather stations and a centralized data system (Jamaica, Ministry of Economic Growth and Job Creation, 2020).

Recognizing the vital role of the private sector, Jamaica promotes public-private partnerships and supports climate resilience and sustainability initiatives in small and medium-sized enterprises. Specific projects are also prioritized, such as improving energy efficiency in hospitals, promoting electric mobility programmes and restoring critical ecosystems like mangroves and coral reefs. Finally, Jamaica seeks to integrate climate resilience into its national budgeting processes through the Public Investment Management System, ensuring alignment with its international climate commitments. These guidelines represent a comprehensive approach to addressing climate change and building national climate resilience with the support of international financing (Jamaica, Ministry of Economic Growth and Job Creation, 2020).

Jamaica has accessed GCF financing through various MCPs, including renewable energy initiatives, ecosystem-based adaptation and disaster risk reduction programmes. The NDA states that climate change adaptation is a higher priority for Jamaica than mitigation due to its vulnerability to sea level rise, hurricanes and extreme weather events. To address this need, the GCF has emphasized funding-resilient infrastructure, coastal protection and disaster preparedness, which are essential areas for enhancing Jamaica’s climate resilience. The GCF-funded MCPs include themes that align with Jamaica’s climate strategy, such as the National Development Plan Vision 2030 Jamaica and its NDC under the Paris Agreement (Jamaica, n.d.).

Jamaica has ambitious goals to increase the proportion of renewable energy in its energy matrix, and GCF projects are directly aligned with these objectives. By focusing on improving energy efficiency, expanding the use of solar and wind energy, and reducing dependence on fossil fuels, these projects contribute to Jamaica’s emission reduction goals.

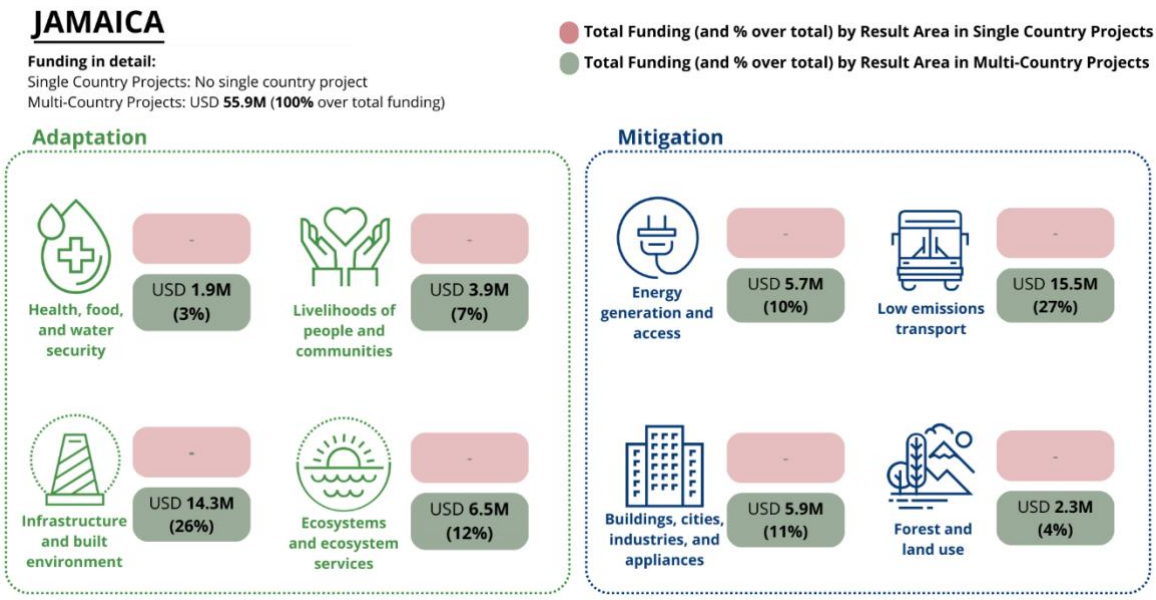
Additionally, the funding proposals (FPs) for the GCF financing cover critical sectors for Jamaica, such as agriculture, water resources and coastal management. These projects support the country’s NAP by addressing climate vulnerabilities in key industries, promoting livelihood protection and strengthening Jamaica’s climate resilience.

Figure 5–3 illustrates the allocation of MCP resources across various result areas to address climate change challenges. It shows that areas dedicated to mitigation receives 48 per cent of the funding and adaptation 52 per cent of the total funding provided by the Fund.

Among the outcome areas with the highest funding, low-emission transportation leads in the mitigation category, receiving 28 per cent of the total. Notably, FP189 "E-Mobility Program for sustainable cities in Latin America and the Caribbean" allocates 57 per cent of its budget to this area, underscoring a substantial commitment to reducing emissions in the transportation sector, which is key to meeting the country's climate commitments under the UNFCCC.

In adaptation areas, the "infrastructure and built environment" result area receives 26 per cent of MCP resources, reflecting a strong focus on developing resilient infrastructure capable of withstanding climate impacts. This is followed by the "ecosystems and ecosystem services" result area with 12 per cent, dedicated to the conservation and restoration of natural habitats to enhance climate resilience. These investment areas highlight the priority given to preparing and protecting communities and ecosystems against the adverse effects of climate change.

Figure 5–3. Percentage of financing by result area for the projects



Source: GCF API projects data (results area), as of B.39 (19 July 2024), analysed by the IEU DataLab.
Note: These figures reflect planned allocations rather than actual disbursements and may not correspond directly to disbursement made on the ground in Jamaica. The figures should therefore be interpreted as indicative and subject to change with further data revisions and project developments.

Access to GCF funds

The RPSP has been a fundamental tool for Jamaica to access GCF resources. This programme enables the strengthening of national and regional capacities in climate change management, facilitating access to financing and technical assistance for developing adaptation and mitigation initiatives that are strategic for the country and the region.

In terms of fund allocation, the RPSP in Jamaica has provided a total of USD 3.3 million distributed across six national grants, of which 72 per cent has already been disbursed, indicating significant progress in implementing these resources. At the regional level, the RPSP has awarded seven

additional grants totalling USD 1.5 million for Jamaica, achieving a full 100 per cent disbursement in this category.

This access to funds at both national and regional levels has enabled Jamaica to strengthen its institutional and technical capacities to respond more effectively to climate challenges. However, accessing GCF still faces challenges, primarily in terms of the complexity of the application processes and the need for additional human and technical resources to meet the Fund's rigorous requirements.

Additionally, as a relatively small country, Jamaica faces competition from larger developing countries for access to GCF resources. This situation presents a challenge, as Jamaica's specific characteristics as a SIDS limit the type of projects the country typically receives. Frequently, Jamaica accesses funds for small-scale pilot projects or targeted initiatives but lacks the necessary financing for transformative large-scale projects that could truly generate a profound and sustainable impact nationwide.

This type of transformative financing is essential for Jamaica to effectively address its climate vulnerabilities and advance large-scale resilient development objectives. While pilot initiatives allow for progress in specific areas, they do not always achieve the scope and sustainability required to tackle the country's structural challenges. The situation calls for greater flexibility and differentiated support in accessing funds, enabling countries like Jamaica to implement large-scale projects that meet their national needs and contribute significantly to their climate and sustainable development commitments.

Jamaica has successfully accredited three direct access entities (DAEs): The Jamaica Social Investment Fund (JSIF) in 2022 and the Development Bank of Jamaica Limited (DBJ) in 2023, with another entity in the advanced stages of accreditation. These entities are now positioned to collaborate with the GCF to submit FPs. JSIF, for instance, is developing six concept notes in advanced stages, covering topics such as resilient agriculture, resilience in the education sector, climate-resilient health infrastructure and buildings, road and drainage infrastructure, energy efficiency and renewable energy. From the interviews, it has been learned that the MEGJC, in collaboration with the Caribbean Community Climate Change Centre (CCCCC), is exploring new ideas in eight strategic sectors, although no details have been provided about these sectors. Furthermore, options for readiness support are being evaluated to further strengthen the NDA and develop country-specific tools in areas such as monitoring and evaluation (M&E), regulatory compliance and training of consultants to support the NDA's project formulation and management. Coordination and working committees have been established to facilitate this work, integrating representatives from all relevant sectors.

Although the DAEs are confident in their capacity for effective project origination, preparing and implementing FPs and direct access generally requires significant technical effort to meet the GCF's rigorous standards. Thus, some institutions in Jamaica may continue to need support. The country seeks more strategic readiness support to update its NDC, advance project programming and strengthen portfolio development. Jamaica prioritizes NDA strengthening, creating specific tools (such as those for M&E and compliance), training consultants in project management, and updating its CP.

The private sector in Jamaica tends to be cautious about climate financing; however, it has the potential to be a key player in future access to these funds. The DBJ views the GCF as a transformative factor for the bank and Jamaica's private sector, as it anticipates access to a combination of grants, loans and even equity from the GCF. However, they state that technical assistance funds will also be required to fully leverage these resources. National development banks

in the Caribbean, such as DBJ, have the capacity to identify viable projects and leverage GCF financing. Given the magnitude of the financial gaps faced by the Government, the GCF stands out as a significant resource compared to other financing sources. This anchor role and the variety of instruments GCF offers provide a more comprehensive approach than the options provided by loans from other multilateral banks.

The DBJ can also collaborate with commercial banks and the local stock exchange to mobilize additional resources. For the private sector, the value of the GCF lies not only in the financing it provides but also in terms of the reputation and credibility that the Fund brings, which plays an important role in decision-making.

2. COHERENCE AND COMPLEMENTARITY

a. Role of NDA in ensuring coherence and complementarity at the national level

The NDA should play a key role in ensuring that GCF-funded climate projects align with national priorities and strategies and complement ongoing efforts to address climate change. The NDA should have the capacity and authority needed to ensure that GCF-funded projects are fully aligned with Jamaica's development goals and climate strategies, such as:

- Jamaica's National Development Plan Vision 2030: The NDA should ensure that all GCF-funded projects align with the country's long-term development plan, Vision 2030, which integrates sustainable development and climate resilience into national policy. By aligning GCF projects with Vision 2030 and other medium-term frameworks, the NDA ensures that climate action contributes to Jamaica's overall socioeconomic development (Jamaica, n.d.).
- Climate Change Policy Framework for Jamaica (2023): The NDA should ensure that projects are consistent with the Climate Change Policy Framework, which sets the overall direction for climate actions in Jamaica. This involves ensuring that projects address key areas such as energy transition, disaster risk reduction and adaptation in vulnerable sectors like agriculture and water resource management.
- NDCs: Alignment with Jamaica's NDCs under the Paris Agreement is a fundamental priority for the NDA, and this should be reflected in the design and implementation of GCF-funded projects in the country.
- Jamaica's NAP: This plan (currently under development) sets sector-specific strategies to build climate resilience. The NDA should ensure that GCF projects contribute to key adaptation priorities, such as improving water management, strengthening agricultural resilience and protecting coastal areas while integrating with other ongoing adaptation efforts.

When analysing the alignment of GCF projects in Jamaica, it becomes evident that the NDA has a limited role in ensuring such alignment. Although Jamaica has a CP, the NDA's limited involvement in project design – primarily the responsibility of AEs – restricts its ability to align these projects with national policies and other strategic initiatives. This situation is not unique to Jamaica but a recurring trend across the LAC region.

The alignment of MCPs with national interests and priorities is not always clearly defined. In this context, Jamaica is one of the beneficiaries within a group of countries, which often results in the NDA not being fully informed about the commitments and progress of these projects within the national territory. The exception is in joint work with technical bodies of regional integration

initiatives, such as Caribbean Community (CARICOM), where Jamaica and seven other countries actively participate through initiatives led by the CCCCC.

The NDA promotes projects incorporating local knowledge and community-driven solutions, enhancing coherence between national policies and the needs of vulnerable populations. This is especially relevant in climate change adaptation projects, which often require local participation to be effective and sustainable. DAEs such as JSIF do significant groundwork, identifying local needs and encouraging beneficiary participation in sectors like agriculture, energy, education and health, with well-defined project concepts integrated into the portfolio with various partners.

The NDA coordinates with various ministries, agencies, and stakeholders (both domestic and foreign) to ensure that GCF-funded projects complement and strengthen existing climate initiatives, avoiding duplication of efforts. When an FP is developed, the NDA forms sectoral committees to gather and share information. However, the independent operational dynamics of MCPs complicate this task, limiting the NDA's active involvement in these initiatives.

An example is the efforts around loss and damage mechanism, which pose an additional challenge in the Caribbean. Countries often seek assistance from multiple sources when facing events like hurricanes, droughts or floods. However, aid is never sufficient, and sometimes, there is a duplication of efforts.

b. Alignment between GCF-funded projects with similar objectives in the country

The NDA is interested in ensuring that GCF funds complement other sources of international climate finance and development assistance, allowing GCF-funded projects to complement other international financing mechanisms, such as the AF, the GEF and bilateral donor programmes. Even when the NDA does not actively participate in the design of MCPs, there is coherence in the projects in which Jamaica participates.

- FP151 "Technical Assistance (TA) Facility for the Global Subnational Climate Fund" is an MCP focusing on integrating climate-resilient water management solutions in Jamaica's urban housing sector to ensure sustainable water supply in the face of climate-induced water scarcity (Green Climate Fund, 2020a). This project aligns with Jamaica's National Water Sector Policy and Action Plan and complements international initiatives in urban resilience and water security, such as those supported by the IDB (Inter-American Development Bank, n.d.).
- FP152 "Global Subnational Climate Fund (SnCF) – Equity" is a global initiative aimed at mobilizing investment for low-emission and climate-resilient infrastructure projects at the subnational level. The fund focuses on energy efficiency, renewable energy, sustainable urban infrastructure and nature-based solutions. Its objectives include improving climate resilience in communities and fostering sustainable economic growth through climate-smart infrastructure development (Green Climate Fund, 2020b). The SnCF aligns with Jamaica's climate objectives and national development strategies, such as Vision 2030, the National Energy Policy and the NDCs. Additionally, it complements international initiatives, including projects from the IDB, the GCF and the AF. By focusing on climate-smart infrastructure and promoting low-carbon growth at the subnational level, FP152 has the potential to play a key role in advancing Jamaica's climate objectives while also fostering sustainable economic development and resilience in strategic sectors such as energy, urban planning and infrastructure.
- FP180 "Global fund for coral reefs investment window" is also an MCP, and it seeks to mobilize public and private sector resources to protect and restore coral reefs, while promoting sustainable livelihoods and economic development for communities that depend on these

ecosystems (Green Climate Fund, 2021). FP180 aligns with Jamaica's National Biodiversity Strategy and Action Plan, which prioritizes protecting marine biodiversity, including coral reefs, in the face of climate change (Environmental Solutions Limited for the National Environment and Planning Agency, 2016). The plan emphasizes the need for conservation and sustainable use of marine resources, aligning with FP180's goals of coral reef restoration and protection. FP180 also supports the Vision 2030 Jamaica National Development Plan by providing investments that enhance the resilience of coral reef ecosystems and contribute to sustainable economic development. Finally, the project aligns with Jamaica's NDCs by enhancing the climate resilience of coastal communities and protecting marine biodiversity.

- FP189 (E-Mobility) targets sustainable urban development through measures that strengthen and improve urban public transport and the quality of life in secondary cities (Green Climate Fund, 2022a). The project aligns with Jamaica's climate objectives, contributing to national strategies such as Vision 2030 and the National Energy Policy (Jamaica, 2023; Jamaica, Ministry of Energy and Mining, 2010). FP189 supports Jamaica's broader efforts to reduce GHG emissions, improve energy efficiency and modernize its urban transportation infrastructure by focusing on the transition to electric mobility. Through its focus on subnational e-mobility projects, FP189 could help Jamaica meet its climate commitments while fostering sustainable urban development and enhancing the quality of life for its citizens.
- FP223 "Project GAIA" is a blended finance platform that enables developing countries to access long-term financing from institutional investors for high-impact climate adaptation and mitigation projects. The project is a global initiative, but its application in Jamaica requires alignment with national climate strategies (Green Climate Fund, 2023c). Although it has not yet been fully launched, FP223 has the potential to support Jamaica's transition to a sustainable and resilient economy by leveraging various technologies to optimize resource use, enhance climate resilience and strengthen disaster preparedness strategies within the framework of the country's Vision 2030 and its NDCs.

c. Complementarity of GCF projects with other climate investments and development partners

Some GCF-funded projects are complemented by other public and private initiatives focused on climate change management in the country.

In general, the GCF-funded MCPs in Jamaica are well aligned with key national strategies, such as Vision 2030, the National Energy Policy and the NDCs. This alignment ensures that the projects contribute to the national goals of sustainable development, clean energy and climate resilience, promoting an orderly transition towards a low-carbon and climate-resilient future.

FP151 complements the IDB and Caribbean Development Bank's efforts in Jamaica's water and urban development sectors, focusing on improving water infrastructure, strengthening climate resilience, investing in urban housing, improving resource management, increasing disaster resilience and promoting sustainable urban growth.

FP152 complements IDB projects on renewable energy and energy efficiency in Jamaica. The project is aligned with national and international efforts to transition Jamaica's energy sector to renewable sources. It also emphasizes the importance of private sector participation in climate action, encouraging private investments in climate-resilient, low-carbon infrastructure projects. This aligns with Jamaica's broader goal of involving the private sector in its sustainable development agenda. It helps bridge the financing gap for climate-resilient infrastructure development in Jamaica.

FP180 complements initiatives such as the Caribbean Regional Oceanscape Project, funded by the World Bank, which focuses on improving marine spatial planning and the management of coastal and marine ecosystems, including coral reefs. It also complements the United Nations Development Programme/GEF project that promotes an integrated approach to biodiversity conservation and sustainable land management, specifically focusing on marine and coastal ecosystems, including coral reefs. Additionally, it complements the IDB's coastal resilience project, which focuses on building infrastructure and restoring ecosystems to protect coastal communities from climate change impacts. FP180 aligns with Jamaica's efforts to engage the private sector in sustainable development initiatives, such as the Private Sector Renewable Energy Investment Programme, which encourages private investments in reef restoration and sustainable economic activities (e.g. sustainable fisheries, eco-tourism).

FP189 complements the IDB's CP and the United Nations Environment Programme's Global Electric Mobility Program by supporting sustainable transportation projects in Jamaica, particularly improving urban transit systems and increasing energy efficiency. It also complements the Caribbean Energy Efficiency and Renewable Energy Action initiative, which supports energy efficiency and renewable energy integration across Caribbean nations, promoting technologies that reduce the carbon footprint of key sectors, including transportation. FP189 emphasizes private sector participation in the development and deployment of electric mobility solutions and complements other public sector-led initiatives, ensuring that the transition to sustainable transportation is supported by a robust, market-driven approach that fosters innovation and economic growth.

3. Effectiveness

Due to several factors, assessing the effectiveness of GCF-funded projects in Jamaica is a complex task.

- Dispersed implementation in MCPs and insufficient reporting in annual performance reports (APRs): Four of the six MCPs in which Jamaica is listed as a beneficiary country are in the implementation phase. However, only three of these projects have their respective APRs available on the GCF website. In none of these cases is there mention of the progress of activities executed in Jamaica, which limits the ability to conduct a detailed analysis of specific results. This lack of information could indicate that implementation in the country has not yet begun or is in a very limited phase.
- Lack of communication with the NDA: An aggravating factor is that the AEs that lead the implementation of projects, especially MCPs, are not required to report specific progress to the NDAs of each country. As a result, Jamaica's NDA lacks detailed information on the status and progress of projects in its territory.

These factors complicate the analysis of the effectiveness of GCF investments in Jamaica, as fragmentation in implementation, lack of specific reports and the absence of clear activities sometimes limit the availability of reliable and accurate information.

a. Achieved results

Despite the mentioned limitations, progress has been made, and potential outcomes are identified in some of the projects and programmes funded by the GCF in Jamaica.

A notable example is FP151, which has funded the introduction of rainwater harvesting systems, greywater recycling and other innovative water management solutions in new housing projects.

These interventions contribute to water security in vulnerable urban communities, directly benefiting hundreds of households. Infrastructure improvements in these housing developments protect communities from water scarcity and extreme weather events, contributing to long-term urban resilience.

In FP151, the GCF's involvement goes beyond increasing the return on investment, prioritizing generating climate mitigation and adaptation benefits. Additionally, ongoing monitoring ensures fund efficiency and effectiveness; this is reviewed at each steering committee meeting to ensure the project is managed to optimize its outcomes. Part of component 3 – which focuses on the development and use of metrics and tools – ensures that efficiency and effectiveness are key elements in the design of subprojects and in the progress monitoring criteria. This component also prioritizes monitoring climate mitigation and adaptation benefits, aligning with the core goal of the GCF and offering additional benefits in line with the sustainable development goals (Green Climate Fund, 2023a).

Regarding FP152, the FP notes that the SnCF would not exist without the GCF's initial support. This statement has been confirmed through conversations with potential investors, who affirm that there would be significantly less interest in this type of investment product without the GCF taking the first line of risk. The same applies to FP180, as the Global Fund for Coral Reefs Investment Window would also not exist without the GCF's initial backing. This is primarily because the blue economy is an emerging industry, and risk appetite in developing markets remains limited.[32]

b. Utility and limitations of the RPSP

The RPSP has channelled USD 4.9 million in 13 grants at national and regional levels. A total of six grants awarded at the national level for a total of USD 3.3 million. These resources have been allocated to various initiatives in the country to strengthen adaptation and mitigation capacities for climate change and improve the resilience of the most vulnerable communities. The fact that 72 per cent of the total amount has already been disbursed indicates significant progress in project implementation.

On the other hand, the seven grants awarded at the regional level amount to USD 1.5 million for Jamaica, and it is noteworthy that 100 per cent of this funding has already been disbursed. This reflects a more advanced level of execution for regional projects, which may indicate greater coordination and alignment among the beneficiary countries.

The RPSP projects have achieved significant progress in Jamaica, strengthening the country's institutional, technological, and decision-making capacities (Independent Evaluation Unit, 2023). The key achievements in these areas are summarized below (Green Climate Fund, 2018).

The RPSP has supported Jamaica's NDA and the PIOJ in enhancing their capacity to coordinate climate finance activities across various sectors. Key actions include:

- Development of climate finance strategies: The RPSP has facilitated the NDA's creation of national climate finance strategies, aligning Jamaica's projects with GCF priorities.
- Stakeholder engagement: Participation of a broader range of actors, including government agencies, civil society and the private sector, has been promoted, improving coordination and collaboration in the country's climate initiatives.

The RPSP has also supported Jamaican entities in their accreditation process with the GCF, allowing them to directly access GCF funds (DAEs):

[32] APRs for FP152 and FP180.

- Accreditation of DBJ and JSIF: The DBJ and JSIF have achieved accreditation as DAEs, enabling them to directly access GCF resources for climate adaptation and mitigation projects.
- Project development training: Jamaican institutions have received training in project design, monitoring and reporting, strengthening their capacity to develop robust proposals that meet GCF standards. CCCCC plays a key role in this process.

Additionally, the RPSP has contributed to developing and enhancing climate information systems in Jamaica, essential for monitoring climate risks and implementing resilience strategies. These systems enable the country to collect and analyse climate data, facilitating decision-making in key sectors such as agriculture, water management, health and urban planning.

Thanks to RPSP support, Jamaica has strengthened its early warning systems for natural disasters such as hurricanes and floods. This has improved the country's preparedness and response capacity for extreme weather events, reducing the impact on vulnerable local communities.

The RPSP projects have also facilitated the transfer of climate-resilient technologies, particularly in water management and agriculture sectors. These technologies include efficient irrigation systems and renewable energy solutions that increase Jamaica's resilience to climate change.

The RPSP has supported the formulation of Jamaica's NAP, enabling climate risks to be integrated into national development planning. This has improved the country's ability to prioritize and implement adaptation projects aligned with national and global objectives.

Finally, Jamaican institutions have strengthened their capacity to develop a portfolio of climate projects that meet GCF investment criteria, facilitating more efficient and effective access to international climate finance.

Activities implemented under the RPSP

The first instance of Jamaica's participation in the RPSP occurred in 2016 through three grants. The JAM-RS-001 for NDA strengthening, including country programming (support programmes, NDA, CP) for USD 300,000, enabled the drafting of the first CP, which was later approved in 2019. Additionally, the primary objective of this grant was to build capacity within the CCD by providing continuous technical support from staff needed to fulfil some of its functions as the NDA (Green Climate Fund, 2016).

The second grant received by Jamaica, JAM-RS-002 "Mobilizing private sector to support low-carbon and climate resilient development in Jamaica and other CARICOM States" was awarded in 2017 with the objective of achieving direct access to resources, allowing CARICOM countries, including Jamaica, to quickly obtain national benefits. The acceleration of funds was based on technical teams that build capacity within private entities, encouraging participation in climate change initiatives (Green Climate Fund, 2017a).

JAM-RS-003 "Support for accreditation gap assessment and action plan to the Jamaica Social Investment Fund (JSIF)" was to support for REDD+ readiness preparation in Jamaica. The project builds technical capacity and develop a national REDD+ strategy, aiming to facilitate consultations, analyse deforestation drivers, establish a forest reference emission level, and develop information systems with environmental and social safeguards for REDD+ readiness (Green Climate Fund, 2017b).

The grant JAM-RS-004 "Facilitating a gender responsive approach to climate change adaptation and mitigation in Jamaica" was awarded through the MEGJC with the purpose of building capacities within the country by adapting Jamaica's Climate Change Policy Framework (Green Climate Fund, 2019). On the other hand, the grants JAM-RS-005 "Towards a comprehensive national adaptation planning process in Jamaica (Ja-NAP)" and JAM-RS-007 "Subnational LoCAL performance-based

climate resilience financing mechanism in Jamaica (Ja-NAP Local)" aimed at improving Jamaica's adaptation plan in two phases. The first phase aimed to develop a national framework for climate change adaptation planning and implementation by 2025 that would be inclusive, systematic and participatory. This initiative sought to strengthen the country's resilience to climate change impacts by achieving four key outcomes.

The grant JAM-RS-006 "Supplemental request for the further enhancing of REDD+ readiness preparation in Jamaica", awarded in 2022, aimed primarily to strengthen institutional capacity and improve coordination to implement the national REDD+ strategy. This funding focused on establishing a REDD+ management mechanism to promote policy harmonization and inter-institutional cooperation and improve technical oversight of forest resources. It also sought to involve the private sector, especially forest landowners, to enhance access to carbon-based financing and promote forest conservation (Green Climate Fund, 2022b). Its goals include developing a forest disturbance index and creating a social safeguards mechanism to ensure transparency and accountability in the use of forest resources. Overall, the project aimed to build an institutional and technical environment that facilitates the effective implementation of REDD+ projects and enables Jamaica to meet its climate change adaptation and mitigation commitments.

RPSP also supported the process and capacity of DAEs in Jamaica. In 2017, JSIF received a grant titled "PwC, support for direct access entities" aiming at supporting JSIF to be accredited as DAE, by addressing gaps in fiduciary, environmental, social and gender standards, successfully leading to JSIF's accreditation in 2022. The grant JAM-RS-008 "Enhancing Jamaica's capacity to access climate finance" awarded in 2023 primarily aims to continue strengthening the institutional capacities of key entities in Jamaica, such as JSIF, DBJ and PIOJ, especially concerning GCF accreditation requirements. Additionally, it seeks to implement financial compliance and risk management policies, including anti-money-laundering policies, to align these entities' procedures with GCF standards (Green Climate Fund, 2023b).

One of regional RPSP grant that include Jamaica, LAC-RS-003 "Facilitating an enabling environment for a Caribbean Green Bond Listing on the Jamaica Stock Exchange", aimed at developing Jamaica's debt capital market for climate financing, successfully raising awareness, engaging key stakeholders, and establishing a green bond framework on the Jamaica Stock Exchange on June 2021 (Green Climate Fund, 2021).

Box 5–2. Strategic use of RPSP and direct access

Jamaica has leveraged the RPSP to strategically support organizations in accessing climate finance. The Government of Jamaica, through the NDA, has nominated three entities for accreditation with the GCF. These entities are the JSIF, the DBJ and the PIOJ. The JSIF has been accredited, while the other DAEs are at various stages of the accreditation process.

An example of this is the work of CCCCC with MEGJC in creating new ideas across eight sectors. CCCCC supports the NDA in strengthening the project origination process by developing a country-specific toolkit that includes M&E processes, compliance and training for consultants who can be integrated into project formulation and management. Committees have been established as coordination and working mechanisms, representing all sectors and discussing their specific needs.

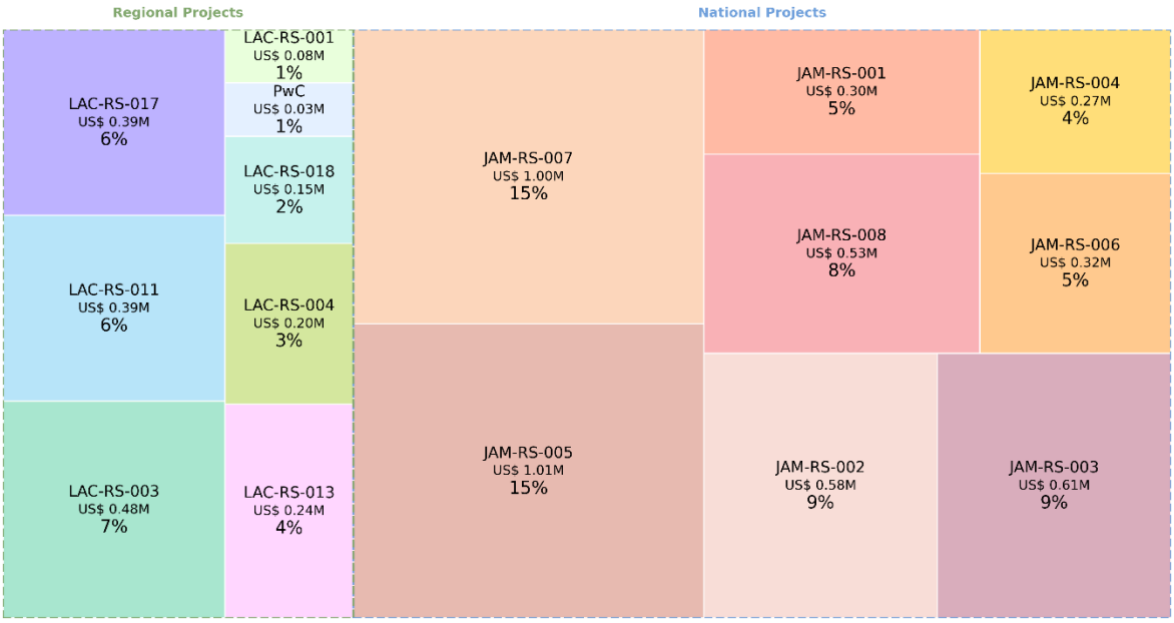
Another example is the Blue-Green Facility initiative, led by DBJ. This initiative is the result of the RPSP support and is currently in the concept note phase. It aims to raise funds in national and regional debt markets for activities related to climate change and environmental sustainability, including energy efficiency, clean transportation, pollution prevention, sustainable agriculture and ecosystem protection.

Jamaica is taking advantage of direct access to the GCF to reduce transaction costs and address local needs; however, the country will continue to require RPSP support to further assist institutions. Jamaica also needs

more strategic forms of readiness support to update its NDC, continue programming work, enhance project portfolio development and update the CP.

Figure 5–4 illustrates the distribution of funding allocated to each RPSP project in Jamaica. Notably, the two grants focused on developing Jamaica's NAP, represent 43 per cent of the total funds received by the country under the RPSP. This underscores the priority given to strengthening national climate planning and adaptation capacity compared to other projects.

Figure 5–4. Financing by project title of RPSP in Jamaica



Source: GCF API readiness data (amount approved by country), as of B.39 (19 July 2024), analysed by the IEU DataLab.
Note: The regional RPSP figures reflect planned allocations rather than actual disbursements and may not correspond directly to disbursement made on the ground in Jamaica. The figures should therefore be interpreted as indicative and subject to change with further data revisions and project developments.

Challenges in accreditation and access

Significant challenges exist in the GCF accreditation process and project life cycle, particularly in contexts like Jamaica's. While it is essential to comply with GCF policies, procedures and safeguards, representatives of an AE in Jamaica express that these requirements do not justify the high level of bureaucracy involved in the accreditation process. For many local institutions with decades of operation and a strong track record, a more streamlined process with greater delegation of responsibility would be beneficial. These entities present a relatively low risk and are committed to achieving successful outcomes in climate adaptation and mitigation projects.

One of the major challenges in the accreditation process in Jamaica is the GCF's prolonged response time. Document preparation is excessively bureaucratic, and at times, the investment in complex studies is unjustified when only a fundable climate basis is required, which is often obvious and common sense. Some AEs initially assumed they had sufficient information; however, when attempting to meet the GCF's documentation requirements, they faced limited availability of

advanced data on tropical ecosystems. Meeting the GCF's standards requires considerable time and resources. One interviewee commented, "Designing a project in a region with a strong scientific foundation and simpler ecosystems is very different from preparing a proposal in countries with less investment in science and ecosystem infrastructure." This situation is common among many SIDS, where data must be country-specific, making it challenging to meet documentation requirements without a well-developed local scientific base.

In the past three years, several DAEs have obtained accreditation; however, before this, most project designs were handled by international accredited entities (IAEs), resulting in multinational projects that do not always address Jamaica's specific needs or allocate an equitable share of their budget to the country. Additionally, dependence on IAEs can encourage mobilizing national contributions against the annual funding cap, limiting local institutions' active role in project implementation and monitoring.

The GCF represents one of the few funding sources available for Jamaica, given its high debt level (currently 75 per cent of GDP, down from 140 per cent a decade ago). In the local political context, there is a strong demand for developed countries to meet their climate finance obligations. Political leaders in Jamaica advocate for funds to support the national budget in adaptation, mitigation, and particularly loss and damage projects, as they state that the country contributes very little to global GHG emissions yet is highly vulnerable to its effects. Jamaica asserts that it has a right to receive grants from the GCF, funded by contributions from developed member countries.

c. Critical factors affecting the effectiveness of initiatives

The effectiveness of GCF-funded initiatives in Jamaica depends on several key factors that influence their design and execution. These include a strong institutional framework, stability in government priorities, the capacity to manage projects adaptively, and overcoming bureaucratic barriers.

- Institutional capacity: Jamaica has made significant progress in strengthening its institutional capacity through the NDA, PIOJ and AEs like JSIF and DBJ, which play key roles in coordinating climate finance and accessing GCF resources. However, some government agencies still face limitations in human and technical resources, which can impact project implementation efficiency. Additionally, knowledge gaps persist in the complex GCF application and monitoring processes, delaying project execution.
- Coordination and stakeholder engagement: The GCF has encouraged active participation from various stakeholders, including the Government, civil society and the private sector, to promote comprehensive climate action. Despite these efforts, challenges remain in coordination among stakeholders, especially between national and local governments, leading to duplicated efforts, decision-making delays or insufficient community involvement in project design and implementation phases.
- Project development and readiness: The GCF's RPSP has supported Jamaica in strengthening its project development processes and accessing financing by building capacities. However, developing FPs that meet the GCF's rigorous criteria is a time- and resource-intensive process. Delays in project approval and difficulties in meeting the GCF's complex requirements have impacted the speed of project implementation.
- Financial management and sustainability: Jamaica has demonstrated the ability to secure and manage GCF funds, especially for large-scale projects. However, maintaining the financial viability of projects' post-implementation can be challenging. Some projects face financial constraints or lack the long-term support to sustain operations, particularly if internal financing or private sector involvement is limited.

- Vulnerability to external shocks: GCF initiatives aim to strengthen Jamaica's resilience to climate disasters, such as hurricanes and droughts, which pose significant risks to the country's economy and infrastructure. Jamaica's high vulnerability to extreme weather events can disrupt GCF project implementation. The annual hurricane season often delays project execution, as these events can damage infrastructure, postpone construction or shift government attention and resources towards disaster response rather than climate project implementation.
- Gender and social inclusion: GCF projects have made progress in gender inclusion and in considering vulnerable groups in climate actions, ensuring that women and other at-risk populations benefit from climate finance. However, ensuring consistent implementation of gender and social inclusion policies across all projects remains challenging, particularly when cultural norms or local governance structures do not fully support gender-sensitive approaches.
- M&E: The GCF places great importance on M&E, and Jamaican institutions have improved their capacities in this area. However, some projects encounter difficulties in establishing robust M&E systems for effective results tracking. This can limit the ability to measure progress and make necessary adjustments to strategies.

4. Efficiency

General perception of efficiency

Despite their scale and potential impact, GCF-funded projects' management is perceived as slow and inefficient. Interviews with local stakeholders highlight that, although GCF offers favourable concessional conditions, its procedures are complex and bureaucratic, limiting its ability to respond swiftly to the climate crisis.

The rigidity of the processes negatively affects project implementation and access to funds, preventing projects from advancing at the pace required to meet national and international climate goals. This situation generates frustration among the entities involved, jeopardizes institutional sustainability and reduces motivation to participate in future calls for proposals.

Bottleneck in entity accreditation

The accreditation process has been identified as one of the main barriers to achieving efficiency in project implementation. Local entities face significant challenges in meeting GCF's strict technical and administrative requirements, which include rigorous financial standards, proven management capacity and advanced environmental and social safeguard policies.

These difficulties have led many national entities to either be unable to complete the accreditation process or to do so only after extended periods, delaying their effective participation in GCF projects. However, Jamaica has partially overcome these limitations by achieving the accreditation of national entities and maintains expectations of accessing GCF programming through them soon.

Complexity in project preparation and approval

Even AEs face a second hurdle during the project preparation phase. The GCF requires proposals to present a high level of technical justification and detailed analysis in terms of climate impact and compliance with environmental and social criteria. Meeting these high standards requires a significant investment of time and resources, which proves prohibitive for many entities with limited resources. Although GCF offers some funding mechanisms for proposal preparation, most entities are unaware of them.

This process increases design costs and can take years during which local conditions may change. National priorities can shift due to political changes or emerging situations, forcing proposals to be

restructured or abandoned altogether, leading to a significant loss of resources invested in the planning stage.

Impact of delays in implementation and associated costs

GCF's bureaucracy also affects efficiency during the implementation phase. Long approval and disbursement times cause projects to lose relevance as government priorities evolve. The cost of these delays is not only financial. Staff turnover and institutional frustration are also common effects, as organizations are forced to deal with processes that exceed expected timelines, affecting the continuity and effectiveness of interventions.

a. Readiness and Preparatory Support Programme

In Jamaica, the average approval time for readiness support is 203 days – longer than the LAC average of 187 days, shorter than the global average of 253 days. However, Jamaica's 64 per cent disbursement ratio is below the 78 per cent regional average, suggesting that, while the RPSP is widely used, further optimization is needed to expedite fund access and execution for more timely and effective disbursements.

Table 5–2. Average number of days between submission and approval of RPSP in Jamaica

Country/region	Average days for approval	Amount disbursed (USD mi.)	Amount approved (USD mi.)	Disbursed/approved ratio
Jamaica**	203	2.1	3.3	64%
LAC	187	134.6	171.6	78%
Total	**253**	**404**	**557.4**	**72%**

Source: GCF Tableau server iPMS data, as of B.39 (19 July 2024), analysed by the IEU Data Lab.
Note: **The figures at country level includes only projects implemented exclusively within Jamaica. Regional or global projects that may have activities in Jamaica have been excluded to provide a clearer picture of in-country approval times and disbursement rates for RPSP activities.

Interviewees value the RPSP mechanism as an efficient tool for accessing GCF resources, as it enables the strengthening of local capacities. This mechanism simplifies initial processes by providing technical and financial assistance for proposal preparation, avoiding some of the complexities associated with direct accreditation. Despite this, these efforts have not yet resulted in concrete concept notes that could be converted into formal FPs submitted to the GCF.

b. Proposal approval process

Among MCPs that include Jamaica, the average time from submission to approval is 778 days, about 20 per cent longer than the LAC regional average of 647 days. Stage 3 of the approval process – corresponding to the concept note submission – requires the greatest share of time, at roughly 65 per cent of the overall approval period.

Table 5–3. Number of days to approval process for the MCPs that include Jamaica

FP	Days to approval
FP 242	791
FP 223	611
FP 189	748
FP 180	173
FP 152	1,171
FP 151	1,171
Average for MCPs that include Jamaica	778
Average for LAC region	647

Source: GCF Tableau server (iPMS data), as of B.39 (19 July 2024), analysed by the IEU Data Lab.

c. Disbursement speed

Disbursement speed refers to the time from the GCF Board's approval of a project to the first actual transfer of funds. While interviewees indicate that project initiation can span 1.5 to 2 years from concept note preparation to effective start, there are no SCPs with Jamaica that would allow an exact measurement of disbursement speed specific to the country.

d. Efficiency in co-financing traction

The GCF's capacity to mobilize co-financing is a key measure of its overall impact. For the Jamaican portions of relevant MCPs, preliminary estimates suggest that approximately USD 189 million in co-financing could be attracted alongside USD 56 million from the GCF, for a total of about USD 245 million. In other words, for every dollar of GCF financing in Jamaica, an additional USD 3.4 in co-financing may be mobilized[33].

Table 5–4. Comparison of the source of co-financing by projects in MCPs that include Jamaica

FP	Sources of co-financing	Co-financed in Jamaica (USD mi.)	Co-financed ratio	Total value in Jamaica (USD mi.)
FP151	Public	0.2	34%	0.7
FP152	Private	14.3	80%	17.9
FP180	Private	18	75%	24
FP189	Public	25	56%	45
FP223	Private	58.8	75%	78
	Public	11.2	14%	
FP242	Public	61.2	77%	79.1

Source: GCF Projects API, as of B.39 (19 July 2024), analysed by the IEU Data Lab.

[33] These figures for Jamaica are indicative and based on the MCPs agreements; final allocations may differ as project details continue to be implemented.

5. PARADIGM SHIFT, POTENTIAL SUSTAINABILITY, REPLICATION AND SCALABILITY

Paradigm shift

The paradigm-shifting potential offered by GCF projects in Jamaica is considerable. On the one hand, the country's ability to implement innovative solutions in natural resource management – supported by a participatory-developed and actively used CP, along with a set of national AEs – creates a favourable environment for investment in climate change adaptation and mitigation initiatives. This combination has the potential to transform the local climate strategy and serve as a model for other Caribbean and SIDS countries.

Some projects in Jamaica, such as those related to energy efficiency and renewable energy, demonstrate a clear paradigm shift by moving from traditional, polluting energy sources to clean sources. These projects promote using more sustainable technologies in key sectors, such as agriculture and transportation, creating a significant shift in how the country addresses its energy and climate challenges.

In addition to mitigation, GCF projects are also helping transform Jamaica's approach to climate change adaptation. Examples include building resilient infrastructure and early warning systems that respond to climate crises and integrate adaptation strategies into long-term planning and execution, focusing on protecting the most vulnerable communities.

The GCF also plays an important role in strengthening institutional capacities at the national and local levels, helping to integrate climate policies more effectively into government plans and strategies with a more coordinated and structural approach.

Sustainability potential of projects

The sustainability of GCF-funded projects in Jamaica depends on several factors that ensure their benefits last beyond their initial implementation.

A key aspect contributing to project sustainability is the high level of private co-financing, which accounts for 80 per cent of the funds. This private support not only provides the necessary funding for project execution but also helps projects continue operating in the long term, reducing reliance on public funding, which is vulnerable to political changes.

Strengthening local capacities to manage the projects is also crucial to ensure that initiatives can be sustained after the initial funds are depleted. As national entities such as the NDA and AEs develop stronger capabilities in project formulation, management, monitoring and evaluation, the likelihood of project sustainability increases.

Additionally, projects that address both environmental sustainability and socioeconomic development, such as climate resilience in agriculture and strengthening local capacities for water management, are more likely to be sustained in the long term due to their direct relevance to local communities and the local economy.

a. Expected future impact and sustainability potential of GCF investments in Jamaica

Results achieved and projects in progress

Proper execution and completion are essential conditions (though not sufficient on their own) to achieving the paradigm shift and expected impact of GCF-funded projects. In Jamaica, the paradigm shifts and potential impact of GCF projects are supported by the implementation of MCPs in the

country. Although projects with activities in Jamaica have made significant progress, challenges remain to ensure their effective and timely implementation.

Despite the advances, some MCPs in which Jamaica participates have yet to deploy key activities, creating uncertainties about the tangible benefits the country can gain from these initiatives. Therefore, the paradigm shift proposed by GCF projects in Jamaica faces obstacles in transitioning from theory to practice in certain sectors.

This situation highlights the need for continued robust investments and commitment at both national and international levels to ensure that GCF projects are implemented efficiently and deliver the expected benefits in terms of climate change adaptation and mitigation. Without a stronger focus on the quality and quantity of interventions, the transformative potential of GCF projects in Jamaica may not fully materialize.

Involvement of the NDA: Key to sustainability

The NDA's involvement is essential for ensuring the sustainability of GCF-funded projects. As the main link between the GCF and the country, the NDA is responsible for ensuring that project objectives align with national priorities and for facilitating effective communication among stakeholders.

However, as mentioned previously, the NDA's role is severely limited due to its restricted ability to truly influence project design and implementation. Despite these constraints, the NDA emphasizes that readiness programme initiatives significantly contribute to capacity-building. This empowerment enables local actors to manage and sustain GCF-funded initiatives effectively, ensuring that the benefits extend beyond the project's lifespan.

The NDA also serves as a platform for collaboration among various stakeholders, including government agencies, private sector actors and civil society organizations. By promoting inclusive dialogue and fostering partnerships, the NDA can leverage diverse perspectives and resources, thereby enhancing the overall impact of GCF projects. As mentioned previously, the NDA (CCD) also serves as the Secretariat for the Climate Change Advisory Board and the CCFPN, two important coordination mechanisms. This reinforces the need to involve the NDA in projects so they can consult with/mobilize the necessary sector-specific stakeholders.

An active NDA is essential for establishing robust M&E frameworks that track project performance and impact. This accountability ensures that lessons learned are integrated into future initiatives, contributing to a cycle of continuous improvement and sustainability. Additionally, the NDA should be able to closely monitor projects and establish a direct communication channel with the AEs. However, this does not work effectively with MCPs, as IAEs often implement them from headquarters and offices outside the country.

b. Replication and scaling of GCF investments in Jamaica

MCPs are particularly capable of replicating actions in different nations, meaning that replicability is already embedded in their design. Projects that are successfully implemented, such as those applying climate-smart agricultural practices or promoting sustainable water management, have high potential for replication in various regions of Jamaica and other countries with similar conditions.

The scalability of projects largely depends on the ability to increase impact without losing effectiveness. Renewable energy projects, for example, have high scalability potential, as technological solutions can be adapted to different scales, from small communities to national-level implementations. Additionally, integrating these projects into national development plans can ensure their expansion across various country regions.

Jamaica's participation in GCF-funded projects presents both challenges and opportunities to scale up and replicate successful initiatives geared towards climate change mitigation and adaptation.

Challenges for scaling and replicability

Although Jamaica has made significant progress in strengthening institutional capacity, many local entities still face challenges in accessing GCF resources and, therefore, have limited capacity to scale projects due to restricted technical and human resources.

On the other hand, despite having a strong regulatory framework, there are still gaps in regulations that could facilitate the scalability of climate initiatives. The inconsistent application of policies, particularly at the local level, can create barriers to successfully replicating projects.

Lastly, Jamaica's diverse geography and socioeconomic conditions mean that not all climate adaptation or mitigation strategies can be easily replicated across the country. Solutions need to be adapted to local conditions, which may slow the scalability of initiatives.

Opportunities for scaling and replicability

Jamaica has successfully attracted significant private-sector financing for climate projects. Ongoing collaboration between public institutions and private entities provides a promising foundation for scaling successful initiatives, particularly in sectors like renewable energy and sustainable agriculture.

GCF MCPs represent an excellent opportunity for Jamaica to scale successful initiatives beyond its borders. By leveraging lessons learned from local projects, Jamaica can help replicate successful models in neighbouring countries with similar climate risks and socioeconomic contexts.

Jamaica can potentially become a leader in the Caribbean in climate change mitigation and adaptation strategies. By sharing experiences and best practices with other countries in the region, Jamaica can help replicate successful projects in neighbouring nations, driving regional transformation.

6. Country ownership

a. Identification, ownership and involvement of national authorities

National ownership of GCF-funded projects faces significant challenges due to the central role played by AEs implementing MCPs, which are characterized by being independent of the Government in Jamaica. These intermediates dilute national ownership, as national authorities have limited capacity to influence and negotiate project terms, risking alignment with local priorities and needs.

A significant challenge for many countries is the lack of a full understanding of GCF concepts and mechanisms, which hinders their active and effective participation in the Fund's processes. The system's complexity, technical requirements, and lack of familiarity with the GCF's operational structures create barriers for countries to access resources and to take advantage of the Fund's opportunities.

While these challenges highlight some weaknesses in the GCF, not all responsibility lies with the Fund. In LAC, frequent government changes affect technical teams' continuities and learning curves, weakening institutional capacity and leadership in climate projects.

b. Effectiveness of the GCF in developing institutional capacities

The GCF is important in strengthening Jamaica's institutional capacities to address climate change. Through the RPSP, the country has received grants that have facilitated the development of climate

finance strategies, strengthened the accreditation of national entities, and created climate information systems. These advances have enabled Jamaica to improve its capacity to coordinate, implement and monitor climate change adaptation and mitigation projects. However, despite these achievements, the country still requires ongoing support to maintain and expand its capacities.

The RPSP has supported the creation of national climate finance strategies and has improved coordination across sectors. This has strengthened Jamaica's ability to align its projects with GCF priorities.

Additionally, Jamaica has successfully accredited key entities such as the DBJ and JSIF as DAEs, enabling them to directly access GCF resources for climate change projects.

GCF support has also contributed to the development of climate information systems in Jamaica, enhancing decision-making in key sectors and preparedness for natural disasters.

Through various grants, Jamaica has strengthened its capacity to develop project proposals aligned with GCF criteria, facilitating access to international climate finance.

7. Gender and Indigenous Peoples

In Jamaica, women represent 70 per cent of the population living below the poverty line, making them more vulnerable to the effects of natural disasters. Additionally, they face an increased risk of sexual violence in shelters, a higher likelihood of HIV infection during disasters, and exposure to human trafficking after a disaster, among other impacts. Rural women are extremely vulnerable to climate effects. Droughts especially affect them significantly, as they and their children are often responsible for carrying water, which limits their available time to generate additional income (Climate Studies Group Mona and University of the West Indies, 2020).

The Third National Communication identifies people in poverty as the most vulnerable to climate impacts due to their limited adaptive capacity. Given current economic constraints, the Government of Jamaica's ability to assist those living in poverty after a disaster is limited. As a result, the poorest individuals may have to bear much of the recovery costs despite having limited financial resources. This situation is even more critical in rural areas, where poverty levels are consistently higher.

Gender inequality is identified as a challenge in Vision 2030, and transforming prevalent gender ideologies is a sectoral strategy included in the Medium-Term Planning Framework 2018–2021. Jamaica has submitted a readiness proposal to facilitate a gender-sensitive approach to climate change adaptation and mitigation.

It is important to note that the MCPs involving Jamaica do not allow the identifying of specific activities related to the gender approach within the country. For this reason, a general analysis of gender and minority approaches is conducted below based on the activities outlined in each of these projects, drawn from their FPs, gender assessments, gender action plans and environmental and social safeguards reports.

a. Added value of GCF investments in gender and Indigenous Peoples

The GCF sets high standards in its policies on gender, safeguards and respect for the rights of Indigenous Peoples, becoming a benchmark in the field of climate finance. This practice is particularly relevant in Jamaica, where climate change impacts, such as droughts and hurricanes, disproportionately affect women, especially in sectors such as agriculture, which is highly vulnerable. In this context, the GCF promotes projects that address the effects of climate change and incorporate an inclusive and equitable approach, recognizing the specific needs of the most affected populations.

A key example of this is project FP151, which has funded water adaptation projects and strengthened urban infrastructure in Jamaica, particularly in the new housing sector. This project includes gender components to ensure that women, especially those in low-income urban areas, benefit from more equitable access to essential resources such as water and disaster-resilient housing. Additionally, efforts are being made to integrate women into decision-making processes and implementing adaptive solutions, recognizing their essential role in resource management and building more resilient communities (Subnational Climate Fund, n.d.).

Although Jamaica's Indigenous population is relatively small compared to other LAC countries, the GCF, through its Indigenous Peoples Policy, ensures that the rights and culture of these groups are respected in all relevant projects. This includes promoting Indigenous participation in development processes and ensuring their perspectives are considered, particularly in areas related to environmental conservation and climate change adaptation. This approach demonstrates the GCF's commitment to social inclusion, recognizing the importance of respecting cultural diversity and ensuring equity in implementing climate projects.

Together, these efforts reinforce the GCF's role not only as a facilitator of climate finance but also as an active agent in creating a fairer, more inclusive, and resilient future in which the rights of women and Indigenous Peoples are prioritized within the framework of climate action.

b. Notable initiatives with a gender focus

In the design documents, the projects reflect a strong and consistent approach to integrating gender perspective at all stages, with a shared strategy that promotes women's empowerment in sectors such as mobility, climate sustainability and conservation. This includes ensuring their access to technical training, safe job opportunities and equitable working conditions. A common factor is the firm commitment of these projects to advancing gender equity in high-demand technical sectors. Below are some specific activities illustrating this approach:

Projects FP189, FP242, FP223 and FP180 include in their design, technical and professional training activities for women in key sectors such as electric mobility, low-carbon technologies, reef conservation and climate sustainability. These training programmes also cover leadership and climate resilience topics, preparing women to take on technical and decision-making roles in their respective sectors.

Projects FP189 and FP180 include gender modules in their training, covering topics such as gender violence prevention and awareness of equality. These modules aim to challenge gender stereotypes in technical sectors.

Additionally, FP242 and FP180 aim to promote policies that ensure safe and equitable work environments for women, focusing on preventing workplace harassment and gender-based violence. These policies are designed to create conditions that facilitate women's full and safe participation in high-demand technical sectors.

Moreover, projects FP242 and FP180 include monitoring systems that collect and analyse gender-disaggregated data to assess the impact of activities on women's inclusion. This approach allows for measuring progress in terms of gender equity and adjusting activities to maximize their benefits for women.

Finally, FP180 and FP189 establish specific safeguards and protocols to ensure that all activities respect women's rights and address their safety and health needs within the project context. These protocols also address human rights and working conditions, ensuring that the interventions are inclusive and safe for women.

c. Safeguards and rights in project implementation

Safeguard systems are integrated into their operations. This includes clear standards to prevent negative impacts on vulnerable communities, and mechanisms to ensure respect for human, labour and cultural rights throughout all stages of implementation. A common element in the projects is the implementation of M&E systems that allow for continuous evaluation of compliance with safeguards and the protection of community rights. This approach facilitates early detection of issues and allows for adjustments in interventions as needed, thereby strengthening the project's social accountability.

Projects FP223 and FP180 stand out, especially for including comprehensive consultations and active community participation mechanisms, both in the preliminary phases and during execution. These mechanisms are designed to meaningfully engage those communities that may be affected or play an active role in the project.

To further strengthen the safeguard approach, all projects could benefit from establishing specific protocols for conflict resolution and training local communities on their rights and monitoring processes. This would not only improve relations with communities but also increase sustainability and equity in each project's impacts.

d. Challenges in including intergenerational and minority approaches

The analysis reveals that projects FP223 and FP180 present a stronger and more specific approach towards the participation and benefit of Indigenous communities than other projects involving Jamaica. However, neither of the projects explicitly addresses the inclusion of diverse generations, such as youth and the elderly, collectively or individually.

These projects incorporate consultation activities, capacity-building and economic empowerment, which can serve as a model for other projects in the following aspects:

- Protection of rights and social safeguards: FP223 and FP180 apply safeguards to ensure their activities do not harm Indigenous communities, minimizing risks and avoiding adverse impacts on ethnic minorities and Indigenous communities.
- Inclusion in planning and consultation: Both FP223 and FP180 include Indigenous communities in consultation processes, strengthening the relationship with them and ensuring that their knowledge and cultural needs are respected and incorporated into the project design.
- Economic empowerment: FP223 and FP180 promote the economic development of Indigenous communities through sustainable activities and specific training. These projects aim to equip communities with tools that improve their economic and social resilience, integrating them into profitable activities adapted to their cultural context.

Together, these practices establish a solid foundation for strengthening and respecting the rights of Indigenous communities in future projects.

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