



## INDEPENDENT EVALUATION OF THE RELEVANCE AND EFFECTIVENESS OF THE GREEN CLIMATE FUND'S INVESTMENTS IN SMALL ISLAND DEVELOPING STATES

### BACKGROUND

At its twenty-fourth meeting, the Board of the Green Climate Fund (GCF) asked the Independent Evaluation Unit (IEU) to assess the relevance and effectiveness of the Green Climate Fund's investments in Small Island Developing States (SIDS)<sup>1</sup>. This evaluation is part of a concerted effort by the IEU to examine the relevance and effectiveness of the GCF's strategy and investments in countries most vulnerable to the effects of climate change.

### CONTEXT

SIDS are an exceptionally heterogeneous group of countries. But they all have one thing in common: they are highly vulnerable to the effects of climate change. SIDS face numerous climate threats, including rising temperatures, changing precipitation patterns, flooding, drought, reduced availability of fresh water, coral reef decline and sea level rise.

SIDS suffer inordinately more from climate change

<sup>1</sup> Chase, Vasantha, David Huang, Nayeon Kim, Jessica Kyle, Howard Marano, Logan Pfeiffer, Archi Rastogi, Andreas Reumann, and Peter Weston (2020). *Independent Evaluation of the Relevance and Effectiveness of the Green Climate Fund's Investments in Small Island Developing States*. Evaluation Report No. 8, October 2020. Independent Evaluation Unit, Green Climate Fund. Songdo, South Korea.

than they contribute to it through greenhouse gas emissions. They have been vocal about climate change's impact on their development and called for prioritized international financial support for adaptation and mitigation activities. SIDS also lent their voice to establishing the GCF to support low-emission and climate-resilient development pathways in developing countries.

**"The time for action was yesterday! Climate change is not fiction but fact. And it knows no boundaries. SIDS have hardly contributed to global emissions, and yet they bear among its heaviest consequences."**

*- Fekitamoeloa Katoa 'Utoikamanu*

High Representative for the United Nations Least Developed Countries, Landlocked Developing Countries and Small Island Developing States



## KEY CONCLUSIONS

1. Overall, the GCF modalities and processes do not effectively consider and take account of the **urgent and unique climate challenges** SIDS face.
2. The current GCF model for **accreditation and access impedes SIDS** that have low capacity, experience or confidence in seeking direct access to the GCF.
3. A **lack of capacity** to develop concept notes and funding proposals hinders SIDS' access to GCF funds.
4. GCF **focuses on grant-funded adaptation**, but it is premature to assess if the SIDS portfolio is achieving its intended results.
5. GCF's **approach to the private sector** in SIDS is **insufficiently** coordinated and tailored to the private sector of SIDS.
6. GCF's policy landscape can accommodate SIDS, but draft **policies crucial to the SIDS require Board decisions**.

## KEY RECOMMENDATIONS

1. **Improve the readiness and preparatory support programme** to support regional direct access entities and address their low capacity. Capacity building in SIDS should include trained personnel working with staff from government departments and direct access entities.
2. **Accelerate and simplify the project cycle**, especially the GCF's simplified approval process (SAP). Also, the project-specific accreditation assessment should focus on streamlining GCF procedures. Consider **delegating the Secretariat more authority** in the SAP approval process and in implementing SAP reviews by the independent Technical Advisory Panel on a rolling basis.

3. **Approve a policy on a programmatic approach** that includes consideration for the unique climate challenges and climate financing needs that SIDS face. Such an approach should include single and multi-country programmes. The Secretariat should also guide SIDS' entities on preparing such climate action programmes.
4. Ensure the GCF's private sector approach reflects the **complexion of the local private sector** in SIDS and incorporates a coordinated approach across the Secretariat. This engagement should leverage private sector capital for scaling up, improve the local private sector's resilience, and de-risk its climate-related investments.

## METHODS

The evaluation used a mixed methods approach, employing qualitative and quantitative data and methods to develop the report's evidence-based findings, conclusions and recommendations. Specific data sources and methods included, among others, a literature review, portfolio analysis of data, informant interviews, virtual country missions, analysis of geographic information systems data, an online survey of stakeholders, and a synthesis of country case studies.

**Key limitation:** Due to the challenges of COVID-19, nearly all evaluation interviews and field missions were conducted virtually. It is important to note that this is a sub-portfolio evaluation and, while its findings are relevant to SIDS, they do not prejudice other vulnerable countries.

## CONTACT THE IEU

Independent Evaluation Unit  
Green Climate Fund  
175, Art center-daero, Yeonsu-gu  
Incheon 22004  
Republic of Korea

☎ (+82) 032-458-6450  
✉ [ieu@gcfund.org](mailto:ieu@gcfund.org)  
🌐 [ieu.greenclimate.fund](http://ieu.greenclimate.fund)



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