



GREEN  
CLIMATE  
FUND

Independent  
Evaluation  
Unit



# SECOND PERFORMANCE REVIEW OF THE GREEN CLIMATE FUND

## Country case study report

**Solomon  
Islands**

March 2023

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HIGH IMPACT.





## Second Performance Review of the Green Climate Fund

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### SOLOMON ISLANDS COUNTRY CASE STUDY REPORT

03/2023

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## ABBREVIATIONS

<b>ADB</b>	Asian Development Bank
<b>AE</b>	Accredited entity
<b>APR</b>	Annual performance report
<b>CN</b>	Concept note
<b>CP</b>	Country programme
<b>DAE</b>	Direct access entity
<b>FP</b>	Funding proposal
<b>FPR</b>	Forward-looking Performance Review
<b>GCF</b>	Green Climate Fund
<b>GDP</b>	Gross domestic product
<b>GEF</b>	Global Environment Facility
<b>GHG</b>	Greenhouse gas
<b>IAE</b>	International accredited entity
<b>IEU</b>	Independent Evaluation Unit
<b>IRM</b>	Initial resource mobilization
<b>MECDM</b>	Ministry of Environment, Climate Change, Disaster Management and Meteorology
<b>MOFT</b>	Ministry of Finance and Treasury
<b>NAP</b>	National adaptation plan
<b>NAPA</b>	National adaptation programme of action
<b>NDA</b>	National designated authority
<b>NDC</b>	Nationally determined contribution
<b>NTF</b>	National Transport Fund
<b>PICS</b>	Pacific Island countries
<b>PPF</b>	Project Preparation Facility
<b>RPSP</b>	Readiness and Preparatory Support Programme
<b>SICCI</b>	Solomon Islands Chamber of Commerce and Industry
<b>SIDS</b>	Small island developing states
<b>SPR</b>	Second Performance Review
<b>SPREP</b>	Secretariat of the Pacific Regional Environment Programme
<b>THL</b>	Tina Hydro Limited
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>USAID</b>	United States Agency for International Development





## A. INTRODUCTION

This country case study has been conducted as an input into the Second Performance Review (SPR) of the Green Climate Fund (GCF), as launched by the Board of the GCF through decision B.BM-2021/11. The SPR is being conducted by the GCF's Independent Evaluation Unit (IEU). The SPR focuses on assessing the progress made by the GCF in delivering on its mandate, as well as the results of the GCF, including its funded activities and its effectiveness and efficiency. The SPR is informed by multiple data sources and methods, including country case studies.

This report is based on desk review, interviews (see annex 1) and a hybrid country mission undertaken from 26 April to 5 June 2022. The country mission team included Peter Weston (lead consultant for ICF) and Andreas Reumann (GCF IEU), both of whom undertook remote interviews with key institutional stakeholders, as well as Osborn Cains (ICF national consultant), who supported coordination and communication in country and undertook several on-site interviews, especially with the private sector, customary landowners and intended beneficiaries. The report benefited from findings by an earlier IEU country case study during the Forward-looking Performance Review (FPR) of the GCF in 2019.

## B. BACKGROUND AND CONTEXT

This section presents information to help contextualize Solomon Islands' experience with the GCF, including background on the country (Table 1), climate change and climate finance contexts.

### 1. COUNTRY CONTEXT

*Table 1. Overview of Solomon Islands country context*

CATEGORY	COUNTRY
Demographics	<ul style="list-style-type: none"> <li>Total population is 702,694; 80 per cent live in rural areas and 20 per cent in urban areas (Central Intelligence Agency, 2022). Approximately 23 per cent of the population lives in poverty (Our World in Data, 2012).</li> </ul>
GCF group status	<ul style="list-style-type: none"> <li>Least developed countries, small island developing States (Green Climate Fund, 2019).</li> </ul>
Governance conditions	<ul style="list-style-type: none"> <li>As evaluated on six World Bank governance indicators (2020), Solomon Islands ranks high on Political Stability and Absence of Violence/Terrorism (67th percentile), Voice and Accountability (63rd percentile), and Control of Corruption (60th percentile). Solomon Islands ranks in the middle for Rule of Law (50th percentile) and low for Regulatory Quality (19th percentile) and Government Effectiveness (16th percentile) (World Bank, 2022c).</li> <li>Fragile and conflict-affected state status: high institutional and social fragility (World Bank, 2022a).</li> <li>Governance: Solomon Islands is a parliamentary democracy under a constitutional monarchy. The King of Solomon Islands is the Head of State, and the Prime Minister is the Head of Government. Solomon Islands has a mixed legal system of English common law and customary law (Central Intelligence Agency, 2022).</li> </ul>
Economic and development conditions	<ul style="list-style-type: none"> <li>Development status: lower-middle-income country (World Bank, 2022b).</li> <li>Important economic sectors: Services account for 58 per cent of gross domestic product (GDP), followed by agriculture at 34 per cent, and industry at 8 per cent (Central Intelligence Agency, 2022). Solomon Islands experiences significant</li> </ul>

CATEGORY	COUNTRY
	<p>economic challenges due to weak infrastructure, income inequality, reliance on agriculture for income, and its isolated location, making it difficult to access markets in Europe, Asia and the United States (World Bank, 2021b).</p> <ul style="list-style-type: none"> <li>• Outlook: Although the Government of Solomon Islands enacted strong and timely measures to contain COVID-19, with no record of local transmission, economic activity was hit hard by the pandemic due to declining exports and the effects of containment measures on trade, tourism, infrastructure projects and domestic demand. Solomon Islands' economic activity is projected to gradually recover and strengthen as containment measures are eased and borders are opened, but the relatively slow vaccine roll out and COVID-19-related uncertainties are expected to slow recovery in the near term (International Monetary Fund, 2022).</li> </ul>
Access to finance	<ul style="list-style-type: none"> <li>• Solomon Islands has a public sector-led development model. The Government and development partners have provided technical and financial support to aid growth and employment (United Nations, 2020). Financial sector reforms are needed to advance financial development and inclusion and strengthen private sector credit growth, which will support the post-pandemic recovery.</li> <li>• The central government debt-to-GDP ratio was 23 per cent in 2010, fell to 8.3 per cent in 2019, and rose to 14 per cent in 2020 (International Monetary Fund, 2022).</li> <li>• World Bank Ease of Doing Business Index: Solomon Islands ranks low among developing countries, at 136 out of 190 countries (World Bank, 2021a).</li> </ul>

## 2. CLIMATE CHANGE PRIORITIES, POLICIES AND INSTITUTIONS

### a. Climate vulnerability

The development of Solomon Islands is threatened by recurring climate-related natural hazards, including tropical cyclones and flooding. Projections indicate a decrease in the frequency of tropical cyclones but an increase in the intensity of these storm events by the late twenty-first century (Solomon Islands, Ministry of Environment, Climate Change, Disaster Management and Meteorology, 2021). These projected changing conditions are expected to have a range of impacts on agriculture, coastal zones, energy, infrastructure, human health, livelihoods, tourism and water resources (United States Agency for International Development [USAID], n.d.).

### b. National climate change and related policies

Solomon Islands' climate change policies and strategies are summarized in Table 2 below. Solomon Islands has a guiding national policy on climate change (2012–2017) and has begun integrating climate into other key policies, including its *National Development Strategy 2016 to 2035: Improving the Social and Economic Livelihoods of all Solomon Islanders* (2016). Solomon Islands has also submitted an updated nationally determined contribution (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC). These policies identify the following climate-related priorities for Solomon Islands:

- Low-emissions development by building the capacity of the Government, private sector and other relevant ministries, agencies and institutions (Solomon Islands, Ministry of Environment, Climate Change, Disaster Management and Meteorology, 2021).
- Responding to climate change and the increased frequency of natural disasters and integrating climate change mitigation and adaptation considerations into development initiatives and plans (Solomon Islands, Ministry of Development Planning and Aid Coordination, 2016).

- Reducing emissions by 14 per cent below 2015 level by 2025 and 33 per cent below 2015 level by 2030, relative to its business-as-usual scenario. With international assistance, Solomon Islands can further reduce its emissions by 27 per cent by 2025 and 45 per cent by 2030 (Solomon Islands, Ministry of Environment, Climate Change, Disaster Management and Meteorology, 2021).

**Table 2. Solomon Islands national climate change policies and strategies**

STRATEGY	STATUS	BRIEF DESCRIPTION
National climate policies	Enacted	<p>The <b>National Climate Change Policy (2012–2017)</b> outlines an initial pathway to strengthen the capacity for climate change mitigation and adaptation (Solomon Islands, Ministry of Environment, Climate Change, Disaster Management and Meteorology, 2012; World Bank, 2021b). It supports low-emission development by building the capacity of the Government, private sector and other relevant ministries, agencies and institutions (Solomon Islands, Ministry of Environment, Climate Change, Disaster Management and Meteorology, 2021).</p> <p>The <b>National Development Strategy 2016 to 2035: Improving the Social and Economic Livelihoods of all Solomon Islanders (2016)</b> outlines the strategic direction for the sustainable development of Solomon Islands over the next 20 years. Responding to climate change and the increasing frequency of natural disasters (e.g. floods) is identified as a key long-term objective. Integrating climate change mitigation and adaptation/resilience considerations into development initiatives and plans is evident throughout the strategy (Solomon Islands, Ministry of Development Planning and Aid Coordination, 2016).</p>
NDC (2021)	Submitted	<p>Solomon Islands’ updated NDC identifies the need for predictable, dedicated and low-cost financial resources and technical support to meet targets. The NDC increases its emissions ambition by targeting net-zero emissions by 2050.</p> <p>The NDC prioritizes renewable energy and energy-efficient technologies in the energy sector and the sea and land transport subsectors. The NDC also includes adaptation priorities including developing a resilient development framework for climate change adaptation and disaster risk reduction, strengthening the capacity of relevant government stakeholders and communities, improving national information and early warning systems, and undertaking risk reduction and vulnerability assessments (Solomon Islands, Ministry of Environment, Climate Change, Disaster Management and Meteorology, 2021).</p>
NAP	Not developed	<p>Solomon Islands’ updated NDC calls out the need to develop a NAP. Solomon Islands’ <b>national adaptation programme of action (NAPA) (2008)</b> identifies several priorities, including climate change adaptation for low-lying and artificially built-up uplands, coastal protection and infrastructure development (Solomon Islands, Ministry of Environment, Conservation and Meteorology, 2008).</p>
Adaptation communication	Not developed	Solomon Islands does not have an adaptation communication.
Long-term strategy	Not developed	Solomon Islands does not have a long-term strategy.

### c. Institutional roles and responsibilities for climate change

The Ministry of Environment, Climate Change, Disaster Management and Meteorology (MECDM) is the coordinator and focal point for climate change-related activities with development partners, including the UNFCCC (World Bank, 2021b).

Solomon Islands' Second National Communication identifies the following key gaps and technical capacity constraints (Solomon Islands, Ministry of Environment, Climate Change, Disaster Management and Meteorology, 2017):

- A lack of geographic information systems for use in vulnerability and disaster risk assessments and adaptation planning
- A lack of adequate data collection as well as government budgetary constraints
- Education, training, public awareness and capacity-building needs, including institutional capacity-building, assessment and implementation of abatement options, research and monitoring, and development and technology transfer

## 3. CLIMATE FINANCE CONTEXT

### a. Support for readiness

Solomon Islands ranks in the upper quadrant among developing countries in terms of readiness for climate finance. It has an ND-GAIN readiness score of 0.413, making it the 124th most ready country (University of Notre Dame, 2022).

Per the NDC, the Government of Solomon Islands is looking to build national capacity to enable direct access to international climate change financing. The Government wants to ensure that financing for climate resilience is country owned and directed towards priority national needs and community-based adaptation plans and mitigation measures. The NDC indicates plans to seek assistance under the GCF's Readiness and Preparatory Support Programme (RPSP) to strengthen the capacity of identified entities and enable direct access to reduce the dependence on intermediary agencies to design and implement key measures (Solomon Islands, Ministry of Environment, Climate Change, Disaster Management and Meteorology, 2021).

### b. Climate investment

Development finance for projects addressing climate change in Solomon Islands totalled USD 223 million from 2016 to 2019 (Stockholm Environment Institute, 2022). GCF investment in Solomon Islands amounts to USD 86 million through a project that covers both mitigation and adaptation.

**Adaptation.** Development finance commitments targeting climate adaptation totalled USD 71.3 million from 2016 to 2019. Recent climate projects include building the resilience to climate change of health systems in Pacific Island least developed countries (through the Global Environment Facility (GEF)), supporting climate-resilient urban development in the Pacific (via GEF), supporting community resilience to climate and disaster risk (via GEF), enhancing urban resilience to climate change impacts and natural disasters (via the Adaptation Fund), and enhancing community resilience to the adverse effects of climate change on agriculture and food security (via the Adaptation Fund) (Stockholm Environment Institute, 2022).

**Table 3. Top development partners, sectors and instruments for adaptation investments in Solomon Islands (2016–2019)**

TOP DEVELOPMENT PARTNERS		TOP SECTORS		TOP INSTRUMENTS	
Name	USD (M)	Name	Share (%)	Name	Share (%)
World Bank	36.7	Transport & storage	30.8	Multilateral development bank loans	53.3
Asian Development Bank	14.7	Water supply & sanitation	21.3	Official development assistance grants	27.4
GEF	12.6	Other multi-sector/cross-cutting	15.9	Multilateral development bank grants	18.7
Adaptation Fund	4.5	Health	10.7	Private development finance	0.52
Korea	1.6	Energy	9.1		

Source: Stockholm Environment Institute (2022). Aid Atlas.

**Mitigation.** Development finance commitments targeting climate mitigation totalled USD 152 million from 2016 to 2019. Recent projects include implementing the first grid-connected solar generation project in Solomon Islands (through the Climate Investment Funds), increasing access to grid-supplied electricity and increasing renewable energy generation (via the Climate Investment Funds), improving rural electrification (via GEF), and supporting integrated forest management (via GEF) (Stockholm Environment Institute, 2022).

**Table 4. Top development partners, sectors and instruments for mitigation investments in Solomon Islands (2016–2019)**

TOP DEVELOPMENT PARTNERS		TOP SECTORS		TOP INSTRUMENTS	
Name	USD (M)	Name	Share (%)	Name	Share (%)
World Bank	52.2	Energy	82.9	Multilateral development bank loans	42.2
Korea	31	Transport & storage	7.2	Official development assistance grants	28.2
Asian Development Bank	26.4	Business & other services	5.9	Official development assistance loans	20.1
Australia	25.9	Water supply & sanitation	1.6	Multilateral development bank grants	9.5
Climate Investment Funds	13.3	Government & civil society	<1		

Source: Stockholm Environment Institute (2022). Aid Atlas.

### c. GCF portfolio

**National designated authority (NDA).** The NDA in Solomon Islands is located within MECDM.

**Accredited entities.** Solomon Islands does not have access to any national direct access entities (DAEs); however, it does have access to international accredited entities (IAEs) and regional DAEs, such as the World Bank, Conservation International, the International Union for Conservation of Nature, Save the Children Australia, the Secretariat of the Pacific Regional Environment Programme (SPREP) and the Pacific Community.

**Readiness and project preparation.** Solomon Islands has received more readiness support from the GCF than other small island developing States (SIDS) on average.<sup>1</sup> Solomon Islands has received only one RPSP grant (see Table 5), approved for a total of USD 1.0 million, of which USD 0.4 million has been disbursed.

Solomon Islands does not have a current country programme (CP). At the time of this study, the current RPSP project is in the process of facilitating consultations to produce a new CP. Three multi-country proposals that include Solomon Islands have received Project Preparation Facility (PPF) support (see Table 6).

**Table 5. RPSP grants to Solomon Islands**

RPSP GRANT NAME	DELIVERY PARTNER	APPROVAL DATE	OUTCOME AREAS
Strengthening the NDA Capacity and Strategic Engagement of Solomon Islands with the Green Climate Fund	SPREP	24 December 2019	NDA strengthening, including country programming (SP, NDA, CP)

Source: IEU Datalab

**Table 6. PPF grants received by Solomon Islands**

PPF	NAME	PUBLIC/ PRIVATE	ADAPTATION/ MITIGATION	APPROVAL DATE / STATUS
PPF002	Enhancing Early Warning Systems to build greater resilience to hydro and meteorological hazards in Pacific SIDS	Public	Adaptation	16 June 2017, FP approved
PPF028	Melanesia - Coastal and Marine Ecosystem Resilience Programme	Public	Adaptation	20 April 2020, disbursed
PPF049	Adapting tuna-dependent Pacific Island communities and economies to climate change	Public	Adaptation	28 February 2022, approved

Source: IEU DataLab.

<sup>1</sup> On average, SIDS have received USD 0.6 million in GCF financing. Source: IEU DataLab, RPSPs approved for 2015 to 2022.



**Funding proposals (FPs).** Solomon Islands has received more GCF financing than other SIDS countries have received on average.<sup>2</sup> One national project has been approved for Solomon Islands, totalling USD 86 million in GCF financing (see Table 7).

Presently, Solomon Islands has just one FP – the Tina River Hydropower Development Project. This project has progressed minimally to date, but when completed it is expected to reduce the country’s reliance on imported diesel fuel, increase energy sovereignty and significantly expand and stabilize the electricity supply to the capital city of Honiara and parts of Guadalcanal Province via renewable hydroelectricity.

Solomon Islands has five concept notes (CNs) and no active FPs in the pipeline. Only one of these five CNs, by international NGO Save the Children Australia, is a dedicated national project. The other four are regional Pacific Islands concepts that include Solomon Islands. Unlike the active FP, all five CNs are focused on adaptation.

**Table 7. Funded activity portfolio**

FP	NAME	PUBLIC/ PRIVATE	ADAPTATION/ MITIGATION	AE	APPROVAL DATE
FP044	Tina River Hydropower Development Project	Public	Cross-cutting	World Bank	6 April 2017

Source: IEU DataLab

## C. KEY FINDINGS

### 1. COUNTRY NEEDS, OWNERSHIP AND STRATEGY

#### a. Links of GCF programming to broader climate strategy and finance

**Currently, GCF programming is adequately linked to broader climate strategy and finance processes in Solomon Islands.** Solomon Islands’ climate ambitions are guided by its 2008 NAPA, 2015 INDC and 2021 NDC. The country’s first NAP is currently under development. According to government interviewees and as articulated in Solomon Islands’ NDCs, the focus of the current GCF FP – to introduce large-scale hydroelectricity power systems – has been a top national priority since 2010.

The 2015 and 2021 NDCs both also cite the intent for Solomon Islands to strengthen the capacity and partnerships of national and provincial government agencies, national institutions and non-government partners to integrate climate actions. The current RPSP project administered by SPREP is designed to increase the capacity of the NDA and its broader consultations across Solomon Islands.

Solomon Islands does not currently have a GCF CP. The current RPSP project is facilitating far-reaching consultations across government and non-government stakeholders in the capital and all provinces (Green Climate Fund, 2019). Given that the NAPA and NDC express climate action ambitions at a high level, interviewees expect the updated CP will provide the country with a pragmatic “shopping list” of projects for the Government of Solomon Islands to pursue with GCF support. A government interviewee suggested that the country will most likely pragmatically use the

<sup>2</sup> On average, SIDS have received USD 39.3 million in GCF financing. Source: IEU DataLab, finance by results area for 2015 to 2022.

CP list of concepts to identify projects to pitch to not only the GCF but also other donors such as GEF and the European Development Fund.

Several interview partners also shared views on the relationship between the GCF CP and national adaptation planning. One interviewee noted that the NAP under development was expected to also generate a catalogue of priority projects that can be pitched to any of the climate funding agencies, which negates the need for a parallel process to develop a CP for the GCF. Another interviewee noted that concepts under the GCF CP will focus on long-term mitigation and adaptation, whereas the current NAPA identifies other concepts that respond to immediate adaptation needs.

Overall, interview participants affirmed the need for prioritization and a list of proposed projects in accordance with the country's strategic plans, and that the CP process is helpful in this regard. However, none referred to the need for review by potential partners, IAEs and DAEs, for potential investments in the CP. There is a limited strategic view on accreditation and a need for a diversified pool of accredited entities (AEs) that could respond to the country's needs. For the most part, interviewees expressed a degree of resignation that accrediting more than two DAEs is unrealistic given the low national capacity and that they can rely on the country's traditional partners who are accredited as regional AEs and IAEs.

**The GCF Secretariat has played primarily a reactive but increasingly supportive role in Solomon Islands with respect to the upstream programming process and aligning GCF partners and programmes with national and/or country strategy objectives.** The case study team found limited evidence of proactive GCF engagement at the country level in Solomon Islands in terms of, for example, engagement with national stakeholders and AEs to advance accreditation, project concepts or climate investment planning. However, all interview partners, including government, DAE nominee and AE interviewees, noted significant improvements in the responsiveness of the GCF Secretariat's Asia and Pacific Regional Team to requests for support for the development of CNs and proposals and the pursuit of DAE accreditation relative to the initial resource mobilization (IRM) phase. One interviewee said, "Since 2020, the GCF Sec[retariat] have been supporting us. If we need assistance, they give it. The checklist had questions we need to respond to and where we are not sure, they have been useful in helping us answer that. They work closely with us."

While the Secretariat is evidently highly responsive to requests for support and guidance, the case study team found no evidence that it was proactive in following up with various stakeholders pursuing CNs or accreditation. One interviewee posited, in relation to pursuing DAE accreditation, that the process lagged significantly from 2018 to 2020 until USAID's Climate Ready Project embedded a full-time consultant in Solomon Islands to manage the accreditation submission process. The consultant also helped to pursue Secretariat input on how to develop each item of the application.

Furthermore, interviewees' feedback showed no evidence of the Secretariat providing strategic guidance on how AEs and/or candidates for accreditation might support the mix of country priorities and the overall pathways to access GCF funding. This correlates with the Secretariat's perspective that their key priority was to support the country to first establish its CP.

The GCF Secretariat was praised for seeking and being open to criticism and recommendations for how it could improve and act on such feedback. Interviewees noted that these were facilitated through various regional forums and dialogues and CP workshops.

AE interviewees noted that when GCF task managers change, significant inconsistency develops, with the incumbents having different knowledge, approaches or advice.

An interviewee noted that the GCF did not provide input during the recent updating of the country's NDC, which was facilitated by the Pacific Islands Forum Secretariat.

**Solomon Islands' GCF portfolio shows some evidence of complementarity with other climate finance channels.** With the GCF-supported Tina River Hydropower Development Project (FP044) taking on the one large-scale national renewable energy scheme for the country, smaller provincial renewable energy schemes and all adaptation initiatives are being supported by funding partners with smaller portfolios, such as the GEF-6 funding via the United Nations Development Programme.

The GCF's readiness project supports the NDA's office with broader climate finance complementarity by supporting the establishment of a climate finance steering committee to improve national oversight of climate finance opportunities. However, preparing the NDA for the GCF's own processes does not necessarily translate into NDA capacity to work on other climate finance sources. Further, the long and unpredictable time frames required to develop GCF projects mean that country or AE stakeholders cannot plan interlinkages with proposals for other climate and development projects supported by other partners.

### **b. Perceived comparative advantage of the GCF in country**

**Compared to other climate finance channels, stakeholders in Solomon Islands report that the comparative advantages of the GCF are as follows:**

- The GCF's climate focus is highly relevant to Solomon Islands' developmental context given the vulnerability of its population and infrastructure to current and anticipated impacts.
- The scale of GCF funding was cited as especially significant to countries with small economies such as Solomon Islands. Stakeholders perceived that other climate finance channels do not provide enough climate financing, which then requires further engagement with the GCF to increase the availability of climate finance to the country.
- National stakeholders perceived an advantage of the GCF to be its accessibility by the World Bank in its capacity as an AE, which enabled the country to leverage its own finance relationship with the World Bank to access GCF funding.
- The GCF includes different funding modalities including the Private Sector Facility, the RPSP – including the Simplified approval process and PPF – and others.

**The GCF is perceived as less well positioned in Solomon Islands in the following areas:**

- The time and expense to pursue GCF CN and FP requirements are higher than other climate finance institutions and multilateral development banks. As discussed under section 3.b, this is partly due to the many formal and informal review phases, plus the costs associated with elaborate and expensive primary data collection such as for justifying the climate rationale. Interviewees noted that other finance institutions generally permit detailed studies to be funded under the budget of approved projects as part of the baseline assessment, rather than be required for the application process.
- The Adaptation Fund was cited as generally a better structured partner for small countries such as Solomon Islands because (i) its accreditation process for national entities is faster yet robust, (ii) it is more flexible in adapting to the contextual needs and aspirations of countries, and (iii) its modalities (e.g. capacity-building grants, innovation grants) are perceived to be more diverse and relevant to small countries.

### **c. Effectiveness of NDA, Secretariat and AE roles and relationship at the country level**

**NDA staffing and technical capacity in Solomon Islands has shown modest improvement since the IRM period; overall capacity is moderate.** The country case study team found that many of

the challenges that the NDA faced and that were noted in the FPR case study have been ameliorated, with several interviewees stating that the NDA primary focal point is very capable in the role now. Such improvements include broadening the NDA's networking, improving communications with the GCF Secretariat and gaining more personnel and capacity to execute NDA responsibilities.

The GCF's RPSP and the Commonwealth Climate Finance Access Hub have both embedded consultants to support the NDA role, and the USAID Climate Ready Project also adds value to the NDA's capacity via mutual collaboration on the National Transport Fund's (NTF) DAE accreditation process. Evidence suggests that a key result from these supports is progressively **improving coordination of climate-related proposals** for the GCF and other potential finance partners.

The NDA is active in monitoring and supporting DAE candidate personnel in several ways. These include periodic meetings and correspondence to input into the accreditation process; including the DAE candidate in climate workshops hosted by the NDA; setting up meetings between the GCF Secretariat and the NTF's accreditation consultant; and working closely with the same to inform, review and edit the accreditation application together.

Relative to the FPR case study, the current case study found improvement in the **NDA's engagement with non-state actors**, hosting consultations and information-sharing with civil society organizations and the private sector's key body, the Solomon Islands Chamber of Commerce and Industry (SICCI). Though the SICCI has a good relationship with the NDA and provides inputs on behalf of the wider private sector, the NDA's **engagement with the private sector does not extend beyond this umbrella group**.

The RPSP-funded consultations for developing a new CP have broadened the NDA's contacts well beyond the usual national ministries to include non-state actors and stakeholders in remote provincial locations far from the capital.

**AEs engage occasionally with the NDA.** The NDA and AEs at the international and regional level report good working relationships. SPREP has perhaps the closest and most frequent relationship with the NDA owing to its facilitation of the RPSP project to strengthen NDA capacity. Because the NDA is nested in the MECDM, the NDA's office is less engaged in the Tina River Hydropower Development Project, for which the Ministry of Mines, Energy and Rural Electrification has more direct oversight. In this regard, the NDA's role is one of reporting, monitoring and liaising for the project.

Government representatives noted that, as was found during the FPR, they find it much easier to collaborate with entities who have personnel physically located in Solomon Islands, whether permanent or visiting. While other IAE interviewees stated that they have good rapport with the NDA, relationships have not been as close as those of the NDA with the World Bank and SPREP, which both have officers in Honiara. This communication gap has been exacerbated by COVID-19 travel restrictions.

## 2. IMPROVING ACCESS TO THE GCF

### a. Access to AEs that cover country programming priorities for the GCF

**Solomon Islands currently does not have sufficient access to AEs that cover its programming priorities for the GCF. The major gaps are the country's lack of DAEs and lack of progress with potential FPs with other AEs.** Despite pursuing DAE accreditation since 2020, Solomon

Islands still has no national DAE.<sup>3</sup> Thus, Solomon Islands is resigned to partnering with IAEs and regional DAEs to pursue its GCF programming ambitions. However, interview respondents raise concerns that these relationships are not generating any climate action with GCF funding. Reasons for AEs not pursuing new proposals are discussed further under section 3.b.

National stakeholders expressed that outsourcing the preparation of CNs and proposals to international and regional entities relieves procedural stress from national stakeholders.

### **b. Meeting DAEs' needs for capacity-building to access the GCF**

**In Solomon Islands, national DAE candidates' needs for capacity-building to access the GCF are being met outside of GCF support.** Solomon Islands continues to pursue the accreditation of two DAEs. The NTF submitted its application in May 2022 after five years of preparation. One new applicant is just beginning the process, and one original aspirant (the Ministry of Finance and Treasury (MOFT)) is stalled with little likelihood of progression.

NDA and GCF Secretariat support for the NTF's application has improved since 2020. However, the key input that catalysed the NTF's ability to submit a complete application came from outside the GCF ecosystem via USAID's Climate Ready Project.

For MOFT, the other DAE candidate identified in 2017, the capacity gaps identified in 2017 remain unaddressed in 2022.

One interviewee outlined that the general support that the GCF has provided for national DAE candidates and existing regional DAEs, such as multi-country training workshops, does not help identify or address the country's specific constraints, and that little has changed since the IRM. To date, no RPSP grant has been requested for the kind of support recommended by interviewees, which is to invest in embedded positions in under-resourced and understaffed government ministries over several years. SPREP developed a regional RPSP proposal with Solomon Islands that was approved as of August 2022, with implementation slated to start early 2023.

## **3. PROGRAMMING AND IMPLEMENTATION**

### **a. Meeting country programming needs through GCF readiness support**

**The current RPSP grant was developed during the IRM phase, and no new national RPSP grants have been approved or pursued during GCF-1.** Solomon Islands is presently served by four readiness-style supports, with one through the GCF and the others supported by bilateral or other development partners:

- The GCF's RPSP project via SPREP improves the NDA's capacity to access GCF funds.
- The Commonwealth Climate Finance Access Hub assists the NDA's office in MECDM to identify and access diverse climate finance options.
- The USAID regional ISACC Project supports the Government of Solomon Islands in establishing the Climate Finance Unit within MOFT. After the ISACC Project ends in 2022, support of the Asian Development Bank (ADB) to the Climate Finance Unit kicks in.
- USAID's Climate Ready Project assists the NTF to attain GCF DAE accreditation.

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<sup>3</sup> The 2017 final report of the Solomon Islands climate change and disaster risk finance assessment noted that the NTF had key policies, legislations, regulations and institutional arrangements that made it a credible DAE candidate (Pacific Community and others, 2017)..



Tangential to climate readiness, the ADB and the Australian Department of Foreign Affairs and Trade supported the start-up and stabilization of the NTF for 10 years. However, both sources were coming to an end in mid-2022.

**RPSP support has so far been insufficient to meet country needs in Solomon Islands, although progress has been significantly delayed by the COVID-19 pandemic.** To date, Solomon Islands has received only one RPSP grant, for a project that aims to strengthen the NDA's capacity to manage the relationship with the GCF, develop a CP, improve DAE candidate access, improve the pipeline of CNs and FPs, and mobilize private sector engagement. Despite launching disbursement in May 2020, as of May 2022, progress has been delayed by COVID-19–related border closures in Solomon Islands. This resulted in the delivery partner, SPREP, requesting an extension. The most stand-out impact of the project so far has been SPREP's facilitation of extensive consultations across the national government ministries and diverse stakeholder groups in six provinces to develop the CP.

**Multiple interviewees have attested to the suitable and continuously improving capacity of the NDA, which provides some validation of the RPSP grant.** However, COVID-related delays have hampered other RPSP objectives. At the time of this study, the RPSP project had not yet pursued developing DAE candidate capacity during the GCF-1 period, nor had it been active in mobilizing new CNs.

Regarding its private sector mobilization objective, the NDA has regularly included the SICCI in climate-programming consultations and learning workshops. This regular engagement may be the result of RPSP activities such as the CP consultations. However, consultations have not directly engaged private sector entities, as discussed below in section 4.d.

#### **b. Effectiveness of processes for funding proposal origination, development and appraisal to meet country needs**

Given that Solomon Islands has only ever gained access to one GCF FP and has no medium-term prospects of another, it is apparent that **AE partners are not motivated to pursue further GCF FPs in the country.**

**One of the primary reasons AEs are not submitting more FPs to the GCF is the barriers to meeting GCF proposal requirements; for other entities, a primary reason is disinterest in pursuing GCF funding in small countries.** Stakeholders find the process from submission through appraisal discouraging, especially when the scale of projects in Solomon Islands is relatively small. AEs asserted that the review process is not structured or systematic, but rather “messy” and unpredictable. While the GCF has three formal appraisal stages – at the Climate Investment Committee, independent Technical Advisory Panel and Board levels – AEs state that they experience closer to six to eight stages in practice, due to the informal waves of feedback between the formal stages. AE interviewees noted it was normal for each set of review comments to consist of up to 120 questions, generating over a hundred pages of required response documentation, and that some sets of comments repeated past questions. Even after satisfying the expert review panels, the final Board review was described as unpredictable.

Commenting on pipeline concepts, one interviewee noted that reviewers put primacy on their own perspectives over evidence of the national government's input and aspirations.

Interviewees stated that these barriers are scarcely different for a small RPSP proposal than for a larger FP concept. **AEs felt the process had become more complicated during GCF-1.**

AEs also noted that they are waiting for the simplified approval process to be streamlined, and recommendations about introducing criteria-based review and approval processes that have been presented to the Board have not been approved.



**AEs find the economics of investing resources into CN and proposal development for Solomon Islands discourage their pursuit.** The financial outlay to pursue a GCF project was described by all AEs as much higher than for any other funder, with one AE citing figures sixfold to eightfold higher. They stated that, in addition to the lengthy application process, this is driven by the GCF's requirements that CNs and FPs be informed by detailed studies during their development, whereas others would expect these to be done shortly after the first disbursement and funded under the project. AEs expressed that the justification requirements for climate rationale for a country that is so vulnerable to climate change, like Solomon Islands, are excessive and could be simplified in line with other climate financiers' requirements. AEs expressed that the PPF application process was also too "long, slow and bureaucratic". As a result, in several cases larger AEs use their internal staffing and funds, while smaller AEs found it more efficient to seek funds from philanthropic and bilateral donors to cover their GCF CN and FP development costs.

**Despite these setbacks, while some AEs are bypassing the PPF, others are still accessing it for proposals that include Solomon Islands.** The World Meteorological Organization is accessing the PPF for the Early Warning Systems Project development, and the International Union for Conservation of Nature and Conservation International have also accessed the PPF.<sup>4</sup>

### **c. Sufficiency of funded activity implementation and supervision processes**

**During funded activity implementation, interviewees noted that the responsiveness and flexibility of the Secretariat has improved markedly since the IRM, whereas weaknesses persist in the GCF's annual performance report (APR) template and processes.** Interviewees noted that the APR template's focus on quantitative outcome indicators (such as beneficiary numbers or emissions avoided) was unsuited to the early phase of projects. In the case of the Tina River Hydropower Development Project, which is still in early planning stages, AE interviewees suggested that a more flexible and qualitative reporting approach is required early in the project. Interviewees suggested that the GCF allow reporting content to follow AEs' own reporting requirements and standards, which would provide more relevant information than the APR template, especially in start-up phases.

AEs were critical of the GCF's slow response to submitted APRs and the resulting inefficiencies, with one observing that they might receive GCF feedback on their report six months after submission but then are only given a few days to respond. This creates two inefficiencies. First, after half a year, too much progress has been made under a project for the feedback to still be relevant. Second, responding to feedback generally requires a large time investment by AE and executing entity project managers and staff in a short space of time, removing personnel from project implementation.

The GCF's financial reporting processes were described by AEs as overly complex, accompanied by a recommendation to align requirements closer to multilateral development banks' requirements, which are considered simpler.

The efficient and effective oversight for FP044 faced an additional challenge in **the different reporting requirements of the six co-financiers**. The AE is responsible for reporting to the GCF under its format, its own World Bank reporting, plus the other four co-financiers according to their individual reporting requirements and templates. To alleviate the bottlenecks caused by reporting, an interviewee central to the project recommended that (i) the GCF and other financiers accept a greater degree of flexibility when such a project is taking place in a highly resource-constrained,

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<sup>4</sup> Save the Children has not accessed PPF resources for the Solomon Islands proposal or any of its eight current proposals, but instead used resources from philanthropic donors to develop its FP.

remote and fragile context, and (ii) co-financers, including the GCF, should negotiate among themselves to agree on a single set of reporting requirements.

Meeting the environmental and social safeguards required by the GCF and multiple other funding partners, especially the World Bank and ADB, has created another notable oversight challenge for the Tina River Hydropower Development Project and has caused an implementation delay of over two years. This extended delay has two primary causes. Initially, the engineering company from Korea responsible for constructing the dam was not experienced in multilateral-financed projects, so did not appreciate the level of reporting rigour required by multilateral partners. Furthermore, both development banks' reviewers have a high level of risk aversion for infrastructure projects. Additional challenges to meeting the safeguards requirements were reportedly that the World Bank and ADB have slightly different safeguard requirements, some of which conflicted with one another. Thus, the challenges in meeting safeguard planning requirements for Solomon Islands are not specific to the GCF. Rather, they stem from the high standards, risk aversions and a degree of discord between the two multilateral bank lenders.

At the project level, the World Bank, as AE for the Tina River Hydropower Development Project, follows its structures for supervision and risk management that include a combination of technical and community-based oversight mechanisms. Execution of the project has been set up under a statutory company: Tina Hydro Limited (THL). Under THL, a project office was established to monitor construction progress. This office has engaged an advisory panel of five experts to monitor and report project risks and compliances or non-compliances. THL also employs an on-site engineer to monitor construction and has quality control assurances as well as certifications in place. All reports are shared with the project's AE and others.

Beyond technical and safety monitoring, THL has established two key community-based project monitoring mechanisms: an active mechanism and a passive mechanism. The passive mechanism consists of a grievance approach that enables tribal residents on whose land the hydropower scheme is being developed to write to the company. According to indigenous landowners, THL has established postal boxes in each of the landowner communities to facilitate the raising of issues with the company; the issues raised are collected and addressed by THL every week.

The active mechanism is shared landlord status of the landowner tribes with the Government. This is an example of innovative practice for meaningful engagement with the indigenous population. After extensive consultations to identify the rightful customary landowners where the hydroelectric scheme will be located, the Tina Land Company was formed. The company is 50 per cent owned by the five landowner tribes, who also hold 50 per cent of its Board positions, and 50 per cent is owned by the Government of Solomon Islands. Ownership of the land was transferred from the tribes to this company, which now rents the land to THL. Thus, as the Tina River Hydropower Development Project's landlords, the indigenous landowners can scrutinize and hold accountable THL for the impacts of the project on their lands and how the operation interacts with the local populations, in addition to receiving ongoing rent for use of the land. Additionally, the project team held extensive consultations with indigenous landowners that informed a tripartite legal agreement between the Government, landowners and THL, plus the Solomon Islands Electricity Authority (trading as Solomon Power) to regulate how landowners will benefit from the presence of the hydro scheme (Solomon Power, 2022). Such benefits are described below in section 4. Indigenous landowner interviewees for this study affirmed that they are very satisfied with the high level of consultation, cooperation and benefit they have received from the project so far, and that they anticipate for the future.

The satisfactory finalization of agreements with customary landowners is a major accomplishment since the IRM. In 2020, the FPR country case study noted that, at that time, the project "posed a

complicated bundle of issues regarding indigenous peoples, and this was one of the few topics on which various stakeholders expressed very different viewpoints and opinions.”

#### 4. PROGRESS TOWARDS RESULTS AND IMPACT OF GCF INVESTMENTS

##### a. Evidence that intended outputs and outcomes have been achieved/are likely to be achieved

**The one GCF funded activity in Solomon Islands is more than two years behind plan.** Funds for Tina River Hydropower Development Project (FP044) were approved in December 2019 and released in early 2020. While impediments have delayed the World Bank’s release of funds to construct the hydroelectric dam and power generator plant, non-infrastructure activities have moved ahead. GCF funds have enabled feasibility studies to be undertaken to prepare detailed plans. Other progress has been made possible via bilateral co-financing. This includes co-financing from the Government of Japan for consultations and agreements with indigenous landowners and co-financing from the Government of Australia to enable development of the five-kilometre access road and heavy transmissions lines. To prepare itself for the long-term management of a hydroelectricity scheme, which is new to the country, Solomon Power has utilized its own funds to hire a technical consultant to review the project’s design and start preparing their own systems, procedures and personnel. **Thus, the co-financing approach has enabled continuity of preparations while waiting for the AE to release the GCF and multilateral development bank funds, pending approval of the safeguards assessments and plans.**

Although the country’s one FP has not been able to proceed with construction, Table 8 summarizes the anticipated likely outcomes of the project when the hydropower scheme is completed.

**Table 8. Summary of expected outcomes**

OUTCOMES	SUMMARY OF EXPECTED CHANGE FROM GCF FUNDED ACTIVITIES
Reduced GHG emissions	Currently, almost all of Solomon Islands’ grid electricity is generated using imported diesel fuel. Activation of the Tina River Hydropower scheme is expected to eliminate 319,354.56 tCO <sub>2</sub> e of emissions in the first five years, with much more saved over its 50-year life cycle (Solomon Islands, 2015; World Bank, 2017).
Increased resilience*	Government and community stakeholders expect the transition from ageing diesel power generators to renewable hydropower will eliminate the power brownouts and blackouts that are common in the capital. Weaning the country off the increasingly volatile price of oil will guarantee the country greater price stability, economy and energy sovereignty.
Enabling environment**	The project will introduce a renewable electricity source that is completely new to the country. In the process, new technical competencies are being learned by relevant government entities, most notably the Ministry of Energy, THL and Solomon Power.
Co-benefits	Several interviewees noted that Honiara has some of the highest electricity prices in the world. With the cost of diesel accounting for around half of the current total cost, the hydropower scheme is expected to create lower and more stable electricity prices over time. Business community interviewees expect these factors will enable greater economic development in the country, both in the capital and surrounding rural areas. Multiple larger national companies have already established expansion plans in anticipation of the completion of the Tina River Hydropower Development Project. Micro-business owners and household electricity users will also benefit from cheaper and more stable electricity. The hydropower scheme is expected to provide electricity to rural communities that have never had electricity. A community leader noted that this, in turn, would reduce reliance on fire for energy and allow access to refrigeration and other conveniences.

OUTCOMES	SUMMARY OF EXPECTED CHANGE FROM GCF FUNDED ACTIVITIES
	<p>The project's Community Benefits Plan includes an agreement to employ local workers from landowner tribes and to source products from them as well. To prepare for the hydropower scheme, co-finance from the Government of Japan has already funded the community consultations and provided advance benefits to landowner communities in the form of employment and business training skills with a focus on women and girls, financial management skills, water infrastructure, and grid electricity connection to the communities.</p> <p>Fifty per cent of the funds generated from the rent of lands owned by the Tina Land Company will be invested in the development of the five landowner groups.</p>
Note:	<p>* Such as number of beneficiaries, value of physical assets, hectares of natural resource areas.</p> <p>** Such as strengthened institutional and regulatory frameworks, technology deployment/dissemination/development/transfer/innovation, and market development/transformation at sectoral, local or national levels.</p>

**Key drivers influencing the non-achievement of intended project level outputs and outcomes for FP044 are as follows:**

- The global impacts of the COVID-19 pandemic from early 2020 to 2022 had some impact on the progress of the project, especially by limiting international consultants' access to the country and preventing face-to-face planning and negotiations between stakeholders. However, the lead engineering company had pre-positioned most required equipment in country prior to the border closures, and Solomon Islands remained COVID-free until early 2022, allowing Solomon Islanders and expatriate residents to freely move about and work through 2020 and most of 2021.
- The executing entities experienced difficulty in gaining approval for environmental, safety and social safeguard measures from the main financiers, the World Bank and ADB.
- Protests in Honiara in late 2021 turned into destructive rioting, which resulted in many buildings being burned down. The event had an impact on project implementation as well. The project office was damaged, and some of the surveys were destroyed.

The Tina River Hydropower Development Project has already had the unintended benefit of customary landowner tribes becoming 50 per cent shareholders of the landowning company that is renting the land to the project, guaranteeing long-term income for these communities for decades. Two additional unplanned benefits were also identified by interviewees. First, the decommissioning of ageing diesel generators will eliminate the associated intense noise pollution and occasional fuel spills in the surrounding environment. Second, while speculative, another prominent interviewee expects that the completed scheme will generate additional income as a tourist attraction.

**b. Progress of funded activities towards paradigm shift**

**The GCF funded activity in Solomon Islands shows future potential for paradigm shift.** The primary paradigm shift anticipated by stakeholders of the Tina River Hydropower Development Project will be the decoupling of the country's main electricity supply from the global fossil fuel markets. The positive impact on the country's resilience will be long-term energy security, sovereignty, affordability and price stability for power supply to the capital and surrounding rural areas.

The perspective of key stakeholders was echoed in the opinions of ordinary Solomon Islanders. This country case study interviewed a random sample of 19 urban residents and residents of the project's core land regarding their perceptions about the country's climate threats. Each was then asked how they ranked the hydropower scheme as a priority relative to other climate threats they mentioned.

Unanimously, all felt that installing the hydropower scheme to stabilize and expand the electricity grid was the highest priority.

Regarding the likelihood of the project's **sustainability**, the special purpose company created to manage the construction and long-term operation of the scheme is well positioned and well supported to manage it (see Box 1).

Regarding **scalability**, no stakeholders raised the potential for repeating a hydropower project like this elsewhere in Solomon Islands.

As detailed in preceding and following sections, the **high quality of community consultation, inclusion and benefits processes merit analysis to identify lessons learned that can be replicated** in other infrastructure projects in Solomon Islands and other Pacific Island countries.

**Table 9. Summary of evidence of dimensions of paradigm shift**

DIMENSION	EVIDENCE FROM GCF FUNDED ACTIVITIES
Scale* and replicability**	<p><b>No likelihood of scaling</b> of major hydroelectricity in country.</p> <p><b>Low likelihood of replication of major hydroelectricity</b> using GCF funding in other Pacific Island countries (PICs). The long duration and difficulty of gaining GCF Board approval of this hydro project and the ongoing challenges to having the IAE release funds to commence implementation in this fragile PICs are likely to discourage other IAEs or countries from pursuing climate finance for a similar infrastructure project.</p> <p>The highly successful <b>community consultation and community development plan processes</b> should be learned from and replicated for other infrastructure projects in the Pacific and around the world.</p>
Sustainability	<p>Using Guadalcanal's topography and rainfall to generate electricity should help wean Solomon Islands off much of its reliance on imported fossil fuels, which makes sustainability highly likely. Additionally, the small scale of the hydro scheme compared to others around the world will result in easy access to troubleshooting support once the scheme is operational.</p> <p>The special purpose company THL is overseeing construction preparation, will oversee the hydro scheme's construction, and will then manage the operation of the scheme for the long term (see Box 1 for more details).</p>
Note:	<p>* The degree to which there has been a significant increase in quantifiable results within and beyond the scope of the intervention (e.g. a situation in which the GCF is scaling up earlier demonstrations or if a GCF project will be scaled up outside project bounds).</p> <p>** The degree to which the GCF investments exported key structural elements of the proposed programme or project elsewhere within the same sector as well as to other sectors, regions or countries.</p>

### c. Women and other vulnerable populations, including indigenous peoples

This country case study consulted female and male indigenous landowner leaders, a cross section of ordinary residents in Solomon Islands' capital and on the project's "core lands", THL's community benefits coordinator and institutional stakeholders. This study concludes that **the Tina River Hydropower Development Project has been exceptionally well designed and implemented in the early stages to ensure voice and benefit for indigenous peoples, including women and young people; it also concluded that it is likely that other vulnerable people (e.g. disabled persons) and the wider population will benefit.**

THL's community consultation involved over 200 community discussions, which resulted in the development of the project's Community Development Plan (Solomon Islands, Ministry of Mines, Energy and Rural Electrification, 2017a). As of May 2022, the first phase of the Community Development Plan – the Community Benefit Sharing Pilot – has been funded by the Government of Japan, as noted under section a. Already it has been used to improve community water supply and



sanitation; connect core lands villages with mains electricity for the first time; train local women and girls for employment-readiness, income generation and financial management; and maintain ongoing dialogue with the landowner tribes. Thus, the project has not experienced the kind of local opposition that many other hydro and other large infrastructure projects experience around the world (Naderpajouh and others, 2014).

**In Solomon Islands, the GCF funded activity under implementation has benefited or is expected to benefit women through capacity-building, training activities, decision-making and sharing of benefits.** Beyond the consultations, THL has employed a female gender officer to regularly consult women's groups of the five landowner tribes to monitor and guide the project's gender equity throughout consultations and implementation.

Interviewees noted that adherence to GCF environmental and social safeguards policies has shaped the community benefits approaches being used; however, several community benefit and engagement shortcomings are still apparent.

- Documented and stakeholder descriptions of the original consultation processes that took place during the IRM period suggest that all strata of each community were consulted collectively. Women, men, elders, youth and people with disabilities all took part in community-level discussions. Such an approach fails to account for power imbalances within communities and the ability of stronger subgroups to suppress the full expression of other subgroups. To some extent this weakness in process has been remedied in the GCF-1 phase by employing a female gender officer alongside a male community engagement officer.
- While people with disabilities were stated as being included in communitywide consultations, the study found no evidence that this most vulnerable group has been subsequently considered in any planning.
- Major construction projects in income-poor countries and communities usually rely on bringing itinerant, mostly male, labour to the area. An interviewee noted that such dynamics have a history of creating protection problems for women and girls, manifesting in gender-based violence, prostitution, alcohol-fuelled violence, sexual coercion and broad community insecurity (Cane, Terbish and Bymbasuren, 2014; Castañeda Camey and others, 2020). The Community Development Plan (Solomon Islands, Ministry of Mines, Energy and Rural Electrification, 2017a) and the GCF Environmental and Social Impact Statement (Solomon Islands, Ministry of Mines, Energy and Rural Electrification, 2017b) express hope that these problems can be mitigated by locating a workers' camp away from landowner communities, prohibiting workers from using drugs and alcohol, and educating workers about the risks of HIV, STDs and "the impacts of social behaviours which will encourage sexual behaviours". It is reassuring that these assessments considered such risks; however, the project's Integrated Safeguards Data Sheet – Restructuring Stage (Kadono, 2019) and Gender Action Plan (Green Climate Fund, 2017) are both silent on this issue, and the workers' camp is still planned for the peri-urban area, potentially displacing behavioural risks to neighbouring communities.
- The Community Development Plan and the Environmental and Social Impact Statement identify a nearby community of landless "squatters" as a key vulnerable group. However, no documentation proposes how they will be managed.
- The Community Benefit Sharing Pilot will end in 2022, at which stage continuity was supposed to be financed by the operation of the hydropower facility and subsequent revenues from electricity sales. However, the two-year delay in the project risks a corresponding delay to the community benefit initiatives.



**Box 1. A public–private entity to drive sustainability and community participation**

To optimize the efficiency and sustainability of the Tina River Hydropower scheme’s preparations, construction and long-term operation, a special purpose company was formed. Large-scale hydropower involves a completely new set of technologies and specializations for Solomon Islands. To optimize the dual gains of drawing on strong international hydro scheme expertise and institutionalizing long-term capacity in the country, THL was created during the GCF’s IRM phase. THL is owned and guided by two Korean companies that have long histories of constructing and operating hydropower schemes: Hyundai Engineering Co., Ltd., and Korea Water Resources Corporation. Regardless of its foreign ownership, THL is a registered Solomon Islands company and is the legal owner of the hydro scheme infrastructure and will be its operator for its initial 30-year phase. To further indigenize the capacities required for sustainable hydropower, THL is led by a Solomon Islander manager, and almost all its staff is local, too.

To date, THL has undertaken over 200 community consultations with women, men, youth and children in the communities that own the land where the dam and powerhouse will be located, as well as landless residents in the area. Consultations contributed to environmental and social impact assessments and management plans and led to the creation of the highly successful Community Benefits Plan. THL has also managed all of the feasibility studies, assessments and development of corporate procedures, plans and policies in readiness for the construction and operation phases. All such documentation is accessible on their website:

<https://www.tina-hydro.com/project-documents/>.

At the time of this study, THL is carrying out the construction of an access road to the site and heavy transmission lines that will connect the scheme to Honiara’s power grid. It has also been carrying out the Community Benefit Sharing Pilot. Both are funded by bilateral co-financers. Once the IAE releases the GCF funding, along with other World Bank and ADB funding, THL will proceed with the construction of the dam, head-race tunnel, powerhouse and ancilliary facilities, now expected to be completed in late 2024.

Source: Interviewees and the Tina River Hydropower Development Project website.

**d. Catalysing public and private finance**

As the core funding source for Tina River Hydropower Development Project, the approval of **GCF funding was catalytic in attracting five other multilateral and bilateral financers** to the project, effectively making this otherwise uncertain project viable. One government interviewee noted that, as a major renewable energy project, the Tina River Hydropower Development Project has generated interest from undisclosed private investors who are now interested in investing in renewable energy in Solomon Islands.

While the project has not yet attracted any private investment, it **created a public–private partnership** by creating THL as a “special purpose company” that is managing the preparations and will manage the construction and subsequent operation of the facility for 30 years (see Box 1 for more details about THL).

Additionally, the project is expected to indirectly catalyse additional public/private funds, mainly in the form of Solomon Power’s long-term purchase of wholesale electricity from THL. However, as already reported in the FPR case study, this agreement remains a source of unresolved contractual discussion and debate.

**The local business sector has not benefited from the project** due to a lack of opportunities to invest or engage. While the environmental and social impact study considered some of the nearby major businesses, interviewees from those businesses and other businesses expressed that their companies are not included in consultations or opportunities connected to this FP or any other GCF-related concepts. Furthermore, most were unaware of the GCF and associated projects. By contrast, they reported a steady stream of consultation and information from bilateral development and climate finance initiatives, such as the Australian Department of Foreign Affairs and Trade, the European Union and the British High Commission.

A recent report by the Pacific Islands Forum Secretariat on Solomon Islands’ private sector activities related to climate change concluded that although all Solomon Islands companies are

highly vulnerable to short- and long-term climate impacts, it was unrealistic for projects to expect Solomon Islands-based companies to invest their own funds into national climate schemes, even if they may benefit. The primary barrier to their engagement was that “all businesses reported difficult business conditions that required a focus on survival rather than medium or long-term planning” (Pacific Islands Forum Secretariat, 2020). Furthermore, the one private sector interviewee who knew about the GCF described it as being too hard to find information on and as an entity whose processes are much too complicated, to the point businesses are not willing to engage with it.

#### **e. Knowledge management and learning efforts within GCF funded activities**

**The GCF funded activity under implementation shows some evidence of knowledge and learning efforts.** The 2020–2022 COVID-related border closures in Solomon Islands and other PICs generated gradual lessons learned and identified gaps for the GCF’s remote engagement with country stakeholders. Such lessons have been captured and applied by the GCF Secretariat, some of which are shared below.

Regarding the Tina River Hydropower Development Project, the IAE (the World Bank) has maintained an extensive, publicly accessible, web-based database of all project documentation. The executing entity (THL) has also invested in maintaining a publicly accessible document repository (Tina River Hydropower Development Project, 2022). This repository makes all assessments and plans available, including environmental and social impact, land acquisition, community benefit sharing, gender action, human resourcing and other documentation.

### **D. EMERGING LESSONS FOR THE GCF**

The following emerging lessons for the GCF can be drawn from the Solomon Islands case study:

- Multiple challenges and disincentives need to be addressed to support SIDS such as Solomon Islands to engage successfully with the GCF. Transaction costs are perceived as too high for IAEs to pursue GCF funding for SIDS-sized projects.
- The GCF’s accreditation requirements for DAEs are an almost insurmountable hurdle for Solomon Islands entities. Nominated DAE candidates need further support from the RPSP or other external readiness support, which has been a more effective avenue to date.
- A wider focus for the RPSP, on access to multiple potential climate finance sources, could be more effective for small countries such as Solomon Islands. With limited personnel, efficiencies to coordinate multiple potential climate finance sources could be welcomed.
- Implementation management by the GCF Secretariat has become problematic for Solomon Islands and requires attention. The lengthy delays in Secretariat responses to APRs reduces the relevance of their feedback for project performance and adaptive management. Also, to the extent review responses are required for the release of the next disbursement, delays in GCF responses can cause temporary project suspensions, including staff layoffs.
- The GCF funded activity in Solomon Islands offers promising practices for community consultation, inclusion and benefits and has resulted in good relations between the project and indigenous landowner tribes. Consequently, the project has avoided the kind of local opposition that many other hydropower and other large infrastructure projects experience around the world.

## Appendix 1. LIST OF INTERVIEWEES

NAMES	FUNCTION	AFFILIATION
Elmar Elbling	Unit Head; Team member	ADB
Rafayil Abbasov	Project Officer	ADB
Benjamin Afuga	Director	Gold Ridge Mining Limited
Badley Tabiru	Personnel Manager	GPPOL
Regina Gatu	Sustainability and Quality Manager	Guadalcanal Plains Palm Oil Limited (GPPOL)
Barnabas Bago	National Programme Coordinator	MECDM
Dr. Melchior Mataka	Permanent Secretary	MECDM
Nelmah Joseph	Climate Finance Officer (ADB Consultant)	MOFT
Robert D. Meyenn	Director Debt Management Unit	MOFT
Veronica Dauwi	Senior Climate Finance Resilience Officer	MOFT
Agnes Takutile	NTF's national infrastructure economist	National Transport Fund
Nick Ireland	Director for Climate Change	Save the Children Australia
Bennie Smith	General Manager for special projects	Solomon Power
Darwin M. Rirmae	Finance manager	Solomon Power
Greg Manehugu	Project manager for transmission lines at Tina works	Solomon Power
Josiah Rade	Acting planning manager under special projects	Solomon Power
Palmer Anisi	Planning under Bennie, alternates as manager	Solomon Power
Sammy Airahui	Project Coordinator	SPREP
Dirk Snyman	Head of Climate Finance Unit	The Pacific Community
Jack Rossiter	Climate Finance Unit Officer	The Pacific Community
Pauline Siret	Climate Finance Unit Officer	The Pacific Community
Francis Kapini	Coordinator Community Benefits Project	THL
Fred Conning	Deputy Project Manager	THL
Jens Meissner	Project Manager	THL
John Korinihona	Director	THL
Israel Sibia	Youth Leader	Tina River landowner/user
Name withheld	Community Leader	Tina River landowner/user
Trina	Female Community Leader	Tina River landowner/user
Joanne Pita Aihunu	Team Leader – Resilience Development (under GEF funding)	United Nations Development Programme
Chris Paul	National Consultant for DAE accreditation	USAID-funded Climate Ready Project
Stephen Boland	Regional Director	USAID-funded Climate Ready Project

NAMES	FUNCTION	AFFILIATION
Myoe Myint	Carbon Finance Team	World Bank
Sunil Kumar Khosla	Carbon Finance Team	World Bank
Electricity consumers: 9 female and 10 male	Urban and project area household and small-business electricity consumers	

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