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

Country case study reports

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GREEN CLIMATE FUND
INDEPENDENT EVALUATION UNIT

Independent Evaluation of the Relevance and Effectiveness of GCF Investments in Small Island Development States (SIDS)

COUNTRY CASE STUDY REPORTS

10/2020

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COUNTRY CASE STUDY REPORTS

1. BARBADOS COUNTRY CASE STUDY REPORT

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ABBREVIATIONS

AE	Accredited Entity
AMA	Accreditation Master Agreement
BAU	Business as usual
BMZ	German Federal Ministry of Economic Cooperation and Development
BWA	Barbados Water Authority
CARICOM	Caribbean Community
CCCCC	Caribbean Community Climate Change Centre
CDB	Caribbean Development Bank
CN	Concept Note
CP	Country Programme
CSO	Civil Society Organization
DAE	Direct Access Entity
DCP	Division of Country Programming
ESS	Environmental and Social Safeguards
EWP	Entity work plan
EWS	Early Warning Systems
FAA	Funded Activity Agreement
FP	Funding Proposal
GEF	Global Environment Facility
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IAE	International Accredited Entities
IDB	Inter-American Development Bank
IPCC	Intergovernmental Panel on Climate Change
ITAP	Independent Technical Advisory Panel
MED	Ministry of Environment and Drainage
MSME	Micro, small, and medium-sized enterprises
NAP	National Adaptation Plan
NDC	Nationally Determined Contribution
NGO	Non-Governmental Organization
NCCC	National Climate Change Committee
NCCPF	National Climate Change Policy Framework
NDA	National designated authority
NIE	National implementing entity
NOL	No-Objection Letter
OECS	Organisation of Eastern Caribbean States
PMCU	Project Management Coordination Unit
PPF	Project Preparation Facility
PPP	Public–private partnership

PV	Photovoltaic
RAE	Regional accredited entity
RAFF	Revolving Adaptation Fund Facility
RWH	Rainwater harvesting
RPSP	Readiness and Preparatory Support Programme
SIDS	Small Island Developing State
SIF	Social Investment Fund
SME	Small to medium enterprises
TNC	The Nature Conservancy
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
USAID	United States Agency for International Development
UWI	University of West Indies
WBG	World Bank Group

A. BACKGROUND AND CONTEXT

1. GEOGRAPHICAL, POLITICAL AND SOCIOECONOMIC CONTEXT

Geography. Barbados the easternmost island nation located on the Atlantic Ocean side of the Caribbean Archipelago, at coordinates 13N, 59W, approximately 160 km from the nearest landmass; Saint Lucia is to the northwest and Grenada is to the southwest. The island is 34 km long and 24 km wide, with a total land area of 432 km^2. Its terrain is mostly flat and low-lying, though elevation does increase in the interior to a peak of 336 m above sea level. The coastline of Barbados is 97 km long with beaches on the Caribbean side (west) comprised of white sand, while the beaches on the east and north, the Atlantic side, are more rugged. The waters near the coast are sheltered by extensive coral reefs, rich with marine life.[1] Underground aquifers are the island's primary source of drinking water.[2]

Demography. Barbados has a population estimated to be 294,560 in 2020, of which 32 per cent lives in urban areas, and 25 per cent lives in coastal areas.[3,4] With a population density of 660 people/km^2, Barbados is one of the most densely populated countries in the world; however, the population growth rate is -0.3 per cent.[5] The average life expectancy of Barbadians is 75 years. English is the official language of Barbados. A regional variant of English referred to locally as Bajan is spoken by most Barbadians in everyday life, especially in informal settings. Over 60 per cent of the island's population resides in the three coastal parishes.[6]

Politics. Barbados is a parliamentary democracy and constitutional monarchy that recognizes Queen Elizabeth II as the Head of State. She is represented by a Governor-General who is appointed on the recommendation of the Prime Minister. There is a bicameral legislature and party system, based on universal adult suffrage.[7] The judiciary system is based on English common law.

Economic outlook. The economy of Barbados is the largest in the Eastern Caribbean. Barbados heavily relies on tourism for foreign exchange earnings. The accommodation and food services sector accounts for approximately 17 per cent of economic activity and 13 per cent of total employment. The majority of gross domestic product (GDP) is provided by four main sectors – business and general services, government services, tourism, and wholesale and retail.[8] Once dominated by agricultural production such as sugarcane, the economy of Barbados has recently shifted towards tourism and financial services. Offshore finance and information services are important to the national economy, boosted by being in the same time zone as the eastern financial centres of the United States of America, and by a relatively highly educated workforce.[9] Agricultural production, including sugarcane, vegetables and cotton, now only contribute 4 per cent of the GDP of Barbados. Agriculture production has declined not just due to economic factors, but also because of land degradation, increased flooding, and declines in crop production caused by changing temperatures and rainfall.[10] Its largest trading partner is the United States, but Barbados conducts a great deal of trade among neighbouring Caribbean nations.[11]

[1] World Bank, 2020.
[2] Government of Barbados, 2018.
[3] Central Intelligence Agency, 2020.
[4] Government of Barbados, 2018.
[5] Government of Barbados, 2018.
[6] Government of Barbados, 2018.
[7] The Commonwealth, n.d.
[8] Government of Barbados, 2018.
[9] International Monetary Fund (IMF), 2019.
[10] World Bank, 2020.
[11] IMF, 2019.

Before the onset of the COVID-19 pandemic, the economy of Barbados was predicted by its Central Bank to grow by between 1.25 per cent and 1.75 per cent.[12] Since March 2020, tourism has come to a standstill: most hotels have closed, occupancy has plummeted at facilities that are still open, and bookings for the coming months have been cancelled. Airlines have sharply reduced the number of their flights or suspended flights to Barbados altogether. This external shock has created a large negative impact on the economy and fiscal revenues, and increased risks to debt sustainability. Unemployment has more than doubled and a large recession is projected for 2020.[13]

Poverty and development outlook. Barbados experiences many of the economic and environmental vulnerabilities characteristic of small island developing States (SIDS), including a small population, low economic diversity, limited natural resources, high dependency on imports, and susceptibility to natural disasters and climate events. These vulnerabilities will be exacerbated by the effects of climate change and, if not addressed, will undermine the country's sustainable development agenda.[14] Because Barbados is sensitive to global market changes and has limited capacity for economic growth and international competitiveness, increasing its domestic production and labour force will be critical to achieving its long-term sustainable development goals.[15]

Barbados also faces numerous social challenges such as poverty, unemployment and chronic disease, though it has one of the lowest poverty rates in the Caribbean.[16] Despite these challenges, Barbados has been successful in providing clean drinking water and education to its citizens. Nearly 100 per cent of the population has accesses to improved drinking water sources and 96.2 per cent have access to improved sanitation facilities.[17] Education in Barbados is free through secondary levels, and tertiary education is highly subsidized; over 90 per cent of the population completes secondary education or higher, and the national literacy rate is 99.7 per cent.[18]

2. CLIMATE AND OTHER VULNERABILITY CONTEXT

Climate. Barbados enjoys a tropical, oceanic climate with hot and humid conditions year-round. The annual average temperature is 26.8°C, with no drastic changes in either seasonal or daily temperatures. The climate of Barbados is heavily influenced by the El Niño Southern Oscillation. The El Niño cycle brings hotter and drier conditions from June to August while La Niña brings colder and wetter conditions. The island's wet season is aligned with the Atlantic hurricane season from June to November. Monthly average rainfall ranges from 168.4 mm (6.63 in) during the wet season to approximately 39 mm (1.53 in) during the dry season.[19]

Barbados is experiencing more extreme weather events, as well as subtle changes to temperature and precipitation patterns. Recent climate trends include rising temperatures, rising sea levels, more frequent extreme weather events, and more frequent coral bleaching events.[20] The mean annual temperature has increased by 0.6°C since 1960, and is projected to increase a further 0.4°C – 2.1°C by the 2060s. The number of hot days is projected to increase substantially, and mean annual rainfall is projected to decrease in the future.[21] These changing climatic conditions are expected to decrease

[12] United Nations Development Programme (UNDP), United Nations Children's Fund (UNICEF) and UN Women Eastern Caribbean, 2020.
[13] IMF, 2020.
[14] Government of Barbados, 2015.
[15] Government of Barbados, 2018.
[16] Government of Barbados, 2018.
[17] Central Intelligence Agency, n.d.
[18] Government of Barbados, 2018.
[19] World Bank, 2020.
[20] Government of Barbados, 2015.
[21] World Bank, 2020.

the limited availability of fresh water, reduce agricultural productivity, increase land degradation, and reduce fish stocks.[22]

Climate vulnerability. Barbados is highly vulnerable to climate change, particularly to the effects climate change will have on its coasts due to sea level rise, coastal inundation, storm surges, erosion, and more frequent and intense tropical cyclones.[23] As Barbados is located along the Atlantic hurricane belt, it is highly vulnerable to all the major impacts associated with hurricanes, including storm surge and flooding.[24] Furthermore, the majority of its population and economy are located near the coast, meaning that climate change impacts to the coastal zone will have a disproportionate effect on the country.[25]

Additionally, rising temperatures, changes in rainfall patterns, and drought will have significant impacts on the land and people of Barbados.[26] Barbados is at risk from floods, droughts, storms, and occasional landslides.[27] The combination of reduced rainwater and increased saltwater intrusion from sea level rise will compound the issue of the declining availability of water. This is worsening the ability of Barbados to meet the freshwater demand of its growing economy and population. It is envisaged that Barbados will soon have little water storage capacity either above or below ground.[28]

Barbados will face indirect climate-related impacts including increased pest outbreaks, the spread of invasive species, the increased probability of vector-borne and heat-related illnesses, and the destruction of ecosystems and the services they provide.[29] The sectors most vulnerable to climate change are agriculture, fisheries, tourism, water, human health, coastal resources, and human settlements. Climate change will also impact vulnerable groups disproportionately.[30]

3. CLIMATE CHANGE POLICY AND INSTITUTIONAL CONTEXT

Recognizing the threats climate change poses to its sustainable development efforts, Barbados has developed national policies and strategies to address climate change. These efforts include bold and ambitious mitigation and adaptation targets presented in the nationally determined contribution (NDC) of Barbados and in its national policies.

a. National climate change and development policies

Roof to Reef Programme (R2RP). As a response to climate change challenges, the Government of Barbados launched the Roof to Reef Programme (R2RP). The R2RP provides an overarching and integrated framework for addressing the negative impacts of climate change in Barbados – it is the Government's sustainable development model for the next decade. The primary focus is on improving the social and environmental circumstances of the people of Barbados. The R2RP will enhance the country's ability to recover from climatic events, by addressing six thematic areas: shelter, water, energy, waste, land use, and ecosystems management. The thematic areas under the R2RP are aligned to the NDC priority areas of Barbados.[31]

Physical Development Plan Amendment (2017). The Physical Development Plan Amendment builds on past versions of the plan to offer an updated vision for the country's sustainable growth and development, through policies for land use, built forms, mobility, community facilities, and

[22] Government of Barbados, 2015.
[23] World Bank, 2020.
[24] World Bank, 2020.
[25] Government of Barbados, 2015.
[26] World Bank, 2020.
[27] World Bank, 2020.
[28] Government of Barbados, 2019.
[29] Government of Barbados, 2015.
[30] Government of Barbados, 2015.
[31] Government of Barbados, 2019.

physical infrastructure. The plan's primary purpose is to foster the economic, environmental, physical, and social wellbeing of the citizens of Barbados by addressing the critical impacts of climate change through specific policies and strategies. It is also intended to facilitate public and private investment through 2035, to help Barbados become a healthy, prosperous, and resilient country.[32] Focus areas of the plan are shown in the graphic below.

Figure 1. Physical Development Plan focus areas[33]

Barbados Growth and Development Strategy: 2013-2020 (GDS) (2012). The GDS is the medium-term growth and development strategy of Barbados and has four goals that are informed by the themes of adjustment, reform, recovery and sustainability. Adjustment refers to improving the country's finances. Reform refers to implementing policies and programmes to strengthen the country's economy and society. Recovery refers to returning Barbados to a state of economic growth and improved economic stability, and sustainability refers to protecting the natural environment and growing the green economy.[34]

National Climate Change Policy Framework (NCCPF) (2012). The NCCPF presents the overarching approach of Barbados to adaptation and mitigation and aligns with the Barbados Sustainable Development Policy. The primary goal of the NCCPF is to "establish a national process for adapting to climate change effects and minimising greenhouse gas (GHG) emissions over the short, medium and long term, and to do this in a manner that is coordinated and consistent with the broader sustainable development aspiration." Other objectives include establishing a mechanism to respond to climate change challenges, engaging in regional and international climate change negotiations and plans, engaging stakeholders in developing domestic mitigation and adaptation actions, and conducting climate change research.[35] The NCCPF is monitored by the National Climate Change Committee (NCCC).

Barbados Sustainable Development Policy (2004). The Sustainable Development Policy's primary goal is "… to ensure the optimisation of the quality of life for every person by ensuring that economic growth and development does not occur to the detriment of our ecological capital". It further promotes a framework for decision making based on principles of sustainable development.[36]

b. Other relevant climate plans and strategy documents

Intended Nationally Determined Contributions. Despite its limited financial resources and negligible contribution to global GHG emissions (approximately 0.004 per cent), Barbados is taking a proactive and ambitious approach to reducing its emissions through concrete mitigation actions. Several of the national policies described above set the foundations for the development of the

[32] United Nations, n.d.-b.
[33] Government of Barbados, 2017.
[34] United Nations, n.d.-a.
[35] Government of Barbados, 2015.
[36] Government of Barbados, 2015.

NDC. A portion of its ambitious goal to reduce GHG emissions will depend on technology transfer and financial support from the international community.[37]

In 2008, the total emissions of Barbados were 1,820 Gg CO_2e, or 6.6 tonnes CO_2e per capita. Barbados intends to achieve an economy-wide reduction in GHG emissions of 37 per cent compared to its business as usual (BAU) scenario by 2025, and a 44 per cent reduction by 2030 (see Figure 2).[38]

Emission reductions will be achieved primarily through mitigation actions in the energy and waste sectors, which accounted for 72 per cent and 16 per cent of emissions in 2008, respectively. In response, the NDC of Barbados presents a goal of renewable energy contributing 65 per cent of peak electrical demand by 2030, improving electrical energy efficiency by 22 per cent and improving non-electrical energy efficiency by 29 per cent. Additionally, Barbados has planned projects to divert waste from landfills and to develop waste-to-energy plants to reduce emissions in the waste sector. [39]

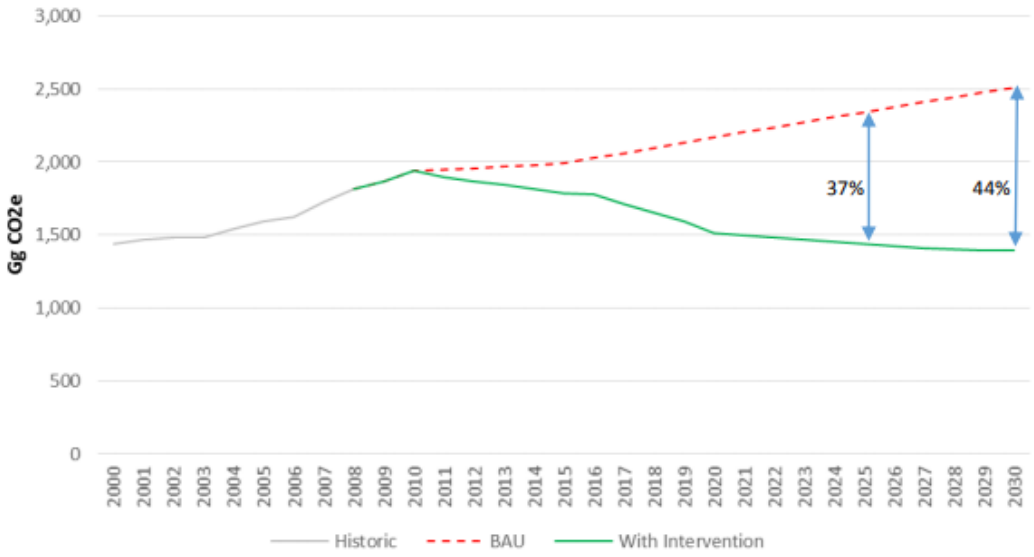

Figure 2. Projected BAU and 'with intervention' economy-wide GHG emissions scenarios for Barbados[40]

National Adaptation Plans. Though Barbados does not have an official national adaptation plan, as a minimal contributor to global GHG emissions, it is prioritizing strategies to adapt to climate change. Several of the national policies above include adaptation measures, and adaptation planning is also aligned with the CARICOM Implementation Plan for the Regional Framework for Achieving Development Resilient to Climate Change (2011-2021).[41]

Priority adaptation strategies include: [42]

- Efficient data collection and focused research and development;
- Education and awareness, particularly in the water, health, and tourism sectors;

[37] Government of Barbados, 2015.
[38] Government of Barbados, 2015.
[39] Government of Barbados, 2015.
[40] Government of Barbados, 2015.
[41] Government of Barbados, 2015.
[42] Government of Barbados, 2018.

- Mainstreaming adaptation strategies into governmental decision making, policies, and development plans; and
- Integrating stakeholder participation.

c. Institutional responsibilities for climate change

The NCCPF is coordinated by the Ministry of Environment and Drainage (MED) and monitored by the NCCC, which comprises representatives of government ministries, non-governmental organizations (NGOs), and private sector agencies. The NCCC regularly reviews the NCCPF, monitors the implementation of its directives, and presents annual reports to the cabinet on current measures. As the national focal point, the MED coordinates other related ministries and stakeholders in the preparation of required reports for monitoring progress, implementation, and reporting to the United Nations Framework Convention on Climate Change (UNFCCC) or others as may be required.[43] Additionally, the Environmental Officer within the Ministry of Environment and National Beautification is a second UNFCCC focal point.[44]

Although there is an inter-ministerial Climate Finance Working Group, the Sustainable Development Section within the Ministry of Finance, Economic Affairs and Investment will be strengthened through the R2RP readiness programme. The beneficiaries of this readiness will be the Government, the private sector, NGOs, and the community as a whole.[45]

4. GCF PORTFOLIO AND INSTITUTIONAL ARRANGEMENTS

National designated authority (NDA). The NDA in Barbados is the Ministry of Finance, Economic Affairs and Investment. The focal point in the NDA is Minister Marsha Caddle or the Permanent Secretary in the Ministry. The Implementing partner for the R2RP readiness programme is the Programme Director of the Sustainable Development Division within the ministry.

Accredited entities. In addition to international accredited entities (IAEs), Barbados has access to two regional direct access entities (DAEs): the Caribbean Community Climate Change Centre (CCCCC) and the Caribbean Development Bank (CDB).

Readiness and project preparation. Barbados has two national Readiness and Preparatory Support Programme (RPSP) grants approved, as shown in Table 1.

Table 1. RPSP grants to Barbados

READINESS GRANT	REGIONAL / NATIONAL	DELIVERY PARTNER	APPROVAL DATE (AMOUNT IN USD)
NDA Strengthening and Country Programming	National	NDA / Ministry of Finance, Economic Affairs, and Investment	17 February 2017 (USD 299,439)
Strategic Frameworks	National	Ministry of the Environment and National Beautification*	29 December 2019 (USD 624,527)

Notes: *The NDA has submitted a request to the GCF to change the delivery partner to the Ministry of Finance, Economic Affairs, and Investment.

Funding proposals (FPs). In March 2018, the GCF Board approved the national adaptation project FP060, "Water Sector Resilience Nexus for Sustainability in Barbados (WSRN S-Barbados)," with a USD 27.6 million grant from the GCF. The CCCCC is the AE and the co-executing entities are the

[43] Government of Barbados, 2015.
[44] UNFCCC, 2020.
[45] Government of Barbados, 2019.

Barbados Water Authority (BWA) and the CCCCC, which has established an FP060 project office in Barbados.

Barbados was also part of a 35-country project by the European Investment Bank called GEEREF NeXt, that lapsed as of 13 June 2020.

5. Overview of other climate finance

The Global Environment Facility (GEF) is actively supporting two projects in Barbados related to climate change, with total funding estimated at USD 3.5 million. These projects focus on developing a strategic platform to promote sustainable energy technology innovation, industrial development, and entrepreneurship (implemented by the United Nations Industrial Development Organization (UNIDO)), and promoting solar PV systems in public buildings (implemented by United Nations Development Programme (UNDP)).[46]

No Adaptation Fund or Climate Investment Funds projects have been financed in Barbados.

As a high-income country, Barbados does not qualify for lending from the World Bank. However, the country has benefitted from climate finance support from Inter-American Development Bank (IDB), CDB, and bilateral agencies, as discussed in the section below on complementarity and coherence.

B. Key findings

1. Relevance of the GCF policies

a. To what extent is the GCF portfolio aligned with the evolving adaptation and mitigation needs and priorities of the SIDS?

The FP060 is aligned with the adaptation and mitigation needs of Barbados. The project focuses on securing more reliable availability of potable water to the public, in a highly water-scarce country experiencing prolonged droughts and increased extreme weather events.

According to interviewees, attention was focused from the beginning on the R2RP of Barbados to ensure that FP060 was integrated into the country's development vision and ambitions. As noted above, the R2RP is the Government's sustainable development model for the next decade, with support at the highest level of government. The R2RP tries to bring a comprehensive, holistic, and multisectoral approach to climate action. It also represents the GCF country programme for Barbados. The project is also well-aligned with the National Climate Change Policy and NDC, which establish the urgent need to increase the resilience of the country's water sector. Interviewees further noted that the component to reduce the carbon footprint of BWA also helps address the country's 2030 goal of becoming fossil fuel independent.

In addition, FP060 was funded through a grant from the GCF, which is responsive to the Government's inability to incur additional debt.

In terms of pipeline projects, Barbados has a second project under development – also with the BWA and CCCCC – that further focuses on the water scarcity issues in the country. The project aims to address the challenges facing the wastewater systems through adaptation and mitigation actions (e.g. waste-to-energy utilization and proper wastewater management for reuse).

[46] GEF, 2020.

b. To what extent are GCF projects and programmes in the SIDS country-owned? What has been the extent of stakeholder participation in the design and implementation of GCF activities?

The FP060 is country-owned, with substantial co-financing (USD 16.6 million) from the BWA, despite limited fiscal budgets. The project was originated by the BWA, who approached CCCCC to help write the concept note (CN) to GCF standards. The project design incorporated self-financed studies by the BWA, as well as previous studies conducted by different agencies in Barbados and by the University of West Indies. The stakeholder consultation process to design the proposal included multiple government ministries and agencies, as well as households, farmers, and businesses. A public survey also revealed that some proposed approaches in the project might be ineffective at serving vulnerable populations within the BWA customer base, and the planned interventions were adjusted accordingly. Interviewees noted that the working group of the NDA for FP060 helped to ensure engagement at the national level, with the national climate change committee and national planning committee led by the Prime Minister. One interviewee referred to "… constant reworking and tailoring of activities to make sure the project fitted with national priorities".

Barbados has a culture of consultation. Interviewees pointed to the tradition of social partnership and tripartite system (government, union and private sector) in Barbados that supports inclusive participation in sector development plans including in climate planning. Although there are few environmental NGOs in Barbados, there is a strong academic community at the University of West Indies, and a "revolving door" among academia, government and consultancies that is seen to promote understanding.

The Government of Barbados is now using its RPSP grant to support country ownership of its R2RP – acting as the framework for the GCF country programme – and any project concepts that subsequently emerge from the R2RP. The RPSP grant will fund a stakeholder engagement consultation process, including outreach through internet and social media channels.

One challenge for country ownership is the issue the Barbados NDA has experienced with IAEs not involving the NDA in project development consultations, as reported by multiple interviewees. This approach gave the impression that IAEs were trying to procure signatures without allowing time for the NDA to conduct its own comprehensive assessment of the project opportunity. One interviewee described this relationship as "bullying".

Similarly, a push for regional projects is perceived by informants as mis-aligned with the principle of country ownership. Interviewees noted "… a lot of pressure to look at regional projects, which come from us oftentimes with little or no warning, not enough consultation". This pressure was described as partially administered by the GCF Secretariat, which is perceived to have a preference for regional projects. The Barbados NDA then must consider how those projects align with national interests. As one interviewee put it, it's the "… importance of the project fitting the country, rather than the country fitting the project".

Although the country has issued no-objection letters (NoLs) for two regional CNs, it is now withdrawing from one – the Mainstreaming Coral Reef Resilience and Restoration as an Ecosystem-based Adaptation Strategy to Climate Change in the Caribbean Region (MaCREAS) project, led by CCCCC. The Government's view was that the project did not recognize the substantial differences among Caribbean countries in terms of hydroecology, land-based sources of marine pollution, and the history of each country's approach and engagement of their public and private sectors – opting instead for more of a one-size-fits-all approach. Barbados was also disinclined to have the project implemented through NGOs, which was the approach favoured by the AE.

c. To what extent does the GCF portfolio include actions that promote gender and indigenous peoples' equality and empowerment in SIDS?

Gender considerations have been mainstreamed in many aspects of the project. A gender action plan has been prepared for FP060, and a gender and infrastructure team will be established for the project, based on expertise at the University of West Indies and other institutions. The Revolving Adaptation Fund Facility (RAFF) is expected to have guidelines that address gender considerations, enabling men and women to access the fund equally. Women and men are also targeted to benefit equally from other interventions, including installation of potable water storage systems and rainwater harvesting systems. Gender will also be mainstreamed into the development of the Water Master Plan, and a gender policy will be developed and rolled out via training in the BWA, among other activities.

One interviewee noted that operational guidelines related to gender would be useful, because Barbados does not have a national gender policy and thus was basing its approach on the high-level GCF Gender Policy. Finding the right external consultant to "thread this needle" was reportedly challenging.

Interviewees also pointed out that gender in the Caribbean has a different dimension, with women surpassing men in education and managerial positions in many countries. According to interviews, currently half the engineers at BWA are women. With respect to other marginalized populations, Barbados also contends with an aging population, whereas other SIDS deal with young populations who are competing for education and employment.

d. How relevant or constraining are GCF policies and frameworks to the SIDS?

Multiple interviewees raised concerns about the need to demonstrate vulnerability to climate change, or as one informant put it, the "… imaginary distinction between sustainable development and climate adaptation. This distinction is not relevant in SIDS because adaptation is integrally connected to the development of SIDS." This was seen to be relevant for the water sector in Barbados, where it was perceived to be difficult to distinguish the climate change-specific elements of a project (i.e. those that are needed specifically because of climate change) from the broader sustainable development elements of the project (i.e. those that may have been needed even in a hypothetical 'without climate change scenario').

Concerns were also raised about the approach to co-financing. Although the GCF has not adopted formal co-financing targets for individual projects, interviewees had the impression that robust co-financing is required to ensure proposals are attractive and competitive. It was noted that it can be difficult for SIDS to mobilize this co-financing because many are grappling with significant public fiscal constraints. These constraints are partly a function of current circumstances (such as the economic fallout of the COVID-19 pandemic), but also due to broader challenges with which Caribbean SIDS are grappling (such as dependence on precarious tourism revenue, limited domestic tax base, and vulnerability to major storms that can deplete fiscal space). Clearer policy guidance on incremental-cost versus full-cost financing approaches (and associated co-financing requirements) would be welcomed by interviewees.

One interviewee also expressed a frustration about what the GCF would finance via loans versus grants, in relation to the GCF approach to minimum concessionality. The interviewee was concerned the GCF would decide that waste-to-energy conversion should be funded through a loan, since it is perceived by the GCF as a mitigation measure. According to this interviewee, such an approach would not allow fair and equitable access to the GCF by middle- and high-income countries that are

also highly indebted. The external debt-to-GDP ratio of Barbados exceeds 100 per cent, meaning there is extremely limited fiscal space for public spending.

2. Relevance of the GCF business model

a. Is the process of accreditation responsive to the needs of the SIDS?

Barbados has not yet nominated a national entity for direct access; thus, there is no country experience in the accreditation process. Still, interviewees noted that the process of preparing a GCF project had helped the BWA develop new policies and procedures to meet the GCF requirements that are relevant to accreditation, such as an environmental policy, a management structure for the project unit, and a redress mechanism. The BWA has a staff of over 800 and an annual budget exceeding USD 90 million.

b. Is the portfolio of AEs suited to needs and the urgency of climate action of the SIDS?

The portfolio of available AEs was seen as a challenge for Barbados to access the GCF. One interviewee expressed challenges related to finding a suitable AE to partner with on potential GCF projects. The IDB has had limited engagement with the GCF to date, although interviewees perceived that the bank was starting to "… find its feet on GCF and projects". Concerns were also expressed about the lack of experience of United Nations agencies in the region, and in Barbados in particular. Furthermore, the Barbados NDA has experienced issues with IAEs not involving the NDA in project development consultations, as noted above.

To date, Barbados has primarily collaborated with CCCCC to bring two national projects forward to the GCF. Interviewees expressed appreciation for CCCCC support in getting these projects off the ground, but also pointed to an occasionally strained relationship between the CCCCC and the Barbados NDA office. The regional DAEs (CCCCC and CDB) are seen as more sensitive to the concerns of the NDA due to cultural familiarity. They are also perceived as facing challenges in accessing the GCF. The CCCCC, for instance, has been accredited for small or micro-sized projects; such a limit to the size of a project it can design may limit its ability to be involved in larger-scale physical development projects, or to bring national impact in regional projects, due to the accreditation ceiling.

3. GCF portfolio

a. To what extent are GCF processes, programmes, funding windows and modalities responsive to the needs and urgency of climate action in the SIDS? Are they accessible and feasible for SIDS partners to successfully navigate? Are they matched to the capacities of SIDS?

Overall, interviewees were uncertain whether the GCF really takes into consideration the inherent vulnerabilities of SIDS like Barbados. The SIDS deal with substantial capacity constraints due to small population size, low economies of scale, and high operating costs, among other factors. Informants believed that some changes are necessary to make the GCF processes more efficient and more responsive to the needs and capacities of SIDS.

The RPSP. The Government of Barbados was able to access GCF RPSP funding relatively quickly "for GCF", with the second proposal prepared and funded within just five months. However, the process was perceived as "extremely onerous" with "… reviewers reviewing independently, so that

[countries] have to answer three similar questions in three different ways, no coordination, with answers requested in 24-48 hours".

Both RPSP grants will be delivered by government ministries. Since approval, there have been a fair number of changes in terms of the objectives and delivery of these grants. The first readiness project of Barbados was approved in 2016, with funds allocated for NDA strengthening, the development of a country programme and an assessment of various entities to select a suitable national DAE. At the time, because its country programme had not been submitted to the GCF and Barbados had not nominated a national entity for direct access, the decision was made to instead use some of the 2016 RPSP funding to identify projects that are aligned to the R2RP, and to prepare three CNs that can be quickly moved through the Project Preparation Facility (PPF), Simplified Approval Process (SAP), or funding proposal stages. This is planned alongside a second RPSP grant approved at the end of 2019. This second grant was meant to strengthen the Project Management Coordination Unit (PMCU) within the Ministry of the Environment and National Beautification, to increase the country's access to climate finance, but has since been shifted to strengthening the Sustainable Development Section within the Ministry of Finance, Economic Affairs and Investment.

Project preparation and PPF. National and regional organizations in Barbados have the technical capacities to prepare GCF projects, as demonstrated through FP060. The preparation of FP060 was largely self-financed by the BWA to undertake the feasibility studies and re-purpose previously completed studies. Consultants were hired to undertake environmental and social safeguards (ESS) and gender studies, and technical expertise was also provided by a project partner, the University of South Florida. In hindsight, if PPF funding had been available at the time FP060 was being prepared (2016), interviewees indicate they would have pursued these resources, since the preparation process was quite costly.

A second project now being prepared by BWA and CCCCC has a PPF grant approved in June 2019, on The R's (Reduce, Reuse, and Recycle) for Climate Resilience Wastewater Systems in Barbados (3R-CReWS).[47] A tender for a consultancy to prepare the project design, feasibility study, and stakeholder and gender analyses was issued in April 2020.

Although interviewees acknowledged the usefulness of the PPF to prepare the diagnostic and analytical work required by the GCF, there was a perception that the process was too long and the hurdles too significant, described as "back flipping through an elbow macaroni".

Project approval processes. Views were mixed on the GCF project approval processes. One interviewee felt that the project development team received "good feedback" from the independent Technical Advisory Panel (ITAP) and the GCF Secretariat during the review process, while another interviewee lamented the back-and-forth requests from the Secretariat, with responses needed within 48 hours. Another interviewee expressed the view that the SAP is a little easier to navigate, but that the long wait for GCF approval slows down the development plans of countries like Barbados, which have to be very targeted in their approach to investment opportunities given their scarce resources. Overall, the length of the project cycle in the GCF was viewed as too long and constantly in a state of flux, which is discomfiting for national stakeholders.

Three particular challenges were raised in the context of the project approval processes:

- Interviewees took issue with the GCF wanting proof of vulnerability to climate change even when the 5th Intergovernmental Panel on Climate Change (IPCC) Report already confirms that SIDS are vulnerable. Every time a project is developed SIDS are required to prove vulnerability, and this takes time, resources, and good scientific data.

[47] GCF, 2019a.

- Interviewees felt that some GCF staff do not appear to understand the scale in which SIDS operate, or the unique national circumstances of SIDS like Barbados. One interviewee's perspective was that this results in multiple discussions with GCF staff from different departments in the GCF, some of whom come into the discussions mid-stream. As one interviewee put it, "Small is perceived as simple and easy to deal with, but there are complexities with small that are not fully grasped."
- The level of granularity/specificity that is required in project proposals prior to approval is also perceived as making it difficult to work with the GCF – this level is seen as being higher than those of most resource partners. The level of detail required can affect motivation and willingness to invest, because SIDS and AEs may invest tremendous resources in preparation that can get derailed during review (e.g. by ITAP).

b. Have GCF programmes and facilities (RPSP, PPF, RFPs, EDA, SAP) contributed to a pipeline of climate finance for the SIDS?

The RPSP and PPF grants in Barbados have made an important contribution to pipeline development. The pipeline of Barbados is strongly guided by the Government's R2RP, which also serves as the framework for its GCF country programme. The R2RP includes several projects that are at various stages of development. The FP060 was approved in 2018, and the PPF application for 3R-CReWS was approved in 2019.

A new RPSP grant has also been approved to: identify projects that align with the R2RP and GCF investment criteria; prioritize those projects that can be developed under a five-year period; and develop three CNs, with a view to quickly moving them through the PPF, SAP or funding proposal stages.

The main challenge, as articulated by one interviewee, is that the Government of Barbados really needs "… to evaluate how GCF works, to move from point a to point b, including the amount of accredited entities in the region that have the capabilities to support us".

c. To what extent have GCF processes and projects exercised efficiency while also recognizing the high cost of operation in the SIDS?

Limited evidence was available to respond to this question. The efficiency and effectiveness of FP060 was rated "medium" by both the Secretariat and ITAP. The use of the RAFF to recycle the savings in energy costs to achieve further mitigation and adaptation impacts at the community level, was seen as being sufficiently efficient.

One interviewee did express concern that the GCF model to flow resources through NGOs (e.g. through enhanced direct access (EDA)) was not the most efficient in terms of "bang for the buck".

d. What has been the role of the GCF Secretariat? To what extent has the GCF learned from its experiences in SIDS?

Interviewees felt that the GCF Division of Country Programming (DCP) staff were responsive and helpful. Regional advisors were "very good and respond in a timely manner" although "they have their own capacity challenges". In particular, the placement of a GCF staff member in Grenada was seen as a big help for the region in terms of overcoming coordination and communication issues related to time zones and response rates that could be slow at times.

In terms of project review processes, the impression was of frustration when **GCF feedback was not useful or timely.** As one interviewee put it:

> GCF reviewers work in silos and want responses within 24 or 48 hours with no understanding of other commitments that people in Barbados have. The GCF staff do not

> understand smallness of SIDS. It is not a lack of desire on the part of GCF but there will be inadequate understanding if you have not been to the region. The Caribbean, as a region, is at different points in the development sphere. All countries have their own individual history, governance, language barriers. These individual nuances and peculiarities have not been understood by GCF staff in Songdo.

One interviewee also noted that their recent annual performance report (APR) submission to the GCF had been met with a lack of response, feedback, or advice on the next steps from the GCF to date.

4. EFFECTIVENESS IN DELIVERING RESULTS

a. To what extent is the GCF portfolio in SIDS achieving intended results, including through investments and the RPSP? What are those results (intended and unintended)?

The FP060 is currently in its first year of implementation, and it is still early to report on results. In this first year, interviewees noted the importance of relationship management and government support to ensure that all project activities are implemented as smoothly as possible. A change of government during this first year meant that the executing entities had to work hard to build relationships with new government appointees. The project team has also recently met with the GCF to discuss challenges related to COVID-19.

The project is expected to produce four main outcomes: (1) improved and increased resilience to storm events and a reduction of the carbon footprint of the BWA; (2) expansion of adaptation and mitigation initiatives through a revolving fund established from the savings garnered through BWA use of solar PV and a reduction in non-revenue water; (3) improved resilience to climate change and disruptions in water supply; and, (4) increased capacity building, public-private-partnerships (PPPs) and innovation for climate resilience in the water sector of Barbados.

The planned development of a real-time decision-making tool will be one of the steps the BWA will take to facilitate its strategic objective of becoming more efficient in serving customers. This tool is expected to facilitate the BWA to make rapid decisions and quickly resolve any issues in the network, as well as enabling it to plan for long-term improvements and to model the implementation of large development projects on the island.

b. To what extent are GCF investments mobilizing potential for paradigm shift within SIDS? To what extent are GCF investments replicable and scalable?

Paradigm shift. Interviewees opined that the RSRP will be the vehicle for paradigm shift, and that FP060 can contribute to this. This paradigm shift would be a Barbadian society in which members are aware of the water cycle and the threats of climate change to the island's drinking water supply. This awareness may lead to further measures to create resilience to severe weather impacts, reduce GHG emissions, reduce consumption, promote appropriate uses of diverse water sources, and promote the creation of legislation that supports climate smart development and water sector resilience. Such a shift could be achieved by project components related to employing renewable energy technology, creating a RAFF, decentralizing water storage, increasing rainwater harvesting, building technical capacity, helping to shape policies and legislations related to climate change, raising greater awareness about climate variability and change and providing a platform of knowledge and resources to support further climate change adaptation in the Caribbean.

Scale. FP060 is being implemented nationwide, which is seen as significant scaling.

Replicability. One interviewee took a critical view of how replicability is encouraged by the GCF. They noted that every country has different circumstances and therefore only certain elements of a project can be replicated within or outside a country.

> "There is belief that GCF projects must be replicable… Barbados' hydrogeology, for instance, is different [than that of other countries], and it is different in its development process. Thus, replicating a water project to or from another SIDS may not be effective."

c. To what extent are GCF investments employing innovations in SIDS? And to what extent do they support well-established local processes or knowledge?

One informant noted that the FP060 project was innovative in three unique ways, primarily in the technology used and the service solutions provided. Specifically, the project was innovative by:

- **Creating a RAFF**. The RAFF will be established using savings realized from activities implemented in Component 1 of the project. Additionally, vulnerable households will receive adaptation and mitigation climate technologies and systems, and non-vulnerable members of the population and small businesses can access a loan financing option through the participating credit union.
- **Installing independent and resilient energy generation systems at pumping stations**. Installing solar photovoltaic systems with backup natural gas microturbines at selected pumping stations makes the pumping stations independent of the power company. In the event of a power failure, either island-wide or site-specific, the pumping stations will not be affected, and water production and distribution will remain stable for key areas across the island.
- **Improving water security by applying rainwater harvesting (RWH) techniques**. Because water is scarce in Barbados and is likely to become scarcer, applying RWH techniques will increase the country's resilience to climate change. The RWH techniques will increase the availability of potable water, reduce flooding and help to recharge aquifers. A suite of RWH activities will be implemented at the household and country level that range in size, scale and type, including rooftop rainwater harvesting at homes, schools, and community centres coupled with conservation interventions to reduce leaks, meet agricultural needs with rooftop and ponding systems, rehabilitate "suck wells" in critical recharge zones, and develop a countrywide groundwater model for Barbados.

Speaking to how the GCF views innovation, one interviewee stated they felt that "… innovation is an extremely overused term". They expressed the opinion that describing commonplace concepts differently may be viewed by the GCF as innovative; for example, "People are being encouraged to conceptually write things differently – how is the Blue and Green Economy different from sustainable development?" Another interviewee echoed this sentiment, stating that sometimes a project is not innovative or transformational, but rather about being innovative in writing the proposal.

d. What is the coverage of GCF projects in SIDS compared to other climate finance delivery channels?

Barbados has access to many sources of climate finance other than the GCF, which are seen as being less tedious, more responsive, and take a "full project cycle approach" that helps to build capacity, as one interviewee put it. Funding sources include IDB, CDB, USAID, and the European Union, all of which reportedly have offices in Barbados that also serve the Eastern Caribbean states. These partners are seen by interviewees as offering "… programming that genuinely takes Barbados' concerns to heart".

Barbados has a long-standing relationship with IDB and now participates in IDB country programming discussions. With a loan from IDB and a grant from GEF, Barbados has established the Smart Energy Fund to be used by the private sector to install renewable energy systems. Barbados is also presently in discussions with The Nature Conservancy about a debt conversion strategy for the blue economy.

e. To what extent are GCF investments complementary and coherent with other climate finance delivery channels? To what extent does GCF build on climate finance provided by other delivery channels (e.g. does GCF lag or lead)?

The coherence and complementarity of climate finance in Barbados is expected to be achieved through the R2RP, which is the Government's sustainable development model for the next decade and which represents the GCF country programme for Barbados. The thematic areas under the R2RP are aligned with the NDC priority areas of Barbados. The primary mode for accessing climate finance is through a pipeline of projects funded by multiple climate finance sources. The R2RP will therefore provide the framework for ensuring coherence between the different financing sources and will minimize duplicative efforts.

The Commonwealth Climate Finance Access Hub is providing Barbados with technical assistance to strengthen its access to climate finance. The Commonwealth Climate Finance Access Hub's National Advisor ensures that projects proposed by the country meet the technical requirements of international funders that address climate change. The National Advisor also provides advice on seeking suitable donors and techniques for making successful funding applications.[48]

5. PRIVATE SECTOR

a. To what extent is GCF finance suited to and does it address the needs of the private sector in SIDS? Is GCF finance helpful in mobilizing private sector investment for the SIDS? Does it improve the resilience of the local private sector and de-risk investment by local private sector entities in the SIDS?

The private sector in Barbados is not actively engaged with the GCF. The Government conducted a private sector workshop in 2016. Participants were described as interested but unfamiliar with GCF processes and funding opportunities. Interviewees noted that the private sector in Barbados is risk-adverse and often likes to have the comfort of the Government as its partner. The private sector is also usually focused on short-term projects and funding, not years-long efforts that require significant lead-up time just to secure funding. Thus, the hurdles GCF creates for private sector actors deter most from even trying to engage.

Several interviewees stated that the GCF should undertake more awareness raising throughout the region to ensure the private sector is aware of the GCF Private Sector Facility, and to better define potential opportunities. One interviewee suggested the GCF should consider different modalities to better engage the private sector in SIDS; for example, by partnering with a financial intermediary, such as a development bank, to work with micro- and small-sized enterprises.

[48] The Commonwealth, 2020.

Appendix 1. List of stakeholders consulted

Name	Position	Organization	Date
Ricardo Marshall	Program Director for Roofs to Reef	Ministry of Finance, Economic Affairs and Investment	13 May 2020 and 26 June 2020
Ronald Griffith	Chief Economist	Ministry of Finance, Economic Affairs and Investment	13 May 2020 and 26 June 2020
Donneil Cain	Senior Programme Development Specialist	Caribbean Community Climate Change Centre (CCCCC)	27 May 2020
Keith Nichols	Head of Project Development and Management Unit	Caribbean Community Climate Change Centre (CCCCC)	27 May 2020
Ainka Granderson	Senior Technical Officer	Caribbean Natural Resources Institute (CANARI)	22 June 2020
Leon Charles	Consultant	Climate Analytics	24 June 2020
Crispin d'Auvergne	Head of Climate and Disaster Resilience Unit	Organisation of Eastern Caribbean States (OECS) Secretariat	4 July 2020
Elon Cadogan	WSRN National Project Office	Caribbean Community Climate Change Centre (CCCCC)	22 July 2020
Kelly Hunte	WSRN National Project Office	Caribbean Community Climate Change Centre (CCCCC)	22 July 2020
Alex Harewood	WSRN National Project Office	Caribbean Community Climate Change Centre (CCCCC)	22 July 2020
Keithroy Halliday	Project Manager	Barbados Water Authority	7 August 2020

Appendix 2. LIST OF DOCUMENTS CONSULTED

GCF documents

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GCF. (2016b). *Concept Note: Nutrient-Energy-Water nexus for Sustainable Coastal Infrastructure Barbados (NEW – SCI Barbados).*

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2. BELIZE COUNTRY CASE STUDY REPORT

CONTENTS

TABLES

ABBREVIATIONS

AE	Accredited Entity
AMA	Accreditation Master Agreement
BCCI	Belize Chamber of Commerce and Industry
BFRP	Belize Rural Finance Programme
BMZ	German Federal Ministry of Economic Cooperation and Development
CABEI	Central American Bank for Economic Integration
CARICOM	Caribbean Community
CCCCC	Caribbean Community Climate Change Centre
CDB	Caribbean Development Bank
CDEMA	Caribbean Disaster Emergency Management Agency
CIC	Climate Investment Committee
CN	Concept Note
CP	Country Programme
CRAF	Credit Risk Abatement Facility
CSO	Civil Society Organization
DAE	Direct Access Entity
DCP	Division of Country Programming
DFC	Development Finance Corporation
DMA	Division of Mitigation and Adaptation
EIB	European Investment Bank
ENSO	El Niño Southern Oscillation
ESS	Environmental and Social Safeguards
EWS	Early Warning Systems
FAA	Funded Activity Agreement
FAO	Food and Agriculture Organization
FP	Funding Proposal
FPIC	Free, Prior and Informed Consent
GEF	Global Environment Facility
GIZ	Deutsche Gesellschaft Für Internationale Zusammenarbeit
IAE	International Accredited Entities
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
INDC	Intended Nationally Determined Contribution
IPCC	Intergovernmental Panel on Climate Change
ITAP	Independent Technical Advisory Panel
MEDP	Ministry of Economic Development and Petroleum
MSME	Micro, Small, and Medium-Sized Enterprises
NAP	National Adaptation Plan

NCCPSAP	National Climate Change Policy, Strategy and Action Plan
NCRIP	National Climate Resilience Investment Plan
NDA	National Designated Authority
NGO	Non-Governmental Organization
NIE	National Implementing Entity
NOL	No-Objection Letter
NPESAP	National Poverty Eradication Strategy Action Plan
ODA	Official Development Assistance
PACT	Protected Areas Conservation Trust
PPF	Project Preparation Facility
PPP	Public-Private Partnership
RPSP	Readiness and Preparatory Support Programme
SIDS	Small Island Developing State
SIF	Social Investment Fund
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
WBG	World Bank Group

A. BACKGROUND AND CONTEXT

1. GEOGRAPHICAL, POLITICAL AND SOCIOECONOMIC CONTEXT

Geography. Belize is located in Central America on the Yucatan Peninsula, bordered by Guatemala, Mexico and the Caribbean Sea. Though most of the land of Belize is continental, it also encompasses more than 1,000 islands, and is sheltered by one of the largest barrier reefs in the Western Hemisphere.[49] Altogether, the land area of Belize is 22,966 km^2. Most of the mainland and all the islands are flat and low-lying, though the southern interior is hilly and forested.[50]

Demography. Belize has an estimated population of 390,353, of which 54 per cent live in rural areas. The population density is relatively low at 16.8 inhabitants per km^2.[51] Belize has diverse ethnicities, religions and languages due to its indigenous, colonial and modern history. Belizeans are descended from Mayans, Caribs, African slaves and European immigrants. English is the official language, but Spanish and Creole are more widely understood, and many indigenous languages are also spoken.[52]

Politics. The Government of Belize takes the form of a parliamentary democracy and a constitutional monarchy. The Government has legislative, judicial and executive branches. The legislature, known as the National Assembly, includes the Senate and the House of Representatives. The Prime Minister and a cabinet lead the executive branch. The country has six administrative districts that are administered by locally elected town boards (except Belize City). Belize achieved independence from the United Kingdom in 1981.[53]

Economic outlook. The Gross Domestic Product (GDP) of Belize was estimated to be USD 1.88 billion in 2019, and per capita income was approximately USD 4,815.[54] Since the economic and financial crisis of 2008, the economy of Belize has experienced low but wildly fluctuating growth rates, high inflation rates, high levels of unemployment and underemployment, low investment, high public debts (around 100 per cent of GDP and recently exacerbated by the COVID-19 pandemic and Hurricane Nana), and high levels of poverty (more than 40 per cent of the population).[55] Based on 2017 data, the agricultural sector is responsible for 41 per cent of employment and 35 per cent of the GDP of Belize,[56] and the tourism sector accounts for 28 per cent of employment and 21 per cent of GDP.[57] Though the agricultural sector contributes significantly to employment and GDP, the country imports approximately half of its food and many smallholder farmers live near or below the poverty line.[58]

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[49] World Bank. (2020). "Country: Belize." Available at: *https://climateknowledgeportal.worldbank.org/country/belize*
[50] CIA. (2020). "The World Factbook: Belize." Available at: *https://www.cia.gov/library/publications/resources/the-world-factbook/geos/bh.html*
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[56] World Bank. (2020). "Country: Belize." Available at: *https://climateknowledgeportal.worldbank.org/country/belize*
[57] World Bank. (2017). "Belize: New WBG Country Partnership Framework to support economic and social resilience." Available at: *https://www.worldbank.org/en/news/press-release/2017/05/30/belize-new-wbg-country-partnership-framework-to-support-economic-and-social-resilience*
[58] World Bank. (2016). *Belize: Right Choices Bright Future*. Available at: *http://documents1.worldbank.org/curated/en/870551467995073017/pdf/103941-WP-P152070-PUBLIC-None-Board-version-WB-Belize-CRA-noreport.pdf*

The economic outlook of Belize is constrained due to a number of factors including relative economic and demographic "smallness", and a high level of public debt that results in reduced public expenditure and diverts investment away from the critical area of poverty reduction. Additionally, climate change impacts, especially droughts and floods, are generating annual average losses 2.87 per cent of GDP.[59]

Poverty and development outlook. Belize is one of many small island developing state (SIDS) and an upper-middle income country. Currently, Belize has high unemployment and underemployment, resulting in a bleak job market.[60] Poverty has likely increased recently due to population growth, the decline in real per capita income, and the physical and economic damage caused by extreme weather conditions.[61]

2. CLIMATE AND OTHER VULNERABILITY CONTEXT

Climate. Belize has a tropical climate heavily influenced by the El Niño Southern Oscillation, (ENSO) with wet (May to October) and dry (November to April) seasons. Mean annual temperatures range from 23°C to 27°C. Belize receives an average of 204 cm of precipitation annually, though rainfall is greater in the south and lower in the north.[62] Current climate hazards include hurricanes, flooding, sea level rise, coastal erosion, coral bleaching and droughts, with impacts likely to intensify based on climate change projections.

Vulnerability. As a small island developing state in the Caribbean hurricane belt, Belize is highly vulnerable to the impacts of climate change and natural hazards. Among small states, Belize ranks third most at risk from natural disasters, and fifth most at risk from climate change.[63] The country's economy, especially agriculture and tourism, is highly vulnerable to climate-related and natural disasters. Communities in Belize most vulnerable to adverse climate effects include: i) rural populations, particularly subsistence farmers; ii) poor, marginalized people in rural and urban areas; and iii) single women with children.[64]

Coastal areas are most susceptible to climate threats. The primary impact of climate change is expected to be large-scale inundation from sea level rise and more severe storm surges that will lead to economic and human losses. Major infrastructure in Belize such as public buildings, and health, commercial and transportation facilities, are located on or near the coast, making them vulnerable to sea level rise. The annual average loss from wind-related events and floods averages just under USD 123 million, or 7 per cent of GDP.[65]

While the most extreme effect of climate change in Belize is the increased intensity of tropical storms and hurricanes, the country is already experiencing increased temperature and sea level rise, as well as increased droughts, flooding and significant rainfall pattern variations. According to the Government of Belize, by 2100, air temperatures may increase by 2°C to 4°C, and annual rainfall may decrease by 10 per cent.[66]

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[59] GCF. (2019). *Funding Proposal 101: Resilient Rural Belize (Be-Resilient).*
[60] World Bank. (2020). "Data." Available at: *https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=BZ*
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[64] GCF. (2019). *Funding Proposal 101: Resilient Rural Belize (Be-Resilient).*
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3. CLIMATE CHANGE POLICY AND INSTITUTIONAL CONTEXT

a. National climate change and development policies

The National Climate Resilience Investment Plan (NCRIP). The NCRIP presents the country's approach to building economic and social resilience and development in Belize. It emphasizes the importance of a cross-sectoral approach for building climate resilience and improving disaster risk management capacity. The NCRIP is integrated into the Growth and Sustainable Development Strategy of Belize and supports the Horizons 2010-2030 plan.[67]

National Climate Change Policy, Strategy and Action Plan (NCCPSAP) (2015-2020). The NCCPSAP provides policy guidance for developing an administrative and legislative framework, in conjunction with sectoral policies, that will allow Belize to achieve a low carbon development path. It identifies 12 target sectors for mitigation and adaptation action.[68]

Growth and Sustainable Development Strategy. The Growth and Sustainable Development Strategy outlines the national development plan for the period 2016 to 2020. It adopts an integrated, systematic approach and encompasses medium-term economic development, poverty reduction and long-term sustainable development issues.[69]

National Adaptation Strategy to Address Climate Change in the Agriculture Sector in Belize (2015). This strategy document aims to identify climate change effects in agriculture, and to develop adaptation measures to adjust to them. The strategy includes measures that directly and indirectly address specific climate impacts, as well as a suite of cross-cutting measures.[70]

Horizon 2010-2030. Developed as the national development framework, Horizon 2010-2030 includes four main pillars, one being responsible environmental stewardship. Strategies to achieve this pillar include integrating environmental sustainability into development planning and promoting sustainable energy for all.[71]

The Sustainable Energy Action Plan. This action plan describes how Belize plans to achieve its renewable energy and energy efficiency potential while meeting economic, social and environmental goals. It provides a framework of actions and tasks to promote sustainable energy from 2014 to 2033.[72]

b. Other relevant climate plans and strategy documents

Intended Nationally Determined Contributions. Though Belize contributes less than 0.01 per cent to global CO_2 emissions, the country has articulated a commitment to do its part to transition to a low carbon and climate-resilient future by reducing its emissions.[73] In its Intended Nationally Determined Contribution (INDC), Belize aims to source 85 per cent of its energy needs from renewable energy by 2030, mainly via installing hydropower, solar, wind and biomass energy resources. Additionally, Belize intends to reduce its use of fossil fuels by 20 per cent through improved efficiency in the transport sector. The INDC also emphasizes the country's intention to improve its carbon capture and storage capacities via improved and sustainable forest management, reduction of fuelwood consumption (by 27 per cent to 66 per cent), and protection and restoration of

[67] Government of Belize. (2015). Belize (INDC). Available at: *http://www.cac.int/sites/default/files/INDC_-_BELIZE._Octubre_2015.pdf*
[68] Ibid.
[69] Ibid.
[70] Caribbean Community Climate Change Centre. (2015). *National Adaptation Strategy to Address Climate Change in the Agriculture Sector in Belize.*
[71] Government of Belize. (2015). Belize (INDC). Available at: *http://www.cac.int/sites/default/files/INDC_-_BELIZE._Octubre_2015.pdf*
[72] Ibid.
[73] Ibid.

mangrove forests. Targets set out in the INDC are complemented by the NCCPSAP, the National Adaptation Strategy in the Agriculture Sector, the Low Carbon Development Roadmap, and the Growth and Sustainable Development Strategy.

National Adaptation Plan. Belize has not yet developed an official national adaptation plan (NAP), though it did begin a joint NAP process with Guyana in 2018 to develop and finalize an NAP.[74] In 2015, Belize did develop something of a more targeted NAP by creating the National Adaptation Strategy to Address Climate Change in the Agriculture Sector. (See also GCF-requested support for further NAP development below.)

c. Institutional responsibilities for climate change

The Government of Belize established the National Climate Change Office (NCCO) to effectively coordinate the mainstreaming of climate change adaptation and mitigation in development planning, decision-making and resource mobilization and allocation. In addition, the Belize National Climate Change Committee (BNCCC) is a multi-stakeholder committee comprised of non-state, public and private sector representatives, which provides leadership and guidance to climate change management actions.

The Ministry of Agriculture, Fisheries, Forestry, the Environment and Sustainable Development and Immigration Services and Refugees is responsible for natural resources preservation and protection, and improvement of the environment, and is the focal point for domestic and global climate action in Belize.[75] The United Nations Framework Convention on Climate Change (UNFCCC) focal point is the Chief Climate Change Officer within the Ministry of Agriculture, Fisheries, Forestry, the Environment and Sustainable Development and Immigration Services and Refugees.[76]

4. GCF PORTFOLIO AND INSTITUTIONAL ARRANGEMENTS

National designated authority (NDA). The NDA in Belize is located in the Ministry of Economic Development and Petroleum (MEDP). The MEDP was appointed by the cabinet as the primary organization responsible for coordinating access to international climate finance in 2015, and also serves as the political focal point for the Global Environment Facility (GEF).

Accredited entities (AEs). In addition to international accredited entities (IAEs), Belize has access to the following direct access entities (DAEs):

- Two regional AEs: the Caribbean Community Climate Change Centre (CCCCC) and the Caribbean Development Bank (CDB)
- One accredited national DAE: the Protected Areas Conservation Trust (PACT), a non-governmental national trust

The NDA has nominated two additional national entities for accreditation: the Development Finance Corporation (DFC) – the only national development bank of Belize – and the Social Investment Fund (SIF).

Readiness and project preparation. Belize has several national and regional Readiness and Preparatory Support Programme (RPSP) grants approved, as shown in Table 2. These include requests for NAP support related to the fisheries and coastal sector and the water sector. Discussions

[74] UNDP. (2018). "Belize and Guyana Initiate NAP Process." Available at: *https://www.bb.undp.org/content/barbados/en/home/presscenter/articles/2018/belize---guyana-initiate-nap-process.html*
[75] World Bank. (2020). "Country: Belize." Available at: *https://climateknowledgeportal.worldbank.org/country/belize*
[76] UNFCCC. (2020). "National Focal Points." Available at: *https://unfccc.int/process/parties-non-party-stakeholders/parties/national-focal-point*

are also under way between the NDA and PACT to submit requests for NAP support for other sectors such as forestry, tourism and housing and urban development.

Table 2. RPSP grants to Belize

READINESS GRANT	REGIONAL/NATIONAL	DELIVERY PARTNER	APPROVAL DATE (USD)
NDA Strengthening and Country Programming	National	CCCCC	14 December 2016 (USD 300,000)
Readiness Support for Strengthening Belize Private Sector Access to Climate Finance	National	CDB	6 December 2019 (USD 297,537)
Support for the accreditation of the Development Finance Cooperation and Social Investment Fund of Belize	National	CCCCC	22 December 2018 (USD 355,365)
Support for accreditation gap assessment and action plan to Development Finance Corporation of Belize	National	PricewaterhouseCoopers	28 April 2019 (USD 34,409)
Readiness to support the development of a Credit Risk Abatement Facility (CRAF) for CARICOM States	Regional (with Saint Lucia)	CARICOM Development Fund (CDF)	4 October 2019 (USD 124,986)
Building Capacity for a Regional Approach to Climate Action in the Caribbean: Caribbean Community Climate Change Centre	Regional (with Dominica, Jamaica, Haiti, Saint Lucia, Saint Vincent and the Grenadines)	CCCCC	15 December 2018 (USD 1,802,657)
Enhancing Caribbean Civil Society's Access and Readiness for Climate Finance	Regional (with Antigua and Barbuda, Grenada, Jamaica, Saint Lucia, Saint Kitts and Nevis, Suriname)	Caribbean Natural Resources Institute (CANARI)	8 November 2019 (USD 1,296,958)
Caribbean Disaster Emergency Management Agency (CDEMA) Early Warning Systems (EWS) Regional Readiness Project	Regional (with Antigua and Barbuda, Dominica, Grenada, Guyana, Haiti, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname)	CDEMA	24 December 2019 (USD 1,747,223)

On behalf of Belize, the CCCCC has also accessed the GCF Project Preparation Facility (PPF) to support the development of the national project, "A Scalable Demonstration Energy Project using Arundo donax to replace fossil energy in the generation of electrical energy." The CCCCC has also submitted two additional PPF applications, one for a regional project that includes Belize on "Mainstreaming Coral Reef Resilience and Restoration as an Ecosystem-based Adaptation Strategy to Climate Change in the Caribbean Region" (MaCREAS), and the second for a national project on "Building the Adaptive Capacity of Sugarcane Farmers in Northern Belize."

Funding proposals (FP). One public sector funding proposal has been approved for Belize, "Resilient Rural Belize" (FP101), with GCF financing of USD 8 million, implemented by the International Fund for Agricultural Development (IFAD). This adaptation project was approved in February 2019 – with its funded activity agreement (FAA) becoming effective in March 2020 – but it has not yet been disbursed.

Belize was also one of the countries included in the multi-country, multi-region private sector FP038 "GEEREF NeXt" project, implemented by the European Investment Bank (EIB), but this project has lapsed as of June 2020.

5. Overview of other climate finance

Belize is highly dependent on financing and support from international sources, including from climate funds.[77]

The GEF is supporting three climate change-related projects through grants worth nearly USD 15 million. These projects aim to manage and protect key biodiversity areas, improve energy resilience for climate adaptation, and support the first biennial update report of Belize to the UNFCCC.[78]

The Adaptation Fund (AF) is providing USD 5.53 million to support a marine conservation and climate adaptation project that aims to both enhance ecosystem functions and resiliency, as well as reduce degradation caused by exploitation and pollution.[79] This project is implemented by the World Bank, in partnership with PACT.

The World Bank is also actively supporting another project in Belize totalling USD 30 million. The project focuses on climate-resilient road and transportation infrastructure and aims to reduce physical vulnerabilities by rehabilitating existing infrastructure, and to provide technical assistance to improve resilience management in select government agencies.[80]

In terms of bilateral climate change support, European Union institutions have provided the majority of climate change-focused official development assistance (ODA) since 2010, primarily focused on climate mitigation and the energy sector.[81]

B. Key findings

1. Relevance of GCF policies

a. To what extent is the GCF portfolio aligned with the evolving adaptation and mitigation needs and priorities of the SIDS?

Overall, there is good alignment between the national climate change priorities of Belize and the country's GCF-funded project and pipeline. The one approved funding proposal in Belize, Resilient Rural Belize (FP101), is aligned with national climate change and development priorities. The project aims to contribute to the country's INDC and the National Agricultural Sector Adaptation Strategy (2015). The project is also aligned with rural development needs and priorities,

[77] International Monetary Fund. (2018). "Belize: Climate Change Policy Assessment." Available at: *https://www.imf.org/en/Publications/CR/Issues/2018/11/16/Belize-Climate-Change-Policy-Assessment-46372*
[78] GEF. (2020). "Projects." Available at: *https://www.thegef.org/projects-faceted?f[]=field_country:26&f[]=field_p_latesttimelinestatus:606&f[]=field_p_focalareas:2207*
[79] Adaptation Fund. (2019). "Belize Conservation and Climate Adaptation Initiative." Available at: *https://www.adaptation-fund.org/project/belize-marine-conservation-and-climate-adaptation-project/*
[80] World Bank. (2020). "Projects: Belize." Available at: *https://projects.worldbank.org/en/projects-operations/projects-list?searchTerm=belize*
[81] Stockholm Environment Institute. (2019). "Aid Atlas: Climate Change (total) during 2002-2018 (All Donors to Belize)." Available at: *https://aid-atlas.org/profile/all/belize/climate-change-total/2002-2018?valueType=usd_commitment*

including food security and poverty reduction. The land use types in the intervention sites of FP101 can be found in the map of annex B. The Government's National Poverty Eradication Strategy Action Plan (NPESAP)[82] focuses on rural poverty reduction through the development of micro, small and medium-sized enterprises (MSMEs), such as those targeted through FP101.

Government interviews also confirmed that agriculture is a priority sector for Belize, as it is the main source of rural livelihoods and the second most important sector for the overall economy (after tourism). Resilient Rural Belize is a major step towards climate-smart agricultural production. Prior to the project's approval, agriculture had not been the focus of significant climate-resilient investments in Belize.[83] Two other GCF concept notes (CNs) that are furthest along in terms of development in Belize also focus on the agricultural sector (specifically sugar cane production).

Several government and non-government interviewees also emphasized the importance of coastal zone management, ecosystems, and ecosystem services for climate action in Belize, and the linkages with tourism, which drives the national economy. These issues are envisioned to be addressed by the GCF pipeline for Belize. Two interviewees made the point that it may be relatively easier to put a project togoether for the agricultural sector than for the coastal marine sector, given that the former may have more concrete data on production, required inputs and higher certainty of results. Coastal priorities are starting to be addressed by the GCF through a newly approved RPSP grant to develop a sectoral NAP for fisheries and coastal sectors. This grant will also serve to collect more downscaled data on ecosystem functioning, and will conduct vulnerability assessments of coastal communities to lay the groundwork for a future GCF investment project. The Belize NDA has also given a no-objection letter (NOL) to the regional MaCREAS programme being developed by the CCCCC, although at least one interviewee expressed some reservations about the relevance of MaCREAS for Belize, given the country's leadership and higher capacities in coral reef restoration relative to other countries in the region.

b. To what extent are GCF projects and programmes in the SIDS country-owned? What has been the extent of stakeholder participation in the design and implementation of GCF activities?

Country ownership and stakeholder participation in GCF-funded activities has been moderately strong in Belize, with a well-capicitated NDA and current RPSP grants seeking to further improve stakeholder engagement. There are opportunities to strengthen coordination across ministries and to strategically link the RPSP to a longer-term climate finance approach.

The NDA is viewed as responsive and reasonably well-capacitated compared to the others in the Caribbean region; Belize has established no-objection procedures using a GCF Steering Committee and nomination procedures for RPSP delivery partners and DAEs. Human resource has been a significant constraint for the NDA, because the NDA is also the Chief Executive Officer of the MEDP, and has myriad other responsibilities. Capacity has been built over time, including through the assignment of a full-time technical focal point and the use of GCF readiness support to hire a consultant for two years to assist the NDA and focal point. Concerns were raised that the RPSP may no longer allow its resources to be used to support NDA staff, which has been critical for the Belizean NDA. In general, though, the shortage of staff in the NDA office has somewhat hampered the sharing of information and the coordination of stakeholder consultations under RPSP activities;

[82] For 2006 to 2010, but still the guiding strategy.
[83] International Monetary Fund. (2018). "Belize: Climate Change Policy Assessment." Available at: *https://www.imf.org/en/Publications/CR/Issues/2018/11/16/Belize-Climate-Change-Policy-Assessment-46372*

the NDA in Belize also does not currently have a communcation team in-house, although a website for the NDA is being developed.[84]

Interviewees indicated that the regional RPSP grants emerged from a participatory and country-led process.[85] Indeed, one regional RPSP grant focuses on improving civil society organization (CSO) engagement with the GCF, and another regional grant targets private sector engagement. National RPSP grants have also created opportunities for more effective stakeholder engagement, including building awareness of the GCF among local private sector actors in Belize. One interviewee noted that the GCF model of working through the NDA puts a lot of influence in the hands of the NDA, in terms of how local stakeholders are engaged and RPSP grants are identified and pursued. Through its no-objection procedure, the NDA facilitates the review of GCF proposals by other entities, including the NCCO.

The preparation of the Belize country programme (CP) involved multiple government ministries, agencies and departments, as well as civil society and private sector organizations, in its consultative processes. However, several interviewees shared the perception that initial CP development was not as participatory nor strategic as it could have been. Some bilateral meetings were held, and umbrella organizations were invited to attend consultations for the initial CP, given cost considerations. In addition, while women's and indigenous peoples' associations in Belize were invited to participate in consultations for the first round of CP preparation, they were under-represented in these consultations, which could have adverse consequences for their later engagement in the design and implementation of future GCF activities.[86]

Interviewees anticipate stronger engagement, including of individual organizations, in the ongoing CP revision process, and note a trend towards more inclusivity in GCF processes in the country. One non-government interviewee felt the NDA could be clearer with AEs about which projects it wanted to develop, with a priority of helping to give AEs more confidence to invest their own resources in project development.

The independent Technical Advisory Panel (iTAP) assessed the FP101 proposal as having "high" country ownership, and the Secretariat found that project design and site selection was done in a participatory manner. However, limited interview evidence was available regarding the extent of stakeholder participation in the funding proposal design, and stakeholder participation in implementation cannot yet be assessed, as GCF funding has not yet been disbursed. One interviewee indicated there were consultations with local farmers and gender focus groups during the design phase.

c. To what extent does the GCF portfolio include actions that promote gender and indigenous peoples' equality and empowerment in SIDS?

The GCF-funded project in Belize has met the GCF requirements related to gender in project development and aspires for additional gender-responsive design once the project moves into implementation. Indigenous peoples, however, are not included among the project beneficiaries.

Gender. For FP101, IFAD submitted the required gender assessment and a gender action plan, including indicators and targets against each of the project's activities. Multiple interviewees indicated that the productive sectors in Belize are male-dominated, with the contribution of women

[84] Acclimatise. (2020). "Capacity-Building of National Designated Authority (NDA) and Preparation of Country Strategic Framework – Belize, The Bahamas and Guyana." Available at: *http://www.acclimatise.uk.com/wp-content/uploads/2020/05/CCCCClearningpaper.pdf*
[85] Belize has allocated some of its RPSP resources to these regional grants.
[86] Ibid.

to agriculture production generally undervalued. The gender action plan of FP101 includes targets for women's participation in the project as members of supported producers' organizations, as participants in trainings, as favoured recipients of finance through the Matching Grant Fund, and as members and holders of decision-making positions in water user groups. The project management unit is responsible for the implementation of this gender action plan, and there are plans to hire a gender consultant to help advise on implementation, but it is too early to assess effectiveness. As mentioned above, FP101 builds on a previous IFAD programme, the Belize Rural Finance Programme (BRFP), which won an IFAD Gender Award in 2015.

At the national level, the country has also developed a manual on gender mainstreaming in GCF projects through its RPSP grants, and has conducted a one-day training course to this end.

Indigenous peoples. The indigenous Mayan and Garifuna populations in Belize face legal insecurity in terms of land, as well as a lack of access to quality eduction, technology and investment capital. Access to land for farming or house building has not been guaranteed by the Government, and land rights and land tenure have been a matter of legal dispute for decades.[87]

The Maya indigenous peoples live in the districts targeted by FP101, but the project, "… does not envisage any adverse social impact and is not expected to engage with Indigenous Peoples". The project activities focus on crops that are viewed as priorities by the Government (onions, tomatoes, peppers, cabbage, carrots, pineapples and beekeeping), and crops that are not typically grown by the Maya (maize, beans, rice and cacao).[88] Still, the project prepared an Indigenous Peoples Plan that included free, prior and informed consent (FPIC), to be used as needed, and one interview indicated that indigenous peoples could potentially be engaged through the backyard garden component of the project.

d. How relevant and constraining are GCF policies and frameworks for the SIDS?

No interview feedback was provided on the relevance of GCF policies and strategic frameworks in the specific context of Belize. Some policies, such as those on project restructuring, have yet to become applicable, given that GCF has not yet disbursed funding for FP101 in the country. Nonetheless, no major issues were foreseen in this regard.

Multiple country and regional consultations, however, raised considerations on the use of a programmatic approach in the GCF, which is seen as highly relevant for SIDS. Interviewees made the following points:

- A programmatic approach may be of more interest to government representatives than typical regional projects. These regional projects – such as those that have been funded by GEF and others envisioned in GCF CNs – typically spread limited amounts of financing across a larger number of countries, a combination which is perceived to result in a lot of studies and little on the ground impact. By contrast, a programmatic approach is viewed as having the potential to provide substantial resources to individual countries under a regional framework, and therefore to provide true investment on the ground.
- Scaling up through a programmatic approach should not only mean looking at large regional projects. It should also mean the GCF funds national interventions that build local capacity, so

[87] Cultural Survival. (2015). "Maya Win Unprecedented Land Rights in Belize at International Courts." Available at: *https://www.culturalsurvival.org/publications/cultural-survival-quarterly/maya-win-unprecedented-land-rights-belize-international*

[88] International Fund for Agricultural Development. (2017). "Country Technical Note on Indigenous Peoples' Issues: Belize." Available at: *https://www.ifad.org/documents/38714170/40258424/Belize%2C+country+technical+note.pdf/20c0863a-8c4c-4156-abac-8a597462808e*

that larger regional projects can leverage local resources and capacity for greater impact. Currently the necessary capacity is not available in countries like Belize and others in the Caribbean, to properly integrate and mainstream the strategies and goals of regional projects.

- Country ownership is a frequent issue for regional projects – partly because of the issues described above – and regional programmatic approaches would have to contend with these issues. Collaborating with regional institutions for implementation could help in this regard.
- Accredited entity informants advocated for considering the following in the GCF programmatic approach policy:
  - Flexibility in how the programmatic approach is structured. For example, the approach could use a broad umbrella framework with subprojects designed to reflect the individual country context. A programmatic approach could also take a phased approach, with each phase approved as a separate tranche of funding.
  - Simplified procedures for appraising and approving subprojects and adding or changing countries that are included in the programmatic approach. Options for simplification could include delegated authority to the Secretariat or even the AE, or by subprojects entering the GCF project cycle midway.
  - Clear guidance on how accreditation status relates to the programmatic approach – that is, if the accreditation status applies to the size of the subprojects or to the size of the full programme.

2. Relevance of the GCF business model

a. Is the process of accreditation responsive to the needs of SIDS?

Among interviewees in entities and the Government in Belize, accreditation is perceived as an unduly long process, but also as a process that is improving and accelerating with subsequent nominations for national entities. More emphasis was given to other shortcomings, such as the length of time between accreditation and actual access to funds, and lack of capacity to write projects that would be eligible for GCF funding, as discussed below.

One national entity, PACT, was accredited to the GCF in October 2018 for microsized, Category C, grant-based projects. A second national entity, DFC, is currently undergoing the accreditation process following a gap assessment led by PricewaterhouseCoopers (PwC). The SIF of Belize is also under consideration.

- **PACT** is a national trust fund focused on natural resource management. It was accredited as a national implementing entity (NIE) to the AF in 2011 and has been working alongside the World Bank as an implementing entity for the AF project in Belize, with responsibility for fiduciary management. With the GCF, PACT went through a fast-track accreditation process that took 16 months (after an initial issue with entering the application process). The accreditation of PACT had specific conditions attached, including for environmental and social safeguards (ESS) and gender standards, and PACT is now receiving RPSP support to resolve these conditions. According to interviewees, PACT's accreditation process with the GCF was long but relatively smooth, after an initial issue was resolved related to entering the application process.
- The **DFC** is the only development bank of Belize. Established in 1963, it is a fully government-owned institution. The strategic plan (2017) of DFC established an objective to mainstream climate change into all operations, and a Climate Champion was appointed within the DFC. These developments led DFC to seek access to climate finance and ultimately to seek

accreditation with the GCF. It was nominated in 2018, received support from PwC in 2019, and submitted an RPSP proposal in 2020 to address the accreditation gaps identified by PwC. The perspective of DFC is that the rigorous GCF accreditation requirements will help improve the organization, which will further benefit DFC to access not just the GCF but climate finance from other partners, as well as helping to identify systemic issues in the country that DFC projects could help address (e.g. lack of access to credit by female entrepreneurs). The accreditation of DFC is perceived by interviewees as moving faster, given the assistance received from the GCF.

The GCF one-size-fits-all approach to accreditation is seen by interviewees to be a challenge for small institutions in small countries like Belize, where resources are limited. One interviewee perceived that the gap assessment was binary – either a condition was met or not, rather than offering some leeway for solutions such as using the policies or guidelines of major partners such as CDB. At the same time, support from the GCF Secretariat for the accreditation process was seen as timely and responsive. The necessary support has reportedly been provided via training and the NDA. The recent challenges related to accreditation have been in procuring consultancies under the RPSP grant, given COVID-19 and the difficulty in accessing firms that have GCF experience locally and in the region.

b. Is the portfolio of AEs suited to the needs of the SIDS and the urgency of climate action?

Belize has access to many international, regional and national entities that are accredited to the GCF and can provide expertise in relevant sectors for climate action, including agriculture, energy, forestry and land use, natural resource management and ecosystems and ecosystem services. Overall, the perception of Government interviewees is that a suitable mix of AEs is already available to the country, and it is a matter of selecting the best agency based on their mandate, experience and expertise, whether it be international, regional or national. **The key messages across the range of consultations were:**

- Belize has relationships with many IAEs as development partners. In interviews, however, several of those IAEs expressed hesitation about supporting smaller (e.g. USD 10 million) GCF-funded projects, given the perceived high transaction costs of working with the GCF.
- Belize also has access to three regional DAEs and has engaged with CCCCC and CDB so far for project development. Interviewees consistently agreed that CDB and CCCCC are facing human and resource capacity constraints to meet the demands of the region.
- For national DAEs, the primary constraint, after accreditation, is lack of capacity to write funding proposals that will be eligible for GCF financing. The national DAE of Belize, PACT, is widely perceived by interviewees as not yet having the technical or financial capacity to develop or implement GCF projects. That said, interviewees recognized recent improvements in the capacity of PACT. The PACT has participated in two GCF project development workshops and a workshop on GCF project requirements and may also be supported by further RPSP grants.

International AEs. Belize has relationships with many IAEs as development partners. The country's sole approved national funding proposal is implemented by IFAD and follows on a legacy of related projects implemented by IFAD in Belize (see part (18) on complementarity and coherence below). This project (FP101) was the first IFAD project with GCF, and as such IFAD finalized its Accreditation Master Agreement (AMA) in tandem. The approved multinational funding proposal, to be implemented by EIB, has lapsed.

The NDA has had discussions with numerous other IAEs regarding possible funding proposals, including United Nations Development Programme (UNDP), the Food and Agriculture Organization (FAO), Inter-American Development Bank (IDB), and Conservation International, although at the time of the finalization of the country's GCF CP, many other IAEs had not yet engaged with the NDA regarding the GCF, including World Bank, IFC, GiZ, KfW, IUCN, JICA, UNEP and WWF.

Two of the five projects in the envisioned Belize "fast track" GCF pipeline, as presented in its August 2019 CP, are with IAEs – although this pipeline seems to be shifting. According to interview respondents, a UNDP project on "Enhancing and Scaling up Belize's Climate Information Systems and Hydromet" was not taken forward because the IFAD project has a subcomponent with some similar activities. The envisioned GCF project with IDB for the "Belize Coastal Vulnerability Reduction Program" was meant to build on an IDB-approved loan for coastal management in Belize (approved in December 2017), given the level of coastal vulnerability and the country's fiscal limitations regarding financing adaptation. A preliminary conversation with the GCF Secretariat about this potential project led to IDB commissioning a comprehensive analysis of vulnerable coastal areas countrywide that is nearing completion.

Interviews with IAEs indicated that the transaction costs for working with GCF are perceived to be high, which acts as a disincentive for preparing smaller GCF-funded national projects on behalf of their client countries. At the same time, some IAEs indicated that it is difficult to tell client countries "no" given their strong partnerships in other areas. The IAEs also commented that a clearer demonstration of project priorities from the NDA would help them determine whether to invest in GCF project preparation.

Another challenge raised by IAEs is the limited financial headroom for the Government of Belize and other countries in the region, combined with limited (and in some cases diminishing) funding allocations available to those countries from the international entities themselves, limiting available co-finance. For instance, if countries are only able to take one loan from an IAE during a replenishment period, one interviewee suggested that it may be more likely to be for roads or infrastructure than for climate action co-financed by the GCF.

Regional AEs. Belize has access to three regional DAEs – the CCCCC, CDB, and the Central American Bank for Economic Integration (CABEI). The latter two have not yet engaged with the NDA for GCF-funded activities,[89] although both have supported several other initiatives in Belize. In the case of CDB, limited staff time and resources are key constraints for wider engagement across the region. Interviewees pointed out that a significant amount of staff time is required to work with countries from initially shaping the idea to getting a funding proposal approved, and that the needed staff time only decreases slightly for smaller projects, making it difficult for the CDB to provide support to many countries.

The CCCCC is based in Belize, which is a regional advantage for the country. The CCCCC is in the process of developing several GCF projects with Belize (as listed in section I.D), as well as delivering multiple GCF RPSP grants. A range of interviewees – including from the Government of Belize, AEs and external experts – recognized, however, that human and resource capacity constraints limit the ability of the CCCCC to develop this level of GCF-funded activities for all CARICOM countries. Within the CCCCC, four staff cover all sectors and 14 countries, serving as both an RPSP delivery partner and a regional DAE for investment projects. In the words of one interviewee, "CCCCC has a lot of things they're working on at one time." Still, the CCCCC is well-regarded among interviewees in Belize as providing critical knowledge of how the GCF works and

[89] The possibility of the CDB co-financing FP101 was explored and ultimately not pursued.

what it will fund to enable other partners to bring forward project concepts, such as Belize Sugar Industries.

National AEs. The PACT is a small non-governmental organization (NGO) of less than 15 staff, that focuses on natural resource management and biodiversity conservation in Belize. As mentioned above, PACT was accredited to the GCF in 2018 for microsize, grant-based projects, but has not yet submitted a CN or funding proposal to the GCF.

Many interviewees pointed to human and resource capacity constraints in the organization. Technical staff are seen as competent but facing overwhelming demands, given the level of activities already being managed (e.g. as the national trust fund, and administering a number of projects in the USD 4-6 million range, including for the AF, GEF, and REDD+). Recognizing that their human resources were insufficient to advance activities to the GCF, PACT hired one staff member to specifically focus on GCF and sought RPSP financing for entity work plan support, to be delivered by the CCCCC. Several interviewees pointed out that PACT fiduciary capacities had significantly improved in recent years, due in part to hand-in-hand learning-by-doing with the World Bank in implementing an AF project, for which PACT served as the fiduciary manager.

The CP of Belize currently does not include any projects for PACT in its pipeline, although the NDA has begun the process of updating the CP to include a pipeline from PACT. According to interviews, the initial draft list of projects was largely prepared prior to PACT engagement in the CP consultation processes. Multiple interviewees anticipated that the forthcoming PACT entity work plan and ongoing updates to the CP of Belize would help to rectify this situation.

Overall, interviewees concurred that the primary immediate challenges for national DAEs – both PACT and those seeking accreditation – and to some extent, the regional DAEs, are lack of capacity for writing project proposals that will be approved for GCF financing, and access to the technical talent necessary to do so. In the words of one national interviewee, “What is GCF looking for? We need to know this, so we don’t have to go through so many iterations.”

In Belize, stakeholders that have participated in RPSP events have called for greater support to gain more knowledge of how to develop CNs and funding proposals for the GCF.[90] In response, the NDA has pursued GCF RPSP support for training sessions on CN and funding proposal development for regional and national DAEs, as well as country stakeholders – led by the consultancy Acclimatise – and these sessions are seen as a positive step forward.

But trainings alone may not be sufficient to fully bridge the human capacity gaps. The PACT has one staff member dedicated to the GCF, while the nominated DFC has a climate department of two persons. Moreover, even large IAEs report having to seek outside technical experts to provide the necessary inputs to meet GCF expectations for CNs and FPs. One interviewee believed there are probably a maximum of 10 people in the Caribbean region capable of writing a GCF CN and climate rationale.

One interviewee also cautioned the GCF about lack of implementation experience among national DAEs; lack of experience can lead to issues during implementation that could negatively affect results achievement. One suggestion was to invest in projects that are embedded with components that build that implementation capacity upfront to ensure that it subsequently goes more smoothly.

[90] Acclimatise. (2020). “Capacity-Building of National Designated Authority (NDA) and Preparation of Country Strategic Framework – Belize, The Bahamas and Guyana.” Available at: *http://www.acclimatise.uk.com/wp-content/uploads/2020/05/CCCCClearningpaper.pdf*

3. GCF PORTFOLIO

a. To what extent are GCF processes, programmes, funding windows and modalities responsive to the needs of the SIDS and the urgency of climate action? Are they accessible and is it feasible for SIDS partners to successfully navigate them? Are they matched to SIDS' capacities?

Belize has been quite successful in utilizing GCF programmes and modalities, with multiple national and regional RPSP grants, multiple CNs submitted using the Simplified Approval Process (SAP), and several applications for PPF submitted and approved. The relative success of Belize with accessing GCF funding, compared to some other countries in the region, is associated with several factors. In general, Belize is among the most progressive in the region in terms of environmental policies and efforts. Early engagement and leadership activities also helped build awareness and mobilize stakeholders; in June 2017, Belize hosted the GCF regional dialogue to convene representatives from countries across the Caribbean. Belize has also been aided by the presence of an active champion in its NDA, who has proactively engaged with a range of stakeholders and supported multiple non-government actors in receiving RPSP support. Finally, Belize also benefits from hosting the headquarters of the regional DAE, CCCCC, in Belize, facilitating regular communication and easier local project development.

RPSP. The RPSP is seen as highly relevant for Belize and other SIDS in the region. Belize has been successful in accessing numerous national and regional RPSP grants, with additional proposals already submitted and under review. Several interviewees pointed to the proactiveness and outreach of the NDA in accessing this level of RPSP support. These RPSP grants support a wide range of activities, including NDA strengthening and CP development, private sector and CSO engagement, CN development by regional and national DAEs, accreditation and post-accreditation support to national DAEs, and sectoral NAP development for a sector that has not yet accessed GCF resources. The NDA has also contributed part of its RPSP allocation to multiple regional RPSP grants delivered by CCCCC, in anticipation that supporting the regional RPSP would benefit Belize in the years to come.

Several informants pointed to two recent evolutions in RPSP policies as particularly important for SIDS: firstly, the provisions to allow multi-year RPSPs, and secondly, allowing RPSP resources to be used for CN development. For multi-year RPSPs, the value for SIDS was seen in the potential to embed medium-term advisors in the NDAs. Several interviewees made the point that in SIDS, the critical constraint is not necessarily the nature of capacity-building support provided, but rather the limited number of staff available. With frequently thin capacity (i.e. technically competent staff, but few of them), the individuals being trained are often already over-committed and are now being expected to also take on extensive and specialized GCF work on top of their existing portfolios. Given these issues, one interviewee expressed some reservations about the longevity of capacity built through RPSP support more generally in the region (rather than specifically in Belize).

In Belize, the high bar of GCF requirements for funding proposals has led to RPSP steps being invoked prior to applying for GCF project funding, including the use of RPSP resources for CN development. In the words of one interviewee, "It's a lot of steps. We need climate funding urgently." For example, as a result of GCF feedback for an initial project idea, one IAE has delayed submission of a CN in order to do comprehensive studies that it perceives would be required for a high-quality CN and thereby would move more quickly through the GCF approval processes. As another example: although a project on increasing the resilience of the fisheries sector was included as a priority in the CP of Belize ('fast track' in the Belizean CP nomenclature), on the advice of the AEs with more experience with the GCF, the Government of Belize decided instead to first pursue a

sectoral NAP for the fisheries and coastal sector, partly with the purpose of using this RPSP project to collect data that would help satisfy GCF requirements for a future funding proposal.

PPF. Belize was the first country in the Caribbean region to access the PPF. Approximately USD 700,000 was approved for a full feasibility study, environmental and social impact assessment, stakeholder analysis and gender analysis, to inform the preparation of the "Arundo donax Renewable Bio-mass Fuel for Belize" project. A second PPF application is also planned for the national SAP project on "Building the Adaptive Capacity of Sugarcane Farmers in Northern Belize," now that the GCF Climate Investment Committee (CIC) has endorsed the CN.

The PPF is viewed by government and AE interviewees as an important and useful mechanism to support project proponents to carry out the many studies that are needed to develop a full funding proposal. One interviewee noted that the PPF is very responsive once the CN is CIC-endorsed, especially if the PPF application is shared even before CIC endorsement.

Two challenges were raised. First, that the questions asked on the PPF application were similar to those on the CN, which caused confusion and led to the perception that the PPF review process was not integrated with the CN process. Second, that some of the details of the new process with CIC have not been articulated, such as whether PPFs applications approved on the basis of CNs that were endorsed by a Division of Mitigation and Adaptation (DMA) Task Manager (prior to the establishment of the CIC), might be subject to further CN review (and possible non-endorsement) by the CIC later in the process.

CNs, SAP, Requests for Proposals (RFPs),[91] and funding proposals. The Belize NDA has given NOLs to two CNs that have been submitted to the GCF under the SAP: the national project on "Building the Adaptive Capacity of Sugarcane Farmers in Northern Belize" and the regional MaCREAS project, both with the CCCCC. Government and AE interviewees expressed the view that the SAP was an important tool for SIDS to address urgent climate needs, but that the current modality is not simplified enough to accelerate action in SIDS.

The long length of time and high level of capacity and information required to prepare a GCF CN were common themes in many interviews – these are viewed to be unconducive to the urgency of climate needs in SIDS. For instance, for the Building the Adaptive Capacity of Sugarcane Farmers in Northern Belize project, interviewees reported several rounds of GCF reviews at the CN stage and detailed questions (e.g. asking them to show how climate change is impacting yield exemplifies the type of analysis that some entities may not have the technical skill to respond to at that stage). Delays in preparing CNs are partially a result of the relatively small staff in regional DAEs and the many demands already placed on those staff, as discussed above.

Concerns about demonstrating climate rationale and the availability of sufficient data were raised in numerous interviews in Belize and across the region more broadly. The common messages were that (1) climate change and sustainable development cannot reasonably be distinguished in SIDS and (2) because IPCC reports have already and repeatedly confirmed the vulnerability of SIDS, the fact that GCF still requires SIDS to re-prove their vulnerability to receive funding feels like, "… creating hoops that make it difficult to access funds," in the words of one key informant. On this latter point, many interviewees noted that 30 years of historical climatological data are simply not available in many SIDS, and particularly for slow onset events and certain sectors (such as marine and coastal sectors) it is challenging to link changes in climate data to changes in the sector. This challenge combined with others, such as long timelines for project development and approval and lack of AE

[91] No RFP projects have yet been pursued in Belize, although one interviewee reported considering the Enhancing Direct Access (EDA) window for a future project idea, given its alignment with that organization's experience.

capacity (meaning that only one project might be developed at a time for some entities), present a barrier for SIDS to swiftly access resources for immediate needs.

Informants offered several suggestions for improvement, including streamlining the funding proposal process (with components focused on gathering baseline data), putting a stronger normative value on indigenous and local knowledge and anecdotal evidence (e.g. observations from local communities and officials), and accepting a single presentation of whole-country vulnerability in a country's CP, with more detailed information required only for specific sectors or populations in funding proposals.

Several interviewees in Belize and the region also perceived the GCF to require more granular details to be finalized prior to project approval than other multilateral and bilateral partners. Several interviewees provided examples demonstrating the contrast between the long processes for designing, approving and disbursing GCF-funded projects, and the urgency of needs and constantly changing conditions (e.g. significantly lower productivity among sugarcane farmers due to droughts; an irrigation canal that was functioning during the design phase but was now dry and suffering from erosion).

b. Have GCF programmes and facilities (RPSP, PPF, RFPs, EDA, SAP) contributed to a pipeline of climate finance for the SIDS?

The RPSP and PPF have helped contribute to a healthy pipeline of climate finance in Belize. This pipeline relies heavily on the CCCCC. Three national CNs and one regional CN have been submitted by the CCCCC for Belize; one is receiving PPF already and a second is seeking PPF.

Belize has prepared a 5-year strategic framework for engaging with the GCF that includes a list of two-dozen projects and programmes, which is currently being updated to include projects from PACT and other entities. Apart from the CCCCC projects, the plans for several of the other "fast track"[92] projects identified in the initial CP pipeline of Belize, have changed or been delayed in the past year due to the need for more information and data to meet GCF requirements, as shown in Table 3.

Table 3. Status of fast track projects in the GCF country programme of Belize

PROJECT	AE	NATIONAL / MULTI-COUNTRY	STATUS BASED ON INTERVIEWS
Mainstreaming Coral Reef Resilience and Restoration as an Ecosystem-based Adaptation Strategy to Climate Change in the Caribbean Region (MaCREAS)	CCCCC	Multi	CN being reviewed by CIC; impact for Belize is not anticipated to be significant.
Building the Adaptive Capacity of Sugarcane Farmers in Northern Belize	CCCCC	National	CN submitted and CIC-endorsed; PPF application submitted.
Enhancing and Scaling Up Belize's Climate Information Systems and Hydromet	UNDP	National	Project has been dropped due to similar components in the Resilient Rural Belize project.
Belize Coastal Vulnerability Reduction Program	IDB	National	Comprehensive study being conducted by IDB to determine the path forward.

[92] These are projects and programmes that "would be prioritized in terms of efforts to develop and submit them to the GCF in the shortest possible timeframe" by Belize.

PROJECT	AE	NATIONAL / MULTI-COUNTRY	STATUS BASED ON INTERVIEWS
Increasing Resiliency of the Fisheries Sector of Belize	To be determined	National	Government is pursuing RPSP resources first, to collect data.

In general, the CP development process revealed the lack of investment-grade projects at the country level – a gap that would require in-depth capacity-building for CN and funding proposal development. Several of the Belize RPSP grants intend to yield CNs for submission to the GCF.

c. To what extent have GCF processes and projects exercised efficiency while also recognizing the high cost of operation in the SIDS?

Limited interview evidence was gathered on this question, given that FP101 has been under implementation for less than six months. One interviewee noted that the cost per beneficiary is much higher in Belize than, for example, in rural Africa. This is a result of the higher costs of identifying target populations (e.g. it is more difficult to find the rural poor) and generally higher costs in the region, contributing to higher fixed costs (e.g. for the project management unit). The GCF accepted the rationale for these higher costs in the Belizean context through its approval of FP101.

d. What has been the role of the GCF Secretariat? To what extent has the GCF learned from its experiences in SIDS?

Interviewees generally had positive feedback on the support received from the GCF Secretariat. The regional as well as Songdo-based staff are seen as accessible, responsive, attentive and helpful, for example, in terms of providing answers to clarifying questions for pursuing or implementing RPSP activities. One interviewee felt that compared to the AF, the GCF Secretariat has been stricter and more procedural, that is, slightly less accommodating of the challenges experienced by small entities in small countries.

As mentioned above, certain changes to the RPSP were seen by interviewees as evidence of GCF learning from its experience. However, no other examples of learning were identified, especially given the early stage of the portfolio.

4. EFFECTIVENESS IN DELIVERING RESULTS

a. To what extent is the GCF portfolio in SIDS achieving intended results, including through investments and RPSP? What are those results (intended and unintended)?

Investment projects. The GCF Board approved FP101, Resilient Rural Belize, in February 2019 and the FAA became effective in March 2020. IFAD is still working with the Government to meet one final disbursement condition (ratification by the Parliament, which has now also been delayed by COVID-19), and thus GCF funds have not yet been disbursed. This process has represented about a year's delay relative to expectations. IFAD co-financing was approved by its own Board in the end of 2018, and it was initially expected that GCF Board approval would be provided at its June 2018 meeting, but the project was pushed back to a later Board meeting, given that there were too many projects already on the docket for June.

As a result, **it is too early to report on whether GCF-funded activities under FP101 are achieving intended results.** In the meantime, IFAD has been using its own resources to undertake activities that were intended to be funded with GCF grant moneys, including the climate

vulnerability assessment. IFAD has also been setting up the project management unit, which has included the recruitment of a climate officer. At the same time, IFAD-funded component of the project has been facing a series of delays in its initial activities, including those related to procurement, and hence the fact that GCF resources have not been provided in a timely manner has not been as significant of a hurdle as it might have been.

If successful, the project will provide both adaptation measures and economic development support for participating beneficiaries. The Secretariat's assessment indicates that the proposal is expected to reach 9.3 per cent of the Belizean population by targeting 23 communities in five districts, as shown on the map in annex B. The project also builds on a prior IFAD project (see part (18) on complementarity and coherence below) that received a positive final assessment from IFAD independent evaluation department. The GCF-funded project appears to build on some of the lessons learned from that project, including that enterprise development and agricultural extension services would be needed to contribute to increasing agricultural and rural enterprise performance. The previous project's evaluation also found that the "… business case for serving the rural poor remains to be made with most credit unions," with just two of the six credit unions committing to proactively developing rural markets after project completion.[93] Continued support for these credit unions from FP101 could potentially help in this regard.

RPSP. The main outcomes of the RPSP so far have been the establishment of a strategic framework for engaging with the NDA (including NOL and DAE nomination procedures), the training of climate finance committee members who will assist the NDA in appraising GCF projects for NOL, and entity progress towards accreditation (DFC gap assessment) and pipeline development (PACT). Other RPSP grants are still under implementation or in their early stages. One interviewee had the view that RPSP funds could be used more effectively if they were better integrated with an overall vision for mainstreaming climate change into national development in Belize.

b. To what extent are GCF investments mobilizing potential for paradigm shift within SIDS? To what extent are GCF investments replicable and scalable?

The ITAP and the Secretarat saw strong potential in FP101 for paradigm shift, as did project proponents. The ITAP gave FP101 a rating of "high" for paradigm shift potential, given the incorporation of climate change risks into planning for agricultural and rural development and other elements. The Secretariat's assessment considered FP101 to show good potential for scaling up and replication through using the grant award and on-lending mechanisms, that have been tested through previous IFAD projects. One interviewee felt that the greatest paradigm shift potential in this project was in bringing many different components under one umbrella for a coordinated approach to building climate resilience and improving farmers' productivity. This contrasts to previous agricultural projects in Belize that addressed one aspect of the value chain at a time (e.g. productivity, marketing, central market development, building entrepreneurship capacity), and ended up in disjointed efforts, in the opinion of one interviewee. Another interviewee noted that to be successful, FP101 would need to dismantle the status quo, to some extent, to get farmers to the point where they can work directly with hotels and other private businesses, cutting out the intermediaries.

[93] International Fund for Agricultural Development. (2019). "Belize Rural Finance Programme: Project Performance Evaluation." Available at: *https://www.ifad.org/documents/38714182/41219005/Belize_PPE_final+for+web.pdf/b904bd75-bb9a-a161-5c21-7cfe0a334849*

In terms of challenges, one interviewee noted that the sustainability of financial mechanisms has been challenging in the region after project completion. The project preceding FP101, as noted above, also struggled with ensuring that credit unions continued to develop rural markets, a challenge that must be overcome to enable this project to scale up.

Two interviewees separately lamented the current GCF project-based approach for funding in Belize, feeling that it may not adequately support the kind of sustainable systems change that is needed for a paradigm shift. A project-based approach was contrasted with a strategic, coordinated effort to identify solution pathways and the roles of different development partners to work together to help countries along those pathways.

c. To what extent are GCF investments employing innovations in SIDS? And to what extent do they support well-established local processes or knowledge?

Interviewees shared several perspectives on innovation. One view was that before projects like FP101 can attempt innovations, they must demonstrate that they can effectively perform the basics, like procurement. In this view, innovations would be pursued during successful implementation, even if they are not specifically envisioned in the initial design. In FP101, the approach of matching grants and climate-smart agriculture is not a new one for IFAD, but interviewees noted that it is also not a standard approach in Belize and represents a process improvement on previous practices (e.g. a previous European Union (EU) funded project gave small assets freely to people to help them get credit, an approach that proved to be unsustainable). In agriculture, innovations such as digital agriculture are believed to require larger investments than the current IFAD project provides.

In terms of emerging project ideas and CNs in the country, one interviewee noted ArcGIS technology as being a tool useful for improving the resilience of sugarcane farming. The system can gather information from farmers to inform mill-level decisions and provides a means to innovatively share information with farmers to inform their own decisions. Regarding regional coral reef restoration concepts, two interviewees expressed the view that the regional coral reef restoration concepts did not sufficiently reflect the leadership and innovation of Belize in this area.

Several interviewees also expressed the view that the GCF definition of innovation is not well understood. Three perceived limitations were: 1) that projects are already limited by having to clearly define the climate rationale and delineate between climate and development; 2) that once an innovative pilot has been tested, upscaling that pilot may not be considered innovative; and 3) that project proponents are concerned about getting projects approved by the GCF, and thus are looking around the region to see what GCF has funded, rather than for "new" ideas.

d. What is the coverage of GCF projects in SIDS compared to other climate finance delivery channels?

The GCF-funded Resilient Rural Belize project appears to represent the first major international funding for climate-resilient agriculture in the country. Since 2015, other climate finance delivery channels in Belize have focused primarily on energy (generation, renewable sources, energy resilience), as well as the climate adaptation and biodiversity nexus (coastal zone management) and resilient transportation infrastructure.[94]

[94] Stockholm Environment Institute. (2019). "Aid Atlas: Climate Change (total) during 2002-2018 (All Donors to Belize)." Available at: *https://aid-atlas.org/profile/all/belize/climate-change-total/2002-2018?valueType=usd_commitment*

e. To what extent are GCF investments complementary and coherent with other climate finance delivery channels? To what extent does the GCF build on climate finance provided by other delivery channels (e.g. does the GCF lag or lead)?

The approved project and pipeline of Belize are complementary with other development finance channels. Resilient Rural Belize builds on two projects previously implemented by United Nations agencies in the country: the BRFP developed by IFAD, and a Value Chain Project developed by the FAO. The BRFP was a seven-year programme implemented to provide access to financial services (savings and credit) for poor and low-income rural families through credit unions. The GCF-funded project also includes a component that links smallholder farms and producers' organizations to credit unions for financing needs, through the Matching Grant Facility. The project expects that members of the identified producers organizations of BRFP "will be able to access credit from their credit unions to finance their counterpart contributions."[95]

Among the CNs in the Belize GCF pipeline, at least one regional and one national project report that they build on prior pilot or "proof of concept" efforts, including for coral restoration (MaCREAS) and for climate-smart practices for sugar cane farmers (Building the Adaptive Capacity of Sugarcane Farmers in Northern Belize), although neither CN provides specifics about these prior efforts.

In addition, one of the RPSP grants partially funded through the Belize allocation – to develop a CN for a CRAF – also builds on a first and second phase of feasibility and design studies and other technical assistance, funded by *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ) and the EU, under the 11th European Development Fund (EDF 11), with an additional financial allocation from the German Federal Ministry of Economic Cooperation and Development (BMZ).

5. PRIVATE SECTOR

a. To what extent is GCF finance suited to and does it address the needs of the private sector in SIDS? Is GCF finance helpful in mobilizing private sector investment for the SIDS, in improving the resilience of the local private sector, and de-risking investment by local private sector entities in the SIDS?

Within the GCF portfolio and pipeline of Belize, there is a sizeable emphasis on enhancing the resilience of the private sector, suggesting that GCF may have the right tools to engage the private sector, if other factors align (e.g. political will, interested AE).

The private sector in Belize is dominated by MSMEs. These small entities face significant barriers to economic resilience which result in weaknesses in the financial sector of Belize. Commercial bank lending is mostly collateral based (which disadvantages women); credit risks are assessed as being higher because of lack of borrower payment histories; and financial services and instruments, including for agriculture financing, are underdeveloped for MSMEs. Furthermore, interviewees have convey that there is still work to be done in terms of change mindsets among MSMEs about the need to address climate change and raise awareness and demand for climate finance. These factors have hindered MSMEs' access to financing. The World Bank and IDB both offer support in these areas, on the public sector side for the World Bank and through the IDB non-sovereign guaranteed

[95] GCF. (2019). *Funding Proposal 101: Resilient Rural Belize (Be-Resilient).*

portfolio on the IDB side (e.g. on issues related to access to finance, support to credit unions and capacity-building for micro and small businesses).[96,97]

The GCF-funded project in Belize, Resilient Rural Belize, focuses on improving the resilience of smallholder farmers and producers' organizations, and connecting them to buyers, such as hotels and processing facilities (e.g. a small pineapple juice producer). It builds on a previous IFAD programme that aimed at expanding and enhancing inclusive and sustainable rural financial services to underserved smallholder farmers and the rural population in Belize. Resilient Rural Belize continues to support smallholder farmers by aiming to minimize the climatic and economic effects they face while supporting continuous market access for their produce.

The project aims to support to the private sector directly and indirectly. Direct support will be provided to producers organizations' and individual farmers via the Matching Grant Facility, partially funded by the GCF loan. The facility will be a competitive fund for eligible investments in climate-resilient technologies, practices, greenhouses, facilities and equipment, irrigation, drainage and backyard gardens. The facility will work with credit unions previously supported by BRFP to consider the matching grant funding as a risk reduction for loans to smallholders or producers' organizations, because the facility would procure the desired eligible assets on behalf of the farmers. In this way, the project will also leverage some private sector investment for resilience, via loans issued by the credit unions.

Indirect support will be provided through several channels, including technical assistance on value chain business plans and climate-resilient production technologies, facilitating linkages between farmers'/producers' organizations and private sector buyers (primarily hotels in the tourism industry, but it could also include small processing facilities), building capacity on marketing skills and practices, and supporting producers organizations in partnerships with key market actors. Indirect support is also planned for the private sector through investments in public and private climate-resilient infrastructure that can enhance access to markets, such as rural roads. If successful, this indirect support should strengthen the resilience of smallholders and some MSMEs in Belize.

Several of the more advanced projects in the GCF pipeline of Belize also plan to engage the private sector substantially. The CCCCC submitted a PPF application for "Building the Adaptive Capacity of Sugar Cane Farmers in Northern Belize" (following CIC endorsement of the CN), which will be executed by two private sector entities; the Belize Sugar Industry (BSI) – a private company that is 81 per cent owned by an American sugar company, with 17 per cent ownership by the workers and 1 per cent by the Government of Belize – and the Sugarcane Industry for Research and Development Institute. The project aims to build the adaptive capacity of the 5,200 smallholder farmers who supply 90 per cent of the mill's sugarcane, through varietal diversification and other strategies. The CN development process for this project has benefited from the historical data maintained by BSI. The CCCCC also has an approved PPF application for "A Scalable Demonstration Energy Project using Arundo donax to replace fossil energy in the generation of electrical energy", which takes a public–private partnership (PPP) model.

A key message emerging from multiple interviews with private sector actors is that the private sector must first be aware of the GCF in order to pursue opportunities; private sector awareness of the GCF in Belize is currently percevied as low.

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[96] Inter-American Development Bank. (2013). "IDB Country Strategy with Belize." Available at: *http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=38275821*

[97] World Bank; International Finance Corporation; Multilateral Investment Guarantee Agency. (2017). "Country Partnership Framework for Belize for the Period FY18-22." Available at: *https://openknowledge.worldbank.org/bitstream/handle/10986/27145/BELIZE-CPF-FY18-22-04282017-Final-v1-05092017.pdf?sequence=1&isAllowed=y*

In Belize, this is being addressed through GCF-funded RPSP support focused specifically on private sector engagement. The country benefited from an earlier regional RPSP grant, led by Jamaica, that focused on private sector awareness and readiness. Although a country level analysis of Belize was performed, the regional scoping report was not comprehensive "… possibly due to limited engagement with the private sector".[98] Belize followed up with an approved proposal for a national private sector RPSP grant delivered by CDB, with the assistance of the Belize Chamber of Commerce and Industry (BCCI). The RPSP grant will focus on:

1) Strengthening private sector engagement with the GCF through knowledge building
2) Crowding-in private sector investment for climate actions
3) Building the capacity within the private sector to develop GCF concept notes/funding proposals

According to interviews, the grant will take an incubator-style approach to develop CNs with two private sector companies. While an AE has not yet been solidified due to the early stage of activity, the CDB has been identified as a potential candidate.

Two other RPSP grants in Belize also provide complementary support for private sector engagement; one through accreditation support for the development bank of Belize, DFC and one supporting the development of a CN for a CRAF, that would aim to provide incentives for local financial institutions (like DFC) to provide additional lending to MSMEs for renewable energy and energy efficiency projects in the Caribbean.

Interviewees also emphasize the importance of approaches that recognize that the private sector in the region is primarily microenterprises with limited capacity to absorb debt. For example, 40 per cent of the non-GCF private sector portfolio of the CDB is national financial intermediaries (e.g. government-owned development banks). Interviewees cautioned that the private sector in Caribbean SIDS generally do not have the capacity to spend the time and energy that GCF requires for its projects, and thus a more practical approach would be to use regional programming and work with individual countries through existing financial intermediaries or associations. But experience shows this is not an easy task. One interviewee shared a prior experience of a renewable energy facility for small and microenterprises in the productive sector in Belize – and the realization that private sector entities are already over-leveraged and lacking collateral. Creative products and innovations will be required to make such investments seem attractive and accessible.

[98] GCF. (2019). *Readiness Proposal with Caribbean Development Bank (CDB) for Belize*.

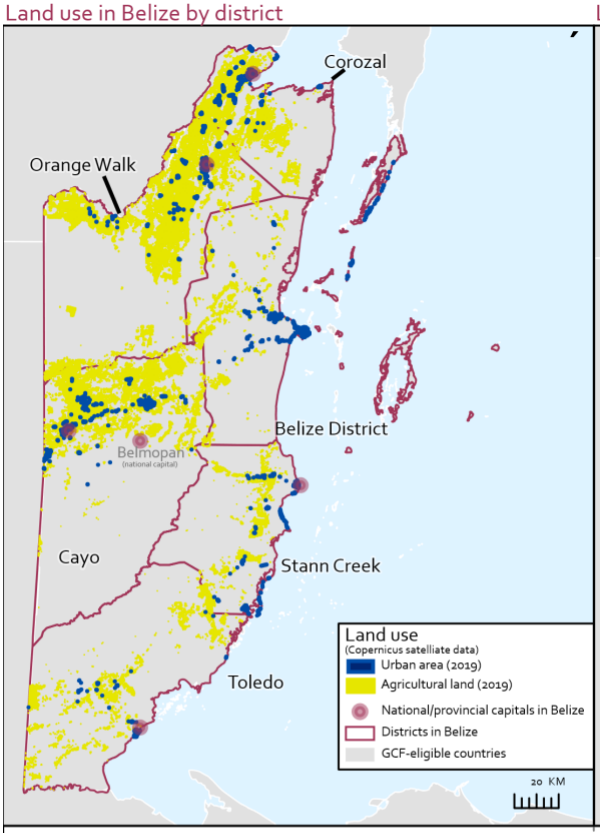
Appendix 1. List of stakeholders consulted

Name	Position	Organization	Date
Leroy Martinez	GCF Focal Point	MEDP	20 May 2020
Eugene Williams	Resource Mobilization Officer	CARICOM	9 June 2020
Roddy Soomer	Chief Executive Officer		
Cheryl Dixon	Coordinator of Environmental Sustainability Unit	CDB	10 June 2020
Derek Gibbs	Climate Finance Specialist		
Nicholas Ross	Climate Finance Specialist		
Yourshebell Cattouse	Manager of Membership Relation	Belize Chamber of Commerce and Industry	11 June 2020
Genesia Tucker	Project Coordinator		
Elizabeth Riley	Executive Director, Acting	CDEMA	12 June 2020
Lorne Solis	Project Manager, Resilient Rural Belize	MEDP	16 June 2020
Nayari Perez	Executive Director	PACT	17 June 2020
Denaie Swasey	Climate Change Technical Officer		
Ryan Zuniga	Project Development Specialist	CCCCC	18 June 2020
Olivia Avilez	Cane Farmer Relations Manager	Belize Sugar Industries	18 June 2020
Ainka Granderson	Senior Technical Officer	CANARI	22 June 2020
Sharon Layne-Augustine	Senior Programme Officer	CDEMA	23 June 2020
Franklyn Magloire	Chief Strategist/ Climate Champion	Development Finance Cooperation	24 June 2020
Louisa Migliaccio	Lead Portfolio Advisor for Latin America and the Caribbean	IFAD	25 June 2020
Maja Murisic	Task Team Leader	World Bank	26 June 2020
Beverly Wade	Administrator	Ministry of Agriculture, Fisheries, Forestry, The Environment, and Sustainable Development, Fisheries Department	29 June 2020
Sandra Miranda	Chair	Belize National Indigenous Council	2 July 2020

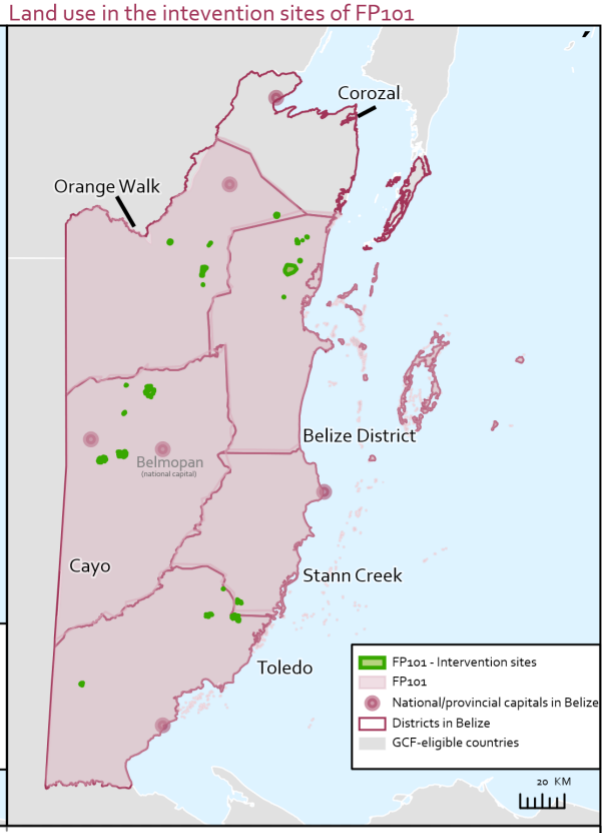
NAME	POSITION	ORGANIZATION	DATE
Gines Suarez	Disaster Risk Management Specialist	IDB	6 July 2020
Lennox Gladden	Chief Climate Change Officer	National Climate Change Office, Ministry of Fisheries, Forestry Sustainable Development, the Environment and Climate Change	13 July 2020
Yvonne Hyde	Chief Executive Officer; GCF NDA	MEDP	15 July 2020

Appendix 2. MAP OF LAND USE IN BELIZE AND FP101

Land use in Belize by district



Land use in the intevention sites of FP101



Data source:
Land use: Buchhorn, M. ; Lesiv, M. ; Tsendbazar, N. - E. ; Herold, M. ; Bertels, L. ; Smets, B. Copernicus Global Land Cover Layers—Collection 2. Remote Sensing 2020, 12Volume 108, 1044. DOI 10.3390/rs12061044. Accessed on 29 September 2020
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3. KIRIBATI COUNTRY CASE STUDY REPORT

CONTENTS

TABLES

FIGURES

ABBREVIATIONS

ADB	Asian Development Bank
AE	Accredited Entity
CFRP	Climate Finance Readiness of The Pacific
CIF	Climate Investment Funds
CROP	Council Of Regional Organisations of The Pacific
CSO	Civil Society Organization
DAE	Direct Access Entity
DCP	(GCF) Division of Country Programming
DFAT	Department Of Foreign Affairs and Trade (Australia)
DMA	(GCF) Division of Mitigation and Adaptation
EDA	Enhanced Direct Access
ENSO	El Niño-Southern Oscillation
FAA	Funded Activity Agreement
FP	Funding Proposal
GEF	Global Environment Facility
IAE	International Accredited Entity
INDC	Intended Nationally Determined Contribution
KCCI	Kiribati Chamber of Commerce and Industry
KCFD	Kiribati Climate Finance Division
KJIP	Kiribati Joint Implementation Plan
KNEG	Kiribati National Expert Group for Climate Change
LDC	Least Developed Country
MELAD	Ministry of Environment, Lands And Agriculture Development
MFAT	Ministry of Foreign Affairs And Trade (New Zealand)
NAP	National Adaptation Plan
NDA	National Designated Authority
NGO	Non-Governmental Organization
PPF	Project Preparation Facility
PUB	Public Utilities Board
PV	Photovoltaic
RFP	Request for Proposal
RMI	Republic of The Marshall Islands
RPSP	Readiness and Preparatory Support Programme
SIDS	Small Island Developing States
SPC	Pacific Community
SPREP	Secretariat of The Pacific Regional Environment Programme
STWSP	South Tarawa Water Supply Project
UNDP	United Nations Development Programme

UNFCCC United Nations Framework Convention on Climate Change

UNICEF United Nations International Children's Education Fund

A. BACKGROUND AND CONTEXT

1. GEOGRAPHICAL, POLITICAL AND SOCIOECONOMIC CONTEXT

Geography. The Republic of Kiribati is one of the most geographically dispersed countries worldwide. It consists of 33 islands with a total land area of 810 km^2 spread over 3.5 million km^2 of sea in the Pacific subregion of Micronesia. South Tarawa, the nation's capital, lies on the Tarawa atoll. South Tarawa has a land area of just 15.72 km^2 and its highest point is only 3 metres above sea level.[99]

Demography. The official population census states the population of Kiribati was 110,236 in 2015 and is expected to reach approximately 156,000 in 2040. The Tarawa atoll (comprising both North Tarawa and South Tarawa) accounts for more than half of the population and is growing at a faster rate than the rest of the country, increasing in population by approximately 41 per cent between 2005 and 2015. Over the period 2015 to 2041, the population of South Tarawa is projected to increase by approximately 62.5 per cent.[100]

Politics. Kiribati is a former British colony that became a sovereign state in 1979. It is a democratic state that employs a parliamentary system. Kiribati has 20 island councils and three urban councils, some of which have developed strategic and operational plans. Additionally, civil society organizations are critical to expressing community views and solving community problems.[101]

Economic outlook. Given its substantial distance from trading partners, the economy of Kiribati depends heavily on its rich marine resources for employment, income and subsistence living. Kiribati is highly fisheries-dependent; fisheries access payments and licences fees have accounted for upward of 75 per cent of Gross Domestic Product in recent years.[102]

Kiribati has a high risk of debt distress, according to the latest International Monetrary Fund/World Bank Debt Sustainability Analysis.[103] The country is also highly vulnerable to external shocks and income volatility due to its exposure to climate change, its geographical isolation, dependence on imports and reliance on overseas revenue sources.

The public sector accounts for as much as 50 per cent of GDP and 80 per cent of formal jobs; state-owned enterprises also function in sectors where private firms would normally operate, such as hotels, shipping and inter-island transport.[104] Private sector growth is constrained by the small size of the economy, the high costs of doing business and a widely dispersed population.[105]

Poverty and development outlook. Kiribati is classified as a Fragile State and a Least Developed Country (LDC). In 2016, it was ranked 137th on the Human Development Index. Kiribati faces significant development challenges due to its geographical remoteness and vulnerability to climate change.[106] Infrequent data-collection has made i-Kiribati poverty trends challenging to assess, but

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[99] GCF. (2018). *FP091: South Tarawa Water Supply Project.*
[100] Ibid.
[101] Government of Kiribati. (2019). *Kiribati Joint Implementation Plan (KJIP) for Climate Change and Disaster Risk Management 2019-2028.*
[102] World Bank. (2020). *International Development Association Project Appraisal Document on a Proposed Grant for a Kiribati: Pacific Islands Regional Oceanscape Program.* Available at*:* http://documents.worldbank.org/curated/en/904981584324108717/pdf/Kiribati-Pacific-Islands-Regional-Oceanscape-Program.pdf
[103] World Bank. (2017). *International Development Association Program Document for a Proposed Development Policy Grant to the Republic of Kiribati for the Fourth Economic Reform Development Policy Operation.* Available at: http://documents.worldbank.org/curated/en/456591511578818275/pdf/Kiribati-DPO-PD-11012017.pdf
[104] Ibid.
[105] GCF. (2018). *FP091: South Tarawa Water Supply Project.*
[106] Ibid.

estimates for Kiribati are among the highest in the region. Although last measured in 2006, the Gini coefficient is 0.38, relatively low compared to Pacific neighbours. Poverty rates are comparatively higher in South Tarawa. Other challenges include high unemployment among i-Kiribati youth and structural barriers for women, such as access to finance, credit and land.[107]

2. CLIMATE AND OTHER VULNERABILITY CONTEXT

Kiribati is one of the most remote and least developed countries in the world. It faces significant challenges due to its vulnerability to climate change. Factoring in the country's exposure, susceptibility to disaster and its coping and adaptive capacities, Kiribati is ranked in the 20 most risk-vulnerable countries in the world.[108]

Climate. Kiribati has a hot and humid tropical climate that varies considerably from year to year, largely influenced by the El Niño-Southern Oscillation (ENSO). Air temperatures are closely related to the temperature of the surrounding oceans. Average temperatures are relatively constant year-round, varying no greater than approximately 1°C. Seasonal rainfall in Kiribati is highly variable from year to year; typically there is a wet season from December to April and a longer, drier season from May to November.[109]

Water scarcity. Water resources are particularly threatened – the water supply of South Tarawa is entirely dependent on underground fresh water lenses, the quality and quantity of which are seriously threatened by climate change induced seawater inundation and prolonged drought.[110] Yet due largely to increased per capita demand and population growth, water demand in South Tarawa is projected to grow significantly in the coming years.[111]

Drought. There were nine severe droughts between 1947 and 2010, with an average duration of 23.6 months. The most severe drought occurred in April 1974 when only 21.7 cm of rain fell in the preceding 12 months.[112]

Sea level rise and saltwater inundation. As an atoll with a maximum elevation of 3 metres, Kiribati is extremely vulnerable to sea level rise. Waves in Kiribati are strongly influenced by seasonal trade winds and by the ENSO. These forces can result in over-topping – when seawater flows into the island's groundwater and contaminates fresh water resources.[113]

Other hazards include tsunamis and plagues, and man-made hazards like fires and oil spills. Climate variability and climate change are already causing – and are expected to continue to cause – increased air and sea temperatures, increased annual precipitation, more days of extreme rainfall and heat, rising sea levels and increasing ocean acidification.

[107] World Bank. (2020). *International Development Association Project Appraisal Document on a Proposed Grant for a Kiribati: Pacific Islands Regional Oceanscape Program.* Available at: http://documents.worldbank.org/curated/en/904981584324108717/pdf/Kiribati-Pacific-Islands-Regional-Oceanscape-Program.pdf
[108] *World Risk Report 2019,* Bündnis Entwicklung Hilft and Ruhr University Bochum – Institute for International Law of Peace and Armed Conflict (IFHV). Available at: https://reliefweb.int/sites/reliefweb.int/files/resources/WorldRiskReport-2019_Online_english.pdf
[109] GCF. (2018). *FP091: South Tarawa Water Supply Project.*
[110] Ibid.
[111] Ibid.
[112] Ibid.
[113] Ibid.

3. CLIMATE CHANGE POLICY AND INSTITUTIONAL CONTEXT

a. National climate change and development policies

The Government of Kiribati has developed several sector plans and projects to ensure that the country can adapt to and mitigate the effects of climate changeover the near- and long-term future.

Kiribati Climate Change Policy (2019). The Government of Kiribati developed a policy that emphasizes actions to address immediate and long-term adaptation needs and outlines robust measures to ensure the country's resilience. The policy identifies 10 priority areas, including coastal protection; food, water, health and energy security; disaster risk management, education and capacity-building; and climate financing.[114]

National Water Resources Policy (2008). In 2008, Kiribati adopted the National Water Resources Policy and the National Water Resources Implementation Plan, which had three goals:

1) Provide safe, socially equitable, and financially, technically and environmentally sustainable water supplies to enhance the welfare and livelihoods of the people of Kiribati
2) Protect and conserve fresh water sources for public water supplies
3) Deliver fresh water efficiently and effectively

Subsequently, the Tarawa Water Master Plan 2010–2030 and the Tarawa Water and Sanitation Roadmap 2011–2030 were developed. In the process, it was concluded that seawater desalination is the most practical, cost-effective and climate-resilient approach to meet the future water needs of South Tarawa.[115]

Kiribati Integrated Energy Roadmap 2016–2025. This roadmap seeks improved energy solutions by increasing access to renewable energy and implementing climate change mitigation and adaptation measures that are sustainable, reliable and affordable.[116]

Kiribati Vision 20 (KV20). The KV20 is the national long-term development plan of Kiribaiti, which provides an implementation process to help Kiribati become a wealthier, healthier and peaceful country. The document outlines a framework to align national development plans and ministry strategic plans by integrating the KV20 strategies into their planning processes from 2016 to 2036. The KV20 is centred around four pillars – wealth, peace and secruity, infrastructure and governance – and outlines strategies to enhance each. It also recognizes the vulnerability of Kiribati to climate change as an obstacle to these goals, and highlights the need to integrate climate change considerations in all development programming efforts to reduce risks and increase sustainable development.

b. Other relevant climate plans and strategy documents

Intended Nationally Determined Contributions. The (Intended) Nationally Determined Contribution (INDC) of Kiribati notes that in 2014, greenhouse gas (GHG) emissions from Kiribati were extremely small – approximately 63,000 tCO_2e/year or approximately 0.6 tCO_2 per capita. This represents just 0.0002 per cent of global emissions. Though Kiribati is not obligated to reduce emissions, it has committed to reducing GHG emissions without international assistance by 13.7 per cent by 2025 and 12.8 per cent by 2030, compared to a business-as-usual projection. With international assistance, Kiribati stated it could reduce its emissions by 61.8 per cent by 2030. Measures to achieve these reductions include transitioning to solar PV as a leading source of

[114] Government of Kiribati. (2019). *Kiribati Climate Change Policy.* Available at: http://www.president.gov.ki/wp-content/uploads/2019/04/Kiribati-Climate-Change-Policy.pdf
[115] GCF. (2018). *FP091: South Tarawa Water Supply Project.*
[116] Ibid.

energy.[117] The INDC also assesses the vulnerability of Kiribati to climate change, its low adaptive capacity and the need to adapt key sectors of the economy. Among the vulnerabilities identified, the vulnerability of the water supply and of the groundwater lenses to climate events such as inundation and droughts was highlighted and prioritized.[118]

National Adaptation Plan (NAP): The Kiribati Joint Implementation Plan for Climate Change and Disaster Risk Management (KJIP): 2019–2028. The Government of the Republic of Kiribati, in partnership with the NAP Global Network, reviewed and revised the original KJIP to better align its strategic plans, including the Kiribati Development Plan 2016–2019, the Kiribati 20-Year Vision and the Climate Change Policy. The purpose of updating the KJIP was to support the holistic implementation of these and other climate plans and actions. The KJIP is an integrated plan to prioritize 104 climate adaptation and disaster risk reduction actions with the goal of increasing resilience through sustainable climate change adaptation and disaster risk reduction via an integrated, nationwide approach (see Figure 3). In addition to enhanced coordination, the KJIP also aims to increase access to financial and technical support to accelerate the implementation of the plan's outlined actions.[119]

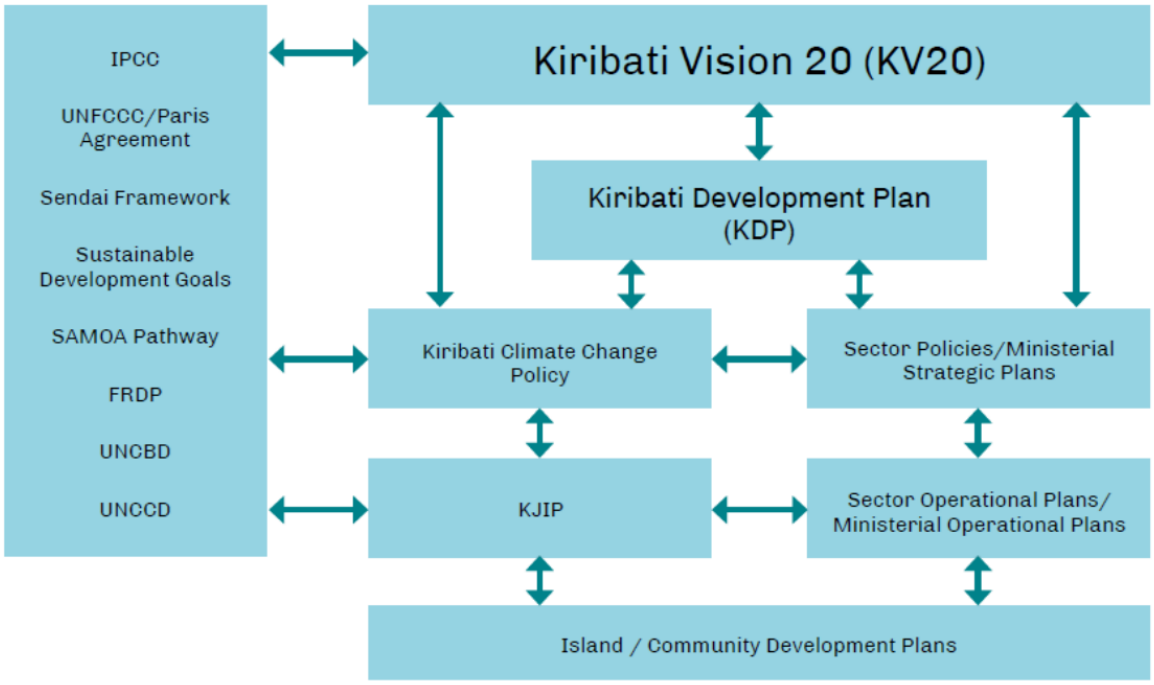


Figure 3. Interconnections of the KJIP and national frameworks[120]

c. Institutional responsibilities for climate change

Three agencies in the Government of Kiribati have key climate change responsibilities.

The **Office of Te Beretitenti** (Office of the President) has responsibility for overseeing the climate change and disaster risk management portfolios for the country. The United Nations Framework Convention on Climate Change (UNFCCC) focal point is in this office.

[117] Republic of Kiribati. (2015). *Republic of Kiribati Intended Nationally Determined Contribution*.
[118] Government of Kiribati. (2019). *Kiribati Joint Implementation Plan (KJIP) for Climate Change and Disaster Risk Management 2019-2028.*
[119] Ibid.
[120] Government of Kiribati (2019). *Kiribati Climate Change Policy.* Available at: *http://www.president.gov.ki/wp-content/uploads/2019/04/Kiribati-Climate-Change-Policy.pdf*

In 2016, the Cabinet approved the establishment of the Climate Finance Division (CFD), part of the **Ministry of Finance and Economic Development**, to help the country engage and access climate finance from multilateral sources. The CFD is the central office for coordinating financial arrangements with donor agencies such as the Green Climate Fund (GCF), Global Environment Facility (GEF), Adaptation Fund, and Climate Investment Funds (CIF).[121] The CFD hosts the GCF national designated authority (NDA), as well as the AF designated entity, while the primary UNFCCC and GEF responsibilities are in other ministries and offices.

The **Ministry of Environment, Lands and Agriculture Development** (MELAD) has a history of leading on the technical and scientific aspects of climate change. The GEF focal point is in MELAD. The GCF focal point is in a different ministry. Kiribati has no direct access entity (DAE) nor national implementing entity in Kiribati that could also have been fast-tracked for the GCF.[122] The AF has one endorsed project concept note (CN) in Kiribati, titled "Enhancing the resilience of the outer islands of Kiribati," submitted and managed by the regional entity of the AF, the Secretariat of the Pacific Regional Environment Programme (SPREP), which is also a regional accredited entity (AE) of the GCF.[123]

4. OVERVIEW OF OTHER CLIMATE FINANCE

Between 2011 and 2018, Kiribati received approximately USD 55 million from bilateral and multilateral sources for climate change and disaster risk management activities. Of the total amount accessed, 25 per cent was from bilateral sources and 75 per cent from multilateral. Unlike most other Pacific island countries, about 82 per cent of the total funding for climate change and disaster risk management accessed by Kiribati was reflected in the national budget, and 18 per cent was off budget. Most of the accessed funding supported adaptation activities (53 per cent), followed by mitigation (32 per cent), disaster risk reduction (9 per cent), and disaster risk management (6 per cent).[124]

Kiribati has several recent climate change projects funded by the GEF, including on climate-resilient urban development (Asian Development Bank (ADB)) and whole-island approaches to community resilience (United Nations Development Programme (UNDP)).

The GEF has provided more than USD 15 million to Kiribati to finance 13 projects related to climate change, land degradation and biodiversity.[125] With the CIF, Kiribati has developed a Scaling-Up Renewable Energy Program investment plan to increase the use of biofuels and coconut oil to improve energy security and replace diesel fuels.[126] With the World Bank, Kiribati has a number of active projects, including one on fisheries under the Pacific Islands Regional Oceanscape Program and the Kiribati Adaptation Program.[127]

[121] Government of Kiribati. (2019). *Kiribati Joint Implementation Plan (KJIP) for Climate Change and Disaster Risk Management 2019-2028.*
[122] On AF direct access, please see here: *https://www.adaptation-fund.org/about/direct-access/* and a list of all 31 NIEs: *https://www.adaptation-fund.org/apply-funding/implementing-entities/national-implementing-entity/*
[123] AF-endorsed CN. Available at: *https://www.adaptation-fund.org/wp-content/uploads/2018/08/Kiribati-resubmission-Binder1.pdf*
[124] Ibid.
[125] GEF. (2020). Kiribati: Country-at-a-Glance. Available at: *https://www.thegef.org/country/kiribati*
[126] CIF. (2018). Kiribati. Available at: *https://www.climateinvestmentfunds.org/country/kiribati*
[127] World Bank. (2020). "Projects." Available at: *https://projects.worldbank.org/en/projects-operations/projects-list?searchTerm=Kiribati*

5. GCF PORTFOLIO AND INSTITUTIONAL ARRANGEMENTS

National designated authority. The NDA of Kiribati is located in the Ministry of Finance and Economic Development.

Accredited entities. Kiribati has not nominated any national nor regional entities for accreditation. However, the country does have access to two regional DAEs: the SPREP and the Secretariat of the Pacific Community (SPC).

Readiness and project preparation. One Readiness and Preparatory Support Programme (RPSP) proposal was approved for Kiribati in September 2017, delivered directly by the NDA. Disbursement began in July 2018. This support will cover a wide range of outcomes, including the development of a strategic framework and country programme for engagement with the GCF and the strengthening of the NDA.

Funding proposals. One funding proposal for Kiribati has been approved by the GCF Board: the South Tarawa Water Supply Project (STWSP) (FP091), approved on 20 October 2018, to be implemented by ADB and executed by the Ministry of Finance and Economic Development. This is a cross-cutting public sector project with a total project value of USD 58 million, with USD 28.6 million from a GCF grant (49.3 per cent of the overall financing). The co-financing includes two grants and a guarantee. The project is thus considered a medium-sized project for the GCF. From the perspective of the project timeline, the project FP091 has been approved by the GCF Board, as said on 20 October 2018, and received a legal opinion on the internal approval process of the AE on 27 September 2019. The agreement between GCF and the implementing AE on the necessary legal arrangements for disbursement of funds is called a Funded Activity Agreement (FAA), which is the first step in project implementation. For the STWSP, the FAA is still outstanding. The project is therefore not yet under implementation.

This project aims to reduce the climate vulnerability of the entire population of South Tarawa through increased water security, by providing them with a reliable, safe and climate-resilient water supply. This will be done through the construction of a 4,000 m^3 desalination plant and a solar photovoltaic (PV) system to provide low emission power for the plant and the water supply network. With this project, the residents of South Tarawa will no longer need to boil drinking water, reducing emissions from burning fuel and firewood.

B. KEY FINDINGS

The research and findings of this country mission report were structured around the themes and guiding evaluation questions of the terms of reference of the Independent Evaluation of the Relevance and Effectiveness of GCF Investments in Small Island Development States (SIDS). Findings are presented below as responses to these guiding questions, under the targeted themes.

To generate and evidence findings, the evaluation team used a mixed methods approach, employing both qualitative and quantitative data and methods. Specific data sources and methods included the following:

- Key informant interviews with 19 people from the Kiribati government, accredited entities (AEs), civil society, the private sector and bilateral partners.
- An extensive document and literature review, including GCF documents and key peer-reviewed and grey literature on climate change interventions in SIDS.

- Analysis of data collected, analysed and quality assured by the IEU DataLab.[128] The analysis considered data that were available up to and including 31 July 2020 (after the publication deadline for B.26).

1. Relevance of the GCF policies

a. To what extent is the GCF portfolio aligned with the evolving adaptation and mitigation needs and priorities of the SIDS?

In terms of the overall relevance of GCF funding, informants in Kiribati perceived their country to be a natural target for climate change interventions. One respondent stated, "Everything here is 1.2 to 1.5 metres above sea level. You notice the sea around you. It is a reality here." Kiribati currently has one approved funded project: The South Tarawa Water Supply Project. Though, at the time of the country mission, the project has not yet had its FAA signed, while ADB awaits GCF Board approval for requested changes to the proposal. In anticipation of its outcomes, informants expressed that, with South Tarawa being a small chain of islands with among the highest population density in the world[129] (see Appendix 2), its natural potable water reserves are under significant threat from the intersection of climate change and population growth. Furthermore, an informant described how desalination provides certainty against the foibles of rainfall variations between the El Niño and La Niña climate cycles. The adaptation and mitigation hybrid model of the project is seen as very appropriate to the context. Desalination and the wholesale reform of the water pipe network will provide water security and efficiency. Both national and international informants consider installing enough solar PV power generation to power the desalination plants, as being a critical step towards weaning Kiribati off imported diesel fuel for power generation. One informant estimated that Kiribati currently spends around USD 200 million a year importing fossil fuel. This benefit is also affirmed by the medium/high proposal assessments from the GCF Secretariat (in relation to 'Paradigm shift') and the independent Technical Advisory Panel (iTAP) (in relation to 'Impact potential'), along with the associated carbon mitigation benefits.

b. To what extent are GCF projects and programmes in the SIDS country-owned? What has been the extent of stakeholder participation in the design and implementation of GCF activities?

Country ownership of projects. The GCF concepts originate from diverse sources. A governmental informant noted that regional concepts tend to be "… borne out of agreements by leaders or high-level officials at regional meetings or are driven by advocacy by international groups". Nevertheless, decision-making on such opportunities is centralized into a representative national body to strategize, review and coordinate climate projects, including the GCF pipeline of projects. The Kiribati National Expert Group for Climate Change Planning (KNEG) contains technical representatives from relevant government ministries, and representatives from the chamber of commerce, the Kiribati association of non-governmental organizations (NGOs), and churches. Consequently, it is a high-powered decision-making body that is representative of both government and civil society.

The GCF iTAP and Secretariat assessments both affirmed that the proposal for Kiribati's STWSP articulates a high level of country ownership.. This was evidenced with alignment to national

[128] The IEU DataLab consists of a team of IEU personnel dedicated to collecting and processing quantitative and qualitative
information about the GCF.
[129] Office of Te Beretitenti. (2012). *Republic of Kiribati Island Report Series #6: South Tarawa*., Government of Kiribati. Available at: *http://www.climate.gov.ki/wp-content/uploads/2013/01/6_SOUTH-TARAWA-revised-2012.pdf*

policies and strategies; the government's significant contribution to the project; the government's commitment to meeting the balance of financial resources needed for ongoing operation and maintenance; and the high level of engagement with civil society that will continue during project implementation.

To improve efficiencies, a government informant suggested that the development of a country programme supported by GCF is unnecessary, because it is rehashing the national climate change strategy into a GCF format. The interlocutor stated, "… why did we go through this exercise already and do it again? I understand GCF is there to facilitate resources to countries. Instead [we are] burdening ourselves to have to go through the process again."

Another informant observed that political dynamics in the country affect where projects are sited. Although development support should be provided according to vulnerability, in Kiribati some island councils wield more political power than others. Therefore, for projects that cannot achieve national coverage, it is not uncommon for them to cluster around politically powerful islands. The problem of focusing SIDS climate projects on core islands has been recognized in international research, as well.[130]

Direct access as a means of ensuring country ownership. Senior government stakeholders referred to the government's desire to accredit a national DAE, and have assessed the Ministry of Finance as being the strongest candidate, having already passed the fiduciary requirement (the GCF financial management capacity assessment) to be able to deliver the RPSP grant. However, the government does not have the confidence to apply for DAE status at this stage, and would like more support from the GCF to guide them through that process.

Stakeholder engagement. Specific to the STWSP that GCF is co-financing, national informants cited that the World Bank mobilized a team of international and national team members who conducted extensive community consultations and an assessment survey of target communities. Other informants also noted that the project's AE partner, ADB, also mobilized community consultations during the design phase to ensure local and national relevance. The ADB has specialists on-staff for GCF projects, who build capacity and engage national NGOs in climate projects. The ADB sees NGOs as a key two-way communication channel between a project and its beneficiary communities.

A key informant noted that the process of seeking community ownership in GCF proposal development does not yet reach deeply enough into the wider society. They stated that Kiribati could do more to increase civil society organization (CSO) and private sector engagement in shaping priorities and GCF project design. Women, CSOs and the private sector should have a greater role in delivering some of the services during project implementation, thereby contributing to more robust outcomes. Some vulnerable groups like people with disabilities and adolescent girls have special needs that could be better amplified during the project design and preparation processes and could be clearly articulated in target indicators of the performance framework.

One informant singled out a GCF-accredited regional DAE for special mention because of its intentionality and ability to consult and engage in an ongoing manner at the community level.

[130]Betzold (2015). Nunn and McNamara (2019).

c. To what extent does the GCF portfolio include actions that promote gender and indigenous peoples' equality and empowerment in SIDS?

To date, no GCF-funded project in Kiribati has commenced implementation. Consequently, this report can only consider the promotion of gender equity and indigenous peoples' inclusion, in relation to the development of concepts and project designs in CNs and funding proposals received and reviewed by the GCF, and approved GCF projects.

As noted in the above section, the one approved funding proposal in Kiribati benefited from extensive design consultations with potential beneficiary communities. These were facilitated by the project's AE, the ADB and the project's co-financing agency, World Bank. In both instances, external consultants were partnered with national government ministry staff and NGO staff, to conduct interviews, discussions and surveys.

As an affirmation of the role of the GCF environmental and social safeguards policy, government informants noted that international accredited entities (IAEs) were vigilant in ensuring the preparation activities for the water supply project complied with GCF requirements.

On a national level, government informants note that various umbrella bodies representing aspects of civil society are members of the KNEG, including women's associations, local NGOs, churches, youth associations, and, more recently, a disabled people's organization. Consulting this inclusive group ensures some level of input of local (indigenous) communities and marginalized groups in society, when national climate plans are being developed.

Ensuring indigenous people have a voice. Regarding climate change project designs generally, government informants cited a common gap in consultation processes. They note that, while it is common for design consultation teams to visit communities on remote outer islands to ensure indigenous peoples have a voice, the norm is to primarily consult only the chiefs and elders, not women and young people. In some cases, women are consulted separately, although even then, often only the more powerful elder women speak up, and all other women's inputs are suppressed by the single-group dynamic. A literature review for this evaluation also found that the marginalization of less powerful members of island communities is not unusual for climate projects.[131]

Ensuring marginalized and minority people have a voice. Both government and CSO informants noted that CSOs have better processes for disaggregated consultations to ensure marginalized and minority voices are able to contribute equally. This is consistent with earlier reported recommendations from multilateral informants to draw on CSOs, because they act as more effective communication conduits with base communities. However, they also note that CSOs and NGOs do not have the resources and networks to directly engage with the GCF, so are excluded from engagement if government or AE partners do not proactively reach out to them on a project.

Ensuring people with disability have a voice. Government informants noted that people with a disability are almost universally excluded from community consultations and are, therefore, marginalized by GCF and other climate project consultations. The IAEs active in Kiribati were described as having disability inclusion consultation processes, but the FP091 proposal shows no evidence that it was a part of this project development. In Kiribati, the most supportive partners for improving disability inclusion have been the Department of Foreign Affairs and Trade (DFAT) of Australia, the Ministry of Foreign Affairs and Trade of New Zealand, UNDP, the United Nations Children's Fund (UNICEF), international NGOs and faith-based organizations. These partners have supported the government to establish a disability unit, assisted in the creation of national statistics on disability, and supported disabled people's associations. One government informant posited that

[131] IEU (2020), p.15.

it is necessary for a representative of disabled people to be included as a member of each policy-review, project design and project-steering group. This would ensure that future design processes, including those for the GCF, enable people with a disability to access benefits.

Currently, local (indigenous) communities and marginalized groups are represented through civil society as members of the KNEG for climate action. Despite this input, government informants acknowledge that the cultural norms of remote outer islands can prevent marginalized groups from being heard. Going forward, GCF-funded projects in Kiribati should take direct action to promote the inclusion of and equity for people with disability, all genders and indigenous peoples, by actively including representatives of such groups as key members of the design, review and implementation phases.

d. How relevant or constraining are GCF policies and frameworks to the SIDS?

In relation to GCF policies, the content of this evaluation was guided by which policies informants raised, themselves. These focused on the accreditation framework (addressed in section 3.B.2.a below) and the Results Management Framework.

Results Management Framework – AE partners pointed out that the GCF needs to invest more effort in measuring adaptation results. They note that, for SIDS especially, mitigation activities generally have important adaptation benefits. While using GCF indicators for mitigation outcomes is straightforward, for SIDS, the true value often lies in the adaptation outcomes, which they find harder to define and justify. They claim the GCF "… does not provide adaptation criteria [definitions]". They also note that GCF adaptation indicators are unhelpful.

Informants cited the example of the GCF indicator for the value of asset losses avoided. They claim that any loss calculation will be an underestimate of the true value of effective resilience measures, so it is an unfair measure. First, with Kiribati and other SIDS being so spread out, any one cyclone is likely to only hit one outer island cluster, not the whole country. So, the per event losses avoided will always be small and not representative of the overall increased national resilience. Second, as national assets accumulate over time, the same level of damage may result in a higher value of damage, so even with improved resilience, the value of losses may still be greater over time, and therefore a poor measure of effectiveness. Informants cited one example of major flooding events in Brisbane, Australia: in 2012, the floods were less damaging than the floods in 1970, but the value of losses was greater because Brisbane has contained more buildings and infrastructure since 1970.

AE informants also suggested the GCF Annual Progress Report template was excessively long and ineffective and, therefore, inefficient. They specified that the template and indicators focus on quantifying low-level project inputs and goal-level outcome indicators that will not become relevant until late in a project lifecycle. The informants state that intermediate outcome indicators and qualitative descriptions of progress are not accepted reporting options, making it impossible to accurately report progress. One informant commented on how odd this process was, because it lacked detail about how their work supports progress towards upper-level outcomes, which is the primary purpose of tracking and reporting.

Additionally, informants reported that GCF requirements around justifying and reporting adaptation initiatives are less defined than mitigation interventions: "… mitigation is easier to quantify and we already know what a mitigation project is. Adaptation requires more data and analysis, so it is a larger effort to demonstrate." Therefore, it is recommended GCF clarify adaptation project definitions.

2. RELEVANCE OF THE GCF BUSINESS MODEL

a. Is the process of accreditation responsive to the needs of the SIDS?

Informants consistently reported that GCF has technical and fiduciary standards that are higher than any other donor, including other multilateral donors. There was consensus that these standards made the pursuit of GCF funds beyond the capacity of national entities in Kiribati, thus creating dependency on regional and international AEs. However, while some national and AE partners thought such requirements were excessive and should be simplified, other national and AE partners thought these high requirements were justifiable given the value of GCF projects.

Government informants perceive themselves to be engaged in a process of incrementally raising the fiduciary capacity of its Ministry of Finance and Economic Development to be able to better manage donor funds. This capacity-building has been supported primarily by the Australian DFAT, as well as by ADB, World Bank and UNDP. The GCF has been helpful with funding capacity-building by way of the RPSP, but has not contributed technical support. A senior government informant suggested that the Ministry of Finance is the best positioned entity in Kiribati for DAE accreditation, but it is not intending to seek accreditation with GCF for the foreseeable future. Instead, they expect government ministries – including the Office of President, which houses the climate and disaster management units – to be project delivery partners. Informants also expressed that for the foreseeable future, they are reliant on the expertise of IAEs like ADB to fill the competency gap.

Government informants also suggested that GCF provision of support for accreditation was not as tangible as that of other donors. They recommended the provision of more direct GCF accreditation coaching to candidate entities.

At the level of the AE partners of Kiribati, GCF was criticized for putting insufficient value on its own accreditation. International and regional institutions point out that they are accredited by GCF as having sufficient expertise and processes in place, and meet obligatory standards under the GCF Accreditation Master Agreement, yet minor project modification or situational adaptations still must go back to GCF for re-approval each time. They note that this puts GCF out of step, and makes it less efficient than multilateral banks who are renowned for high fiduciary standards.

b. Is the portfolio of AEs suited to needs and the urgency of climate action of the SIDS?

National informants are aware of their own capacity limitations to fulfil GCF requirements, and in this context, they expressed appreciation and respect for the AE partners like ADB, World Bank, SPREP and SPC. One national government interviewee explained that, "… for a large project like STWSP, a rigorous proposal is too much to ask of local agencies without an international partner like ADB".

National informants noted that regional AEs have superior understanding and engagement with community level beneficiaries. Plus, as part of the Pacific Community, regional AE staff are described as having close and easy working relationships with their national partners. However, regional AEs were also described as being weak partners in infrastructural or "hard" interventions. National informants explicitly described IAEs as being good for "hard" interventions like infrastructure or energy, but at a disadvantage where projects require deep community engagement for implementation and sustainability, such as in education, health and environmental sustainability. This explains why ADB, as an IAE, was preferred for the water supply project. The ADB was praised as a partner that can source the right technical consultants for most requirements.

Government informants posit that, currently, the portfolio of AEs does not provide sufficient technical diversity to address all of the climate action goals of Kiribati. A senior government

informant cited coastal protection as a prime example. In one instance, a regional AE engaged in a lengthy planning process with Kiribati for a project that required both "soft" and "hard" coastal projection interventions. Late in the negotiations, the regional AE reportedly refused to include infrastructure and withdrew. Similarly, an IAE became reluctant to pursue a concept that included outer islands because it was perceived to not cover enough beneficiaries for the cost. Consequently, this concept also collapsed. While not indicative of overall government/AE relationships, these examples serve to highlight some gaps in the abilities of the current mix of AEs to accomplish all of the climate action priorities of Kiribati. This could be improved by canvassing SIDS to learn what climate goals Kiribati (and otherPacific island countries) cannot find partners for, and mediating connections between the country and potential AEs and delivery partners that have the necessary technical expertise, which may be outside the Pacific region.

As reported earlier, both government and CSO informants noted that a common gap in AEs' capacities generally is a lack of staffing, time and relationships for deep community consultation and engagement. The Ministry of Foreign Affairs and Trade (MFAT) of New Zealand and the United States Agency for International Development's Pacific Climate Ready programme noted that they have been supporting capacity development in regional DAEs in recent years, especially in relation to facilitating climate finance projects. Though, clearly, gaps remain. Informants acknowledged that regional DAEs and IAEs had processes in place to ensure beneficiary communities are consulted. However, they also noted that they will do so only to the extent that GCF agreements require them to. Where those compliance requirements end, they say, their community engagement ends as well. Government and CSO informants went on to suggest that engaging CSOs as implementing partners is one of the only ways to overcome this engagement gap, to ensure ongoing relevance and responsiveness to community needs and expectations, beyond what AEs can ensure. This is one reason government informants noted they would like to be able to diversify who they can engage as AEs, beyond their conventional partners (e.g. United Nations agencies, multilateral banks, and Council of Regional Organisations of the Pacific (CROP) affiliates), to diversify the skill sets they can work with. However, government and regional AE partners also report that the rigorous requirements of the GCF make it impossible for NGOs to become project partners.

The Kiribati interviews revealed that, by working through AEs, GCF places such organizations in powerful positions as gatekeepers of knowledge and access to the GCF. Informants noted that project stakeholders other than the NDA and co-financers other than the AE, are heavily dependent on the leading AE to inform them about GCF requirements. All communication between national stakeholders (outside of the NDA) and GCF is mediated through AEs, creating a disconnect and a potential communication bottleneck.

c. To what extent are GCF processes, programmes, funding windows and modalities responsive to needs and the urgency of climate action in the SIDS? Are they accessible and feasible for SIDS partners to successfully navigate? Are they matched to the capacities of SIDS?

An AE partner summarized the relevance of GCF SIDS programmes in the following way: "I think GCF is a very important partner for our work in the Pacific and SIDS. We share a vision of resilience of these countries and making countries resilient. But we need to deliver results efficiently and we have improvements to make."

Informants perceived the following responsiveness and misalignments with the context of Kiribati in GCF processes.

RPSP and project preparation. Kiribati is partway through completing its first Readiness grant. Funds were first disbursed on 19 July 2018. The project's outcomes focus on:[132]

1) Country capacity strengthened (such as consultant support for preparation of strategic framework and country programme (CP); development of awareness-raising materials and a no-objection procedure, and project management training).
2) Stakeholders engaged in consultative processes (such as convening quarterly meetings with community and government representatives; dedicated national workshops to identify priorities for a strategic framework and CP).
3) Direct access realized (by creating awareness about accreditation and mechanisms for nominating national entities).
4) Access to finance (including convening meetings with AEs and development partners to present the approved strategic framework and CP).
5) Private sector mobilizations (including engaging the private sector through consultations and workshops, and exploring private sector investment in climate action activities).

A government informant noted the RPSP project has been important for helping promote GCF "principles and policies across all sectors in Kiribati". The Australian DFAT and New Zealand MFAT have been the core facilitators of climate finance management capacity in Kiribati by delivering long-term support for the establishment of the Kiribati Ministry of Finance's Climate Finance Division, which was established two years previously. Kiribati has used the RPSP to contribute to its national climate finance structure. Government informants reported that RPSP funds have been important for funding dedicated national staff to assist project development, especially in the Ministry of Finance's Climate Change Division. The RPSP funds have also been instrumental in allowing AE staff to provide in-country support. These readiness funds piggy-back onto support from the Australian DFAT.

The required processes for developing concepts and proposals was given a poor review by stakeholders in Kiribati. Informants in more than one AE noted that pursuing GCF proposals is too difficult and too costly to justify; consequently, fund managers try to avoid GCF proposals.

An AE partner felt that one issue with the RPSP is that only partner governments can directly apply for readiness funds. Regional DAEs are not entitled to access readiness funds to boost their own capacity to help partner countries, even though most Pacific SIDS, like Kiribati, are a long way from gaining a national DAE. As such, regional DAEs are important project developers for countries.

Project Preparation Facility (PPF). Kiribati's one funding proposal did not draw on the PPF to develop the proposal, instead opting to pursue a similar grant available through ADB (the AE for the project): the ADB Project Advance Funding Allocation. This fund was seen as quicker and simpler to access. Representatives of the AE stated that they perceive the PPF to be generally geared towards the DAEs. In addition, the ADB grant covers project staff salaries as GCF funding for the full project is stalled while GCF contemplates a modification request. In relation to a regional pipeline concept that includes Kiribati, an AE said that its progression will be dependent on winning PPF funding. This informant noted they have observed that GCF has improved its efficiency in processing PPF applications. Citing non-SIDS examples, they explained how their first PPF application took 12 months to gain GCF approval, yet the next application took just 6 months to approve. The PPF is therefore perceived by Kiribati stakeholders to be problematic. However, AE partners are seeing greater efficiencies over time, and recognize the important role it can play for developing large proposals.

[132] *Readiness Proposal with the Ministry of Finance and Economic Development for the Republic of Kiribati*, Green Climate Fund. 27 September 2017.

Requests for proposals (RFPs) / enhanced direct access (EDA). No RFP projects have been pursued in Kiribati. An informant saw the benefit in EDA in terms of enabling national entities to better access climate project funding; however, Kiribati does not have a DAE, and also expresses reservations that EDA is no quicker than the full proposal process.

Simplified Approval Process (SAP). Government informants noted they have studied the SAP closely and had extensive discussions with the GCF Secretariat about it. They feel constrained by the absence of a Kiribati DAE. Still, they intend to pursue SAP funding after they have completed their national Strategic Framework and Country Programme. A partner AE explained that country partners like Kiribati expect the SAP to be a quick means to access funds and may not understand the reality that the safeguard compliance requirements are just as high as other modalities, and the application process almost as long. For the lower level of funding the SAP provides, they suggested that SIDS first consider other donor options that will result in less administrative burden to the country.

Project approval process. Informants across different categories were consistent in perceiving the GCF review processes to be excessive, relative to all other donors. Informants reported that having multiple layers of review and demand for quick responses do not recognize the communication difficulties and low staff levels of SIDS stakeholders, as exemplified by one informant: "One week we might get three emails asking for responses to 10 questions within 24 hours. That is not practical, as some will be technical, some for an economist, some needing government input." The informant raised concerns about the appropriate level of assessment of SIDS-related concepts and project documentation. The process is not proportionate to the human capacity and availability of human resources in vulnerable and remote countries such as the SIDS. Though the STWSP proposal was considered "solid," still, the reviews from the Secretariat, then iTAP, then the Board resulted in several waves of inquiry that accumulated to 67 pages of questions.

Some of those queries or revision requests contradicted previous advice or review comments, while some questions were repeats of what previous reviewers had asked, and at times, "Some of their questions had nothing to do with the impact or soundness of the project".

A second barrier with respect to the efficient implementation of GCF projects was related to the rigidity that it created in project designs. As referred to earlier, in the case of Kiribati's one funding proposal, opportunities for design efficiencies were identified after submission and approval of the proposal. While neither the objectives nor the scale of the project have changed, the change in plans has required resubmission rather than simple notification; GCF has not responded to the resubmission. Not only has that prevented the project from accessing GCF funds, but it has also blocked co-financing from World Bank, which is contingent on GCF fund release. A government informant noted that continuous improvement or "value engineering" should be a standard expectation for project design, whereas under GCF expectations, opportunities for improvement "rock the boat". The government informant contrasted GCF rigidity to ADB, "… where design is periodically reviewed, and opportunities incorporated".

A third barrier relates to the accessibility of the GCF. The approval process of the GCF takes too long to respond to submissions. Informants referred to GCF not competing the assessment of a proposal even after 18 months and taking over three months to respond to a query about a design modification, against the GCF policy of 14 days.

An AE informant noted that the approval process for adaptation concepts is more fraught with uncertainty than the process for mitigation projects. They attribute this to the GCF not providing clear definitions and indicators for adaptation projects. They speculate this is due to a general lack of consensus across the entire sector on what are best practices for adaptation and how to measure it. They also suggest that GCF quantitative indicators are not useful for adaptation: "… [for]

community strategies for resilience and early warnings: you measure those impacts in qualitative measures, not quantitative numbers!"

Regional projects and programmes. Kiribati is not a party to any GCF-approved multi-country/regional projects. However, the country has issued no-objection letters for three pipeline concepts. Reactions to regional projects were mixed. Government informants suggested the impetus for regional projects was external to the country – that multilateral AEs are keen to bundle several countries into one concept to "get the money out the door," using multiple countries to increase the funding request amount and channels through which to spend the funds, though they also concede that many regional projects are borne out of regional leaders' forums. One of the AEs pointed out that the GCF Secretariat was proactively encouraging SIDS to shift towards regional projects as a more efficient approach than having multiple countries with similar small projects.

Among the AEs themselves, support for regional projects was nuanced, rather than absolute. One AE was sceptical about their successes, based on past experiences in the Pacific region. Another AE stated that GCF is the only funder with a budget large enough to make a regional project or programme work properly. The same AE also suggested that regional projects have more potential in the Pacific because Pacific island nations have a better track record of successful multi-country collaboration than other regions, hence the development of shared, regional decision-making and technical organizations such as the Pacific Islands Forum Secretariat (PIFS), SPREP and SPC. Nevertheless, informants identified several barriers to successful regional projects or programmes:

- The GCF is unclear about what a programmatic approach to regional projects would look like, and the GCF Board has not yet approved the draft policy on the subject.
- Each country in a multi-country project has its own political complexities. Therefore, as more countries are involved, there is more complexity to negotiate and manage.
- As a consequence of the second point, the start-up costs of a regional project or programme will be "extremely high".
- In the situation where a regional concept has been the result of a meeting between heads of states, even if the concept is not viable, the GCF is reluctant to decline it, but neither can it approve it.
- In the Pacific, informants observed a level of competition between CROP agencies (SPREP, SPC and PIFS) that gets in the way of cooperation. They observe this to be the result of regional politics and the agencies believing they are competing with each other for similar funds.

Urgency. A consistent message from informants about where GCF processes fail Kiribati and other SIDS relates to the urgency needed to respond to climate change, and to the inability of GCF to be responsive to programmatic changes. Government and partner informants both pointed out that, for the STWSP, the process from CN development to proposal approval took several years. In the months after proposal submission, engineers calculated how to significantly improve the resilience and capacity of the desalination design at no additional cost, and submitted a modified proposal. But as one informant stated, "… GCF has still not responded to that [modification] 18 months later," creating an additional delay to project commencement.

Overall, findings show that GCF modalities and proposal application processes are not considered by stakeholders in Kiribati to be sufficiently accessible or responsive to SIDS and their context. Stakeholders consider the GCF modalities to be too difficult, lengthy and expensive. Many AE partners in Kiribati are reluctant to apply for GCF proposals, despite the GCF being a large funder. The review processes have been described as rigid, inconsistent and unclear and informants have

experienced considerable project delays. Addressing and seeking to improve these accessibility and feasibility factors would be a positive step towards more successful partnerships with SIDS.

d. Have GCF programmes and facilities (RPSP, PPF, RFPs, EDA, SAP) contributed to a pipeline of climate finance for the SIDS?

One expected outcome under the Kiribati RPSP grant is the development of the Kiribati Strategic Framework and Country Programme. However, due to COVID-19 border closures in 2020, the process has been deferred. Informants felt that the GCF country programme will add value to the existing national climate change strategy by enabling advanced identification of AE partners for each target; however, such a requirement could be an incorporation or annex to the national strategy rather than a completely separate document specifically for GCF.

As evidenced under section 3.B.2.c above, overall, the various funding modalities have not yet been constructive in creating certainty in the form of a predictable pipeline of GCF project concepts. While the country does not have a formal pipeline documented in a country programme, the NDA does have a list of concepts for which it plans to seek GCF funding. With no national DAE, Kiribati informants state they have not felt confident in pursuing funding from the **PPF, EDA** or **SAP**. Therefore, at present, the development of GCF project concepts is mainly dependent on internal funding provided by the AE partner, rather than funded support from GCF. The aspirational pipeline of Kiribati is as follows:

Table 4. Status of concepts in the aspirational GCF pipeline of Kiribati

PROJECT	AE	NATIONAL / MULTI-COUNTRY	STATUS BASED ON INTERVIEWS
Coastal protection for outer islands	No AE	National	The NDA rejected the approach IAE suggested by the AE, because the AE wanted to focus only on "soft" measures. The NDA approached another IAE who has not shown interest. Kiribati wants GCF to help in finding a partner.
"Enhancing Resilience in the Outer Islands of Kiribati"	SPREP	National	The GCF has expressed interest. This project would upscale an AF water sanitation pilot project to be implemented by SPREP on three to 11 islands. (The AF-funded pilot project has not yet commenced.)
Adapting Tuna-dependent Pacific island Communities and Economies to Climate Change	Conservation International (CI)	Multi-country	Conservation International is preparing a CN for GCF. Kiribati MFED-CFD has provided substantial review comments, but is awaiting a response from CI.
Vaka Motu small scale sustainable sea transport for intra island movement	SPREP	Multi-country	Kiribati informants do not know the status of this project. It is unclear whether it satisfies GCF adaptation or mitigation criteria.
Pacific Island Climate Change Insurance Facility (PICCIF)	SPREP	Multi-country	Status unknown.
Climate Information Systems	SPREP	Multi-country	Status unknown.

PROJECT	AE	NATIONAL / MULTI-COUNTRY	STATUS BASED ON INTERVIEWS
Improved participation of the private sector and access to modalities of GCF private sector facility	No AE	National	This is still in the idea stage to help small and mid-size enterprises mobilize resources to address climate resilience. The idea will be further developed during country programming consultations in August 2020. Examples may include energy efficiency, green jobs and insurance and exploring policy reform to open up public-private partnerships. (It is envisaged that the country programming and strategic framework activity about to be mobilized in August, will shed some light on this.)

Government informants affirmed the observation that, "The high cost of operations in SIDS is largely attributable to their remoteness (SIDS [are] spread out widely across the vast Pacific Ocean), low population density and poor connectivity; hence this reality has to be factored into assessing value for money and [GCF's] efficiency equation."

Government informants praised the RPSP as a means to efficiently arrange country visits by AEs to expedite proposals without having to divert scarce public funds.

As discussed in section 3.B.2.c, Kiribati stakeholders reported hindrances to efficiency that included:

1) Excessive GCF proposal requirements
2) Long response times from GCF during and after the proposal approval process
3) The inflexibility of GCF in approving design modifications/improvements after proposal submission and approval

e. What has been the role of the GCF Secretariat? To what extent has the GCF learned from its experiences in SIDS?

Appropriateness of Secretariat communications with SIDS

Across all interviews, informants had more to share about GCF communications than nearly any other topic. Comments clustered around three themes.

1) **Praise for direct contacts in the Secretariat**. The NDA and AE informants extolled their direct contacts in the Secretariat, which manifested in the following benefits:
   a) Direct support. Staff from the Division of Mitigation and Adaptation (DMA) and the Division of Country Programming (DCP) were described as highly knowledgeable, very quick to respond to requests for information or guidance, and flexible in providing support. For example, when design modifications needed to be made, the contact point of the AE in GCF was willing to listen and was active in helping them find a way forward to justify the modification. The process only slowed down once that request was formally submitted and escalated beyond the authority of that contact.
   b) Regional dialogues. These gatherings received praise as a crucial opportunity to learn directly from the GCF about, for example, what kind of funds are available and what types of concepts would be prioritized. An AE informant also described how face-to-face engagement created the opportunity to explain and provide guidance on concept innovations that otherwise would have been rejected by GCF.

c) Regional Advisors. Government informants lauded the GCF Regional Advisor roles and consider their elimination in the recent GCF restructure a loss to Kiribati and the Pacific. They appreciated having someone physically in the region who had "constant engagement with NDAs". Informants appreciated having someone to turn to for advice on whether a proposal would fit GCF criteria, and on interpreting and navigating GCF requirements. Regular country visits by the Regional Advisor generated efficient "peer-to-peer" learning for government and private sector stakeholders. With point of contact staff now all stationed in Songdo, informants expressed hope that those contacts will now personally visit Kiribati to better learn its context and to directly share insights about how to work with GCF.

2) **Lack of direct communication with GCF.** While communication channels are excellent for NDAs and AEs, other government, NGO and international delivery and co-financing partners or executing entities felt alienated from the GCF. They only know of GCF policies and requirements as they are communicated via the AE. A government informant illustrated that they had direct communication with every donor, multilateral and bilateral, except for the GCF. They expressed that, generally, it would be helpful to be able to understand the GCF via direct engagement instead of interpretation via the AE; specifically, it would have been more efficient to share and discuss the reasons behind the proposed revision of the STWSP design directly with the GCF.

3) **Inefficient processes.** When GCF proposal review processes shift from liaison roles such as DCP, to "back-office" advisors, such as legal and safeguards departments, they became opaque, slow and inefficient. This point is correlated with the slow processes for proposal reviews and feedback, as well as responses to requests for design modifications. One government informant suggested that GCF improve its efficiency by enforcing its own timeline to turn around reviews.

Green Climate Fund lessons learned from working with SIDS

One AE observed that GCF has learned from other donor organizations and made itself more available to its country and AE partners. They note that, given the capacity and political complexity of Pacific SIDS, it is important that GCF invest in gaining a better understanding of SIDS. This has created the positive working relationships with the Secretariat cited above.

As previously noted, an AE observed that the time taken to access PPF has halved in recent years because of improved GCF process efficiencies.

The above-mentioned regional dialogues were also raised as examples of where GCF Secretariat staff listen, learn and adapt their support for SIDS like Kiribati. Informants are seeing incremental two-way learning from one dialogue event to the next.

In summary, the GCF Secretariat role has created and facilitated peer-to-peer learnings and promoted regional dialogues as learning opportunities for stakeholders and staff. The GCF Secretariat's commitment to creating positive working relationships was beneficial for both political engagements and project design insights (such as what will and will not meet GCF project assessment). However, during this process, other project partners often felt alienated by the GCF, and found feedback was slow. The GCF must learn from its experiences in Kiribati that it needs to invest more in measuring adaptation results, and recognize that short turnarounds for communications data can be difficult and unachievable in consideration of staff capabilities and competing deadlines. While there are still improvements to be made, informants perceive that GCF Secretariat staff have recognized the need to listen, learn and adapt their support for SIDS like Kiribati.

3. EFFECTIVENESS IN DELIVERING RESULTS

a. To what extent is the GCF portfolio in SIDS achieving intended results, including through investments and the RPSP? What are those results (intended and unintended)?

At the time of this country mission, the first project in Kiribati had not begun implementation, so there are no results to report. Instead, in relation to results accomplished, partners point to improved capacity in government ministries resulting from the GCF readiness grant, as well as the experiential observations of working with GCF to identify their own performance gaps. The latter is an experience of a regional AE partner, as well.

In relation to GCF projects being transformational on a national scale, the evaluation notes that the only funded project in Kiribati, the STWSP (FP091), will have a profound impact in the project location but only covers the country's main island group. This may be justified on the grounds of being located where the majority of the population resides and as a proof-of-concept project. However, these justifications only hold if future projects intend to secure a water supply to vulnerable outer islands. Consideration of this is discussed further below, under "Scalability and replicability".

b. To what extent are GCF investments mobilizing potential for paradigm shift within SIDS? To what extent are GCF investments replicable and scalable?

Paradigm shift. Kiribati stakeholders have high expectations that their first funded project will generate a paradigm shift that focuses on water supply. As one informant stated, "… the project will be transformative, bringing water to people who currently have one bucket of water per day". Another informant reported, "… we are reinventing South Tarawa's entire water supply system". These were commonly shared opinions among informants across Kiribati. A technical stakeholder expects that the improvement in water quantity and quality on the most populated islands (South Tarawa) will result in a reduction in the infant mortality rate.

Scalability and replicability. Outer islands tend to be self-governing in isolation, with less reach from national ministries and inconsistent supply lines. Due to this, a Kiribati government informant warned that the scaling of water supply work to outer islands will encounter fragile governance and sustainability issues. They highlighted that expanding desalination work from the GCF-supported project on the main islands of South Tarawa to outer islands would require expanding and transforming the national Public Utilities Board (PUB). Still, given the number of atoll communities in Kiribati with no groundwater sources, informants note that there is a great need to expand desalination to outer islands. There have been early efforts to transfer "micro-desalination" systems to outer islands already through other donor funds, but results have been poor. The PUB is not currently set up to service or resourced to support outer islands, which is a barrier to scalability of water security in Kiribati. However, the informant notes that the Kiribati government is preparing a proposal to present to the AF to reform the PUB to enable "fly-in-fly-out" technical support from the national service provider.

If the desired outcomes for the water supply project result in a paradigm shift, there may be potential for the GCF to mobilize investments, to scale and replicate the project and to create fundamental changes in current approaches. However, in Kiribati, this potential is contingent on improvements to governance issues, which in the past have resulted in poor sustainability outcomes for outer islands.

c. To what extent are GCF investments employing innovations in SIDS? And to what extent do they support well-established local processes or knowledge?

An AE stakeholder reported that innovation is difficult to pursue through the GCF, due to the difficulty in revising a project design once its proposal has been submitted for review, combined with a fear of the Fund's unpredictability in relation to perceived risk. As a benchmark for GCF, the New Zealand MFAT described how it has a greater tolerance of risk than most multilaterals because it weighs risk in proportion to the size of funding. Smaller funding for their country partners is an opportunity to encourage more innovative climate change solutions. By contrast, AEs noted in relation to the SAP, that the GCF is less inclined to adjust risk appetite according to budget size. Another AE qualified that "innovation" in the SIDS context is about adapting existing proven concepts to work at the SIDS scale.

At a national level, the STWSP is considered by stakeholders to be very innovative. While desalination and solar PV power are not new, utility-scale desalination has not been attempted in Kiribati, nor has solar PV energy supply on this scale. A five-year maintenance contract with a technical company in the project design phase was also described as a "strong innovation" in the business process.

Forecasting shifts in tuna stocks due to climate change would be a complete/global innovation, as the tuna fisheries pipeline concept proposes that forecasting the shift in the Pacific Ocean's tuna stock would generate unprecedented insights, including on how it may affect commercial fishing licence rights for Pacific SIDS that are dependent on them for government revenue. As one informant stated, "By 2050, [as the ocean warms] 20 per cent of the fish will move out of the island territories and into open oceans away from nations. So, we are looking to bring all the parties together who are interested—nations and fishing fleets… to enable them to negotiate internationally to shift their economic waters as climate change shifts the fish."

This GCF pipeline concept is also exploring an innovative partnership with commercial fishing fleets to add climate tracking sensors to their fish tracking sensors, and place scientists on the ships for observational purposes. Kiribati is just one of up to 14 countries which would benefit from this concept.

Despite GCF process barriers to changing or adapting existing concepts for SIDS, both the STWSP and Tuna Fisheries Pipeline concept are considered by stakeholders to be very innovative responses to climate change threats.

d. What is the coverage of GCF projects in SIDS compared to other climate finance delivery channels?

Informants gave little detail about the scale of GCF funding compared to other donors. What was made clear is that the GCF offers higher potential funding amounts than any other donor, and therefore has potential for much greater national and regional coverage than any multilateral donor. However, other climate funds such as GEF and AF, and bilateral partners like the Australian DFAT and New Zealand MFAT, have been partners for much longer, and therefore, have achieved a lot more to date.

e. To what extent are GCF investments complementary and coherent with other climate finance delivery channels? To what extent does GCF build on climate finance provided by other delivery channels (e.g. does GCF lag or lead)?

For the one funded project (STWSP – FP091) in Kiribati, government informants noted that GCF commitment to funding the project early in the proposal process was central to the government being able to secure ADB and World Bank co-financing. One government informant explained that, "The project would not have gone ahead without GCF involvement. Once GCF committed, it meant it was all going ahead."

A second positive aspect of this project is that multiple donor funds are pooled into the one project budget. This reportedly makes project finance coordination easier for the Ministry of Finance and the AE, because they do not have to allocate funding from various sources to different components, but rather can use the project fund for any component.

Another co-financing model that government informants favour is being considered for submission to the GCF. Under this second model, an outer island water security project will be initiated on just three islands through the AF.[133] Once established, GCF funds may be sought to expand the scheme to 11 other islands with the same AE (SPREP). An informant highlighted the point that, "GCF financing of scalable projects is a practical approach: building on evidence-based foundations and strategic investments [of earlier projects funded by smaller climate donors]." Country planners are unsure whether to develop this scheme as one project with co-financing divided by geographic activity, or to develop them as two distinct, but related projects. Either way, they said, they see it as most important to have donors engaged in, "… one conversation at a higher level and get agreement together… and the details can be worked out later. If IEU is looking for new ideas, this would be good for SIDS."

AE informants noted that, for them, managing co-financing from multiple partners is difficult, and GCF is one of the most difficult. They claim that the multilateral banks recognize each other's competencies and processes, so one will defer its policies and processes to the lead agency. By contrast, GCF will not recognize other multilaterals' or accredited entities' competencies, due diligence procedures, or policies and will insist its procedures be followed, even if that results in duplication or inefficiencies.

A multilateral partner pointed out that one difficulty in co-financing endeavours is to have GCF as the lead funder. Because GCF has delayed signing the FAA for the STWSP by some years, this has not only frozen GCF funding, but also the World Bank and ADB contributions, as their funds are contingent on the lead donor commencing funding. One informant explained,

> "If I were to restart this project, it would have made sense to park [keep but delay GCF as a funder but not a core funder. We could have started earlier (with ADB and World Bank funds) without waiting for GCF. We could have brought GCF funding in later. We have done that with other projects."

Additional ways forward for financial coherence

A government informant stated there currently is an absence of climate donor "harmonization and coordination". Kiribati hosts annual development partners' meetings, but GCF does not currently have representation there. However, they said, if GCF joined with other climate donors and multilateral, bilateral and government funding sources, it would create a more effective approach.

[133] An AF-endorsed CN. Available at: *https://www.adaptation-fund.org/wp-content/uploads/2018/08/Kiribati-resubmission-Binder1.pdf*

This kind of country and partner round-table would better ensure that the diverse range of climate and development projects are aware of existing and pipeline projects, and thus are better able to learn from each other's experiences and complement each other, and avoid duplication of efforts.

As noted in section C.3 ('Institutional responsibilities for climate change'), presently, the focal points for climate change donors in Kiribati are divided between MELAD (for GEF projects), CFD (for AF projects), CIF and GCF. In addition, the Office of Te Beretitenti (the President) is the focal point for UNFCCC and the Sendai Framework. The broader GCF evaluation into its effectiveness and relevance in SIDS found that countries with central coordination of climate change donors coped better with the complexity and diversity of climate finance, than those with disaggregated coordination. This finding is consistent with the conclusions and recommendations in the Kiribati government's own "Kiribati Climate Change and Disaster Risk Finance Assessment".[134]

A private sector representative noted that though small, the domestic private sector in Kiribati is increasingly coordinated and is willing and able to raise its own project match funds, if GCF or any other climate change project proposal includes them as a partner. However, the Kiribati Chamber of Commerce was only formed in late 2019 as a coordinating body, and until now, the private sector has not been invited in as project partners.

4. PRIVATE SECTOR

a. To what extent is GCF finance suited to and does it address the needs of the private sector in SIDS? Is GCF finance helpful in mobilizing private sector investment for the SIDS? Does it improve the resilience of the local private sector and de-risk investment by local private sector entities in the SIDS?

Employment in the private sector in Kiribati is nearly double that of the government sector, as evidence by one informant who cited: "The private sector in Kiribati has 11,000 employees, and government has just 6,000 employees." Private sector informants identified several opportunities for private sector engagement on climate change action. Example opportunities and insights include:

- **Electricity consumption.** The private sector utilizes a lot of the nation's diesel-generated electricity and is, therefore, responsible for subsequent emissions. Additionally, the private sector is burdened with one of the world's most expensive electricity prices. They perceive benefits of cheaper and cleaner power from locally generated solar grid electricity production.
- **Awareness**. Small businesses in Kiribati do not yet understand how risks associated with climate change might relate to their businesses, so they do not have the insights that would allow them to start adapting.
- **Participatory government and GCF policy development**. Private sector informants feel that consultations for climate change planning have not sufficiently included private sector participation, and that national plans would be stronger for it.
- **Project co-financing**. Private sector informants state that businesses in Kiribati are sufficiently networked to be able to raise their own match-funding to be partners in climate change projects relevant to them. Despite these opportunities, private sector informants expressed that, in Kiribati, businesses are marginalized from climate change projects and project partners, including GCF projects. They were unaware of the GCF-funded STWSP that is about to start

[134] MFED (2019). Kiribati Climate Change and Disaster Risk Finance Assessment (Draft Report), January 2019. Government of Kiribati Ministry of Finance and Economic Development.

implementation, and were unaware of any of the pipeline projects under development at the time of the evaluation. They suggest that government ministries consider the private sector to be irrelevant for climate projects, or at best, to be given token consultation. One private sector informant explained:

> "We have had representation in climate change action planning in the past. But the benefits to the private sector were none at all… Policy and decision-making for climate change for the country, it is always led by the government… It suppresses the private sector."

This view contradicts perspectives reported earlier, that the KNEG includes private sector representation. This contradiction may be reconciled by the possibility that there are informants who claim they have been included in such meetings in the past but are no longer aware if the committee still meets, so perhaps are not permanent invitees.

One reason for lack of engagement may relate to a lack of domestic private sector coordination in the past. The Kiribati Chamber of Commerce and Industry (KCCI), which aims to improve private sector coordination, was only recently formed in late 2019.

Overall, AE informants expressed cynicism about domestic private sector involvement. "In the Pacific, this has been on the table for 20 years: always an attempt to make an enabling environment to bring in the private sector… Our recent assessment… is [that] the role of [the] private sector in climate change matters is so limited it is best not to be involved at all."

They explained that such an exclusion is not unique to GCF projects, but is the norm for multilateral donors. AE informants offered multiple reasons for favouring to minimize domestic private sector engagement:

- **A perceived clash of interests**. As one informant stated: "One wants public good, the other profit."
- **Unattractive scale**. The size of the business community in Kiribati is believed to be too small for projects to engage the private sector to raise capital, provide large loans or develop markets.
- **Perception that relevant private sector players are international companies**, not small domestic businesses. Some partners considered the only relevant private sector players for Kiribati as foreign contract management companies or international fishery fleet companies.
- **Misalignment of interests**. Government ministries tend to drive project objectives and act as delivery partners. Yet, their approaches to operationalizing projects marginalize the private sector, such as by subsidizing or directly providing services themselves with little regard for cost recovery.
- **Inability to sustain benefits through the private sector**. Some essential services like water supply are perceived to be either unaffordable to some consumers or not economically viable to businesses if provided by the private sector.
- **State-owned entities operate the most powerful national businesses**. Government informants note that the state manages marine services, fisheries, fuel supply, insurance services, the export of copra, public utilities, telecommunications, domestic airlines, port operations and development banking.

Suggestions for better private sector engagement. Contrary to AE perceptions that the public sector dominates the economy of Kiribati, government informants stated that the balance is about even. Nevertheless, a government informant also pointed out that economic development in Kiribati, "… is intrinsically tied to the ability of the government to increase spending, with an almost complete dependence on public spending to support economic activity". While AEs saw few opportunities for better private sector engagement in climate change action, government and civil society informants proposed several opportunities to include the private sector:

- Make climate change programmes relevant to the private sector – rather than trying to fit them into GCF programming – and more clearly articulate the benefits of private sector involvement. For example, provide businesses with advice and guidance to understand and assess how climate change adaptation is relevant to their businesses, and offer potential pathways to pursue climate resilience in their businesses. This might be achieved through a facility that provides capital or another form of tailored support for interested businesses.
- Dedicate support to the private sector through the RPSP for each country, including capacity-building training to better understand the scope of climate financing and how to navigate it, especially on islands with larger populations (Tarawa and Kiritimati islands).
- Address policy constraints through the provision of technical assistance that helps SIDS, by:
  - Modernizing SIDS business law frameworks
  - Improving access to finance (for adaptation)
  - Promoting more competition
  - Improving the efficiency of state-owned enterprises
  - Lowering barriers to women participating in the economies of the region
- Leverage the newly formed KCCI to bring together businesspeople for information sharing, and to participate in policy and project design
- Reform GCF processes to enable dual agreements between AEs, “One to implement, and one to just handle private sector loans”

Appendix 1. List of stakeholders consulted

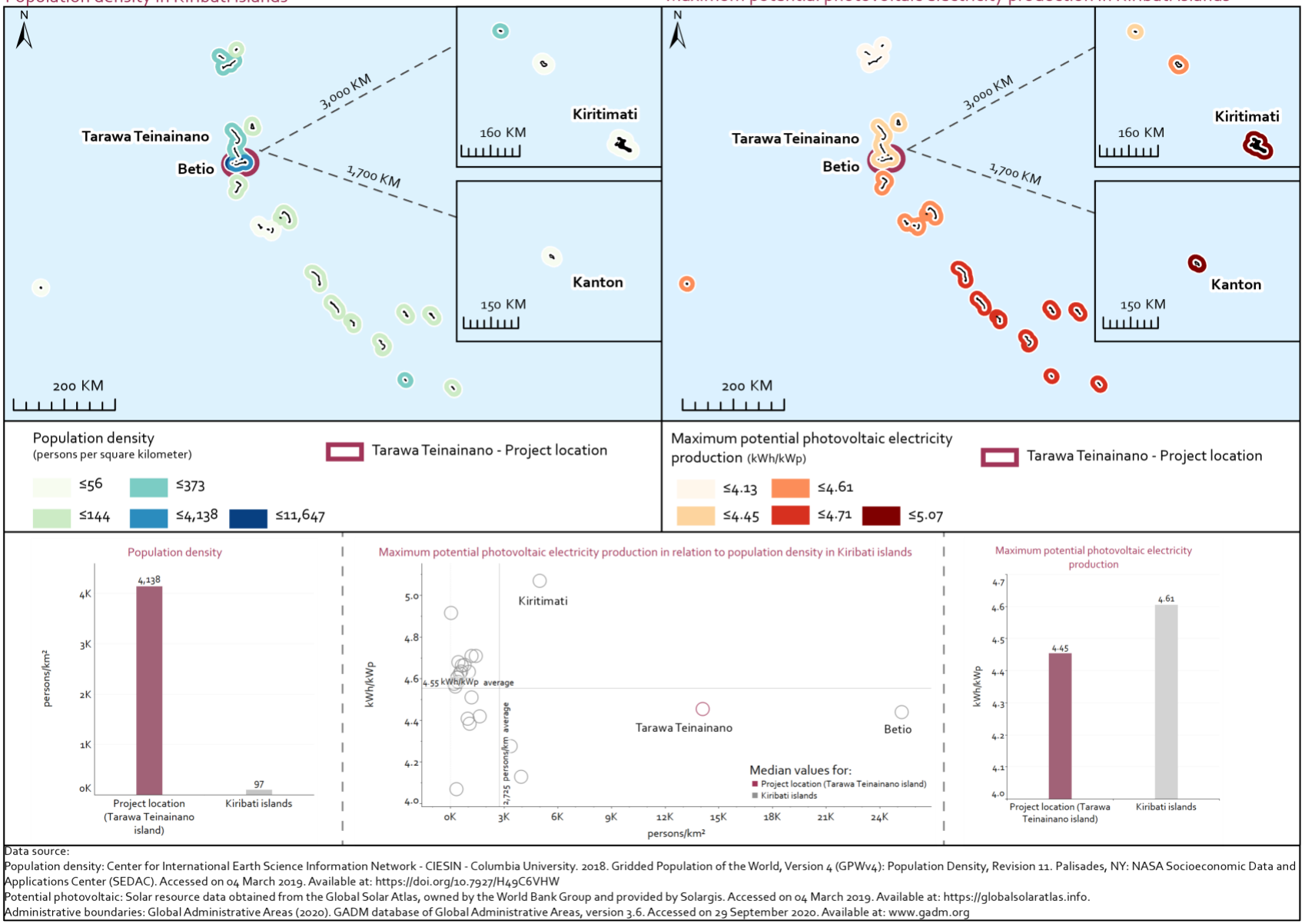
Name	Position	Organization	Date
Terry Lancashire	Director Engineering Services, Ministry of Infrastructure and Sustainable Energy	Ministry of Infrastructure and Sustainable Energy	28 April 2020
Marilou Drilon	Director, Climate Finance	Ministry of Finance and Economic Development	28 April 2020 21 May 2020
Melanie King	Manager, Project Coordination Unit	SPREP	2 June 2020
Rupeni Mario	Project Development Specialist – Climate Change Mitigation	SPREP	2 June 2020
Johann Bell	Director – Pacific Tuna Fisheries	Conservation International (NZ & Pacific) Australian National Centre for Ocean Resources and Security University of Wollongong	2 June 2020
Steven Panfil	Senior Director Project Development and Implementation (for GCF projects)	Conservation International (NZ & Pacific) Australian National Centre for Ocean Resources and Security University of Wollongong	2 June 2020
Manikaoti Timeon	Project Manager for KAPIII: Kiribati Adaptation Program and FP091	World Bank	22 July 2020 (written interview)
Akka Rimon	Liaison Officer in Tarawa	World Bank	22 July 2020 (written interview)
Stephan Dahan	Sanit'n Technical Officer, Suva Office	World Bank	4 June 2020
Alexandra Conroy	Project Officer for Kiribati - South Tarawa Water Supply Project	ADB	5 June 2020
Teatao Tira	Senior Country Officer, Kiribati Pacific Country Office	ADB	5 June 2020
Choi Being Yeeting	National Climate Change Coordinator, UNFCCC Focal Point	Office of Te Beretitenti (President)	6 June 2020
Josh Chappelow	Project Manager STWSP	Ministry of Infrastructure and Sustainable Energy	8 June 2020
Kautoa Tonganibeia	President of Kiri Chamber of Commerce and Industry	Kiri Chamber of Commerce and Industry	12 June 2020
Benjamin Tekanene	CEO of Kiri Chamber of Commerce and Industry	Kiri Chamber of Commerce and Industry	12 June 2020

NAME	POSITION	ORGANIZATION	DATE
Ruiti Uriano Aretaake	Project Coordinator	Foundation of the Peoples of the South Pacific Kiribati International (FSPK)	15 June 2020
James Teaero	Senior Disability Inclusive Officer	Ministry of Women, Youth and Sports and Social Affairs	16 June 2020
Tekamangu Bwauira	Office Manager	Te Toa Matoa - Disabled People's Org	16 June 2020
Terubeimoa Nabetari	Climate Change Officer	Te Toa Matoa - Disabled People's Org	16 June 2020

Appendix 2. MAP OF FP091 PROJECT LOCATION, POPULATION AND PHOTOVOLTAIC ELECTRICITY POTENTIAL

Population density in Kiribati islands

Maximum potential photovoltaic electricity production in Kiribati islands



Data source:
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4. MARSHALL ISLANDS COUNTRY CASE STUDY REPORT

CONTENTS

TABLES

ABBREVIATIONS

ACWA	Addressing Climate Vulnerability in the Water Sector
ADB	Asian Development Bank
AE	Accredited Entity
BUR	Biennial Update Report
CCD	Climate Change Division
CN	Concept Note
CP	Country Programme
CSO	Civil Society Organization
DAE	Direct Access Entity
DRM	Disaster Risk Management
EDA	Enhanced direct access
ENSO	*El Niño* – Southern Oscillation
ESS	Environmental and Social Safeguards
FAA	Funded Activity Agreement
FP	Funding Proposals
FMCA	Financial Management Capacity Assessment
FPIC	Free, Prior and Informed Consent
FSM	Federated States of Micronesia
GEF	Global Environment Facility
GESI	Gender and Social Inclusion
GHG	Greenhouse Gas
IAE	International Accredited Entities
INDC	Intended Nationally Determined Contribution
IOM	International Organization for Migration
IPCC	Intergovernmental Panel on Climate Change
ITAP	Independent Technical Advisory Panel
JNAP	Joint National Action Plan on Climate Change Adaptation and Disaster Risk Management
MCT	Micronesia Conservation Trust
MFAT	Ministry of Foreign Affairs and Trade
MSME	Micro, small and medium-sized enterprises
NAP	National Adaptation Plan
NCCPF	National Climate Change Policy Framework
NDC	Nationally Determined Contribution
NDMO	Natural Disaster Management Office
NGO	Non-Governmental Organization
NDA	National Designated Authority
NIE	National Implementing Entity
NSP	The National Strategic Plan

PPF	Project Preparation Facility
RFP	Request for Proposal
RMI	The Republic of the Marshall Islands
RPSP	Readiness and Preparatory Support Programme
SAP	Simplified Approval Process
SIDS	Small island developing state
SIF	Social Investment Fund
SPC	Secretariat of the Pacific Community
SPREP	Secretariat of the Pacific Regional Environment Programme
UNDP	United Nations Development Programme
UNFCCC	United National Framework Convention on Climate Change
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WBG	World Bank Group
WHO	World Health Organization

> Impacts of climate change [are] hitting us faster and harder… Even me: I was living on an outer island and had to move to Majuro because we had run out of water. [Currently], We have had three different disaster declarations for months. Now we have a dengue epidemic. We have COVID, we have drought. Soon we come into king tide period. The tides are different now. This morning I was woken by the tide coming into my backyard. It never used to be like that.
>
> - *A Marshall Island respondent describes the impact of climate change during an interview with SIDS evaluation team.*

A. BACKGROUND AND CONTEXT

1. GEOGRAPHICAL, POLITICAL AND SOCIOECONOMIC CONTEXT

Geography. The Republic of the Marshall Islands (RMI) is a small island developing state (SIDS) located near the equator in the Pacific Ocean about halfway between Hawaii and Australia. RMI is a collection of 29 geographically dispersed coral atolls and five islands with a total land area of only 182 km^2, spread across over 2,000,000 km^2 of ocean. There are 24 inhabited atolls and islands, most of which are remote and lie merely two metres above sea level, on average. There are no rivers, streams or lakes in RMI, and the number of small surface ponds is very limited.[135]

Demography. In 2017, RMI's population was estimated to be 55,000. Approximately 28 per cent of RMI's population live on the outer islands and atolls. Over 70 per cent of people live in the two urban centres of Majuro (approximately 27,000) and Ebeye (approximately 11,000). Due to the limited economic opportunity and higher disaster vulnerability of the outlying islands and atolls, these two urban areas have experienced significant migration in recent years. Emigration to the United States is increasing given that the Compact of Free Association with the United States allows Marshallese citizens to work and study in the United States without a visa.

Politics. RMI is governed by a presidential republic headed by the president, who is elected by the Nitijela (the parliament). The Council of Iroij is the upper house of the bicameral parliament and is comprised of 12 tribal chiefs.[136]

After being administered by the United States for nearly 40 years, the Marshall Islands gained independence in 1986 after it entered into an agreement with the United States – the Compact of Free Association (the Compact) – which grants RMI full sovereignty in domestic and foreign affairs, but gives responsibility for defence of the nation to the United States.[137] Due to the geographic dispersement of the islands and atolls, the capability of providing government services is constrained and costs are high due to logistical challenges.[138]

Economic outlook. RMI is a lower middle-income country. In 2016, it had a per capita income of USD 3,665. Given its small and sparsely distributed land and population, RMI's economy is small and fragile. Because RMI's private sector growth is limited by its small size, remoteness and dispersion, its economy depends heavily on resources provided by the United States under the Compact – the total official development assistance received in 2016 was USD 57 million,

[135] GCF. (2019a).
[136] Embassy of the Republic of the Marshall Islands to the United States of America. (n.d.).
[137] Ibid.
[138] GCF. (2019a).

accounting for 32 per cent of the national income. The remaining national income is derived from the service sector, royalties from the fisheries sector, small-scale handicrafts and subsistence agriculture. Industry is limited to the processing of coconut products and tuna.[139]

Due to the limited land and significant distances between islands and atolls, the cost of economic activity is high and economies of scale are hard to achieve. Exports are low, and the non-diversified domestic economy has led to a high dependence on imports, funded largely by the sale of offshore fishing rights and foreign aid. Foreign aid funds support a very large public sector that dominates the economy. Petroleum supplies 90 per cent of RMI's energy, which is reliant on foreign assistance.[140]

Poverty and development outlook. As a SIDS, RMI faces significant barriers to development. RMI is among the 10 smallest states in the world, and it struggles with the challenges of a dispersed population and a remote location far from potential markets for the country's goods and services. Approximately 20 per cent of the population of RMI has been reported to be living on less than USD 1 a day. Based on WHO and UNICEF statistics, as of 2015, 77 per cent of the population has access to improved sanitation facilities, 12 per cent to shared facilities, and 4 per cent to other unimproved facilities. In the remote atolls and islands of RMI, there is a lack of income-generating opportunities that have led to high unemployment, financial hardship, rural to urban migration and international migration to the United States.[141]

A key economic and social challenge in RMI is the limited number and variety of employment opportunities, though the public sector provides a very high number of formal jobs. According to 2011 census data, unemployment is not high (4.7 per cent), but there is a very low labour force leve l – only 41 per cent of people aged 15 or older are actively working.[142]

2. CLIMATE AND OTHER VULNERABILITY CONTEXT

Climate. RMI has a hot and humid tropical climate highly influenced by the El Niño – Southern Oscillation (ENSO) and trade winds. RMI experiences a wet season (May to October) and a dry season (November to April). Its average temperature is 27°C, and annual precipitation is approximately 350 cm.[143]

Changes in climate have already been observed, including changes in rainfall patterns, more frequent droughts and a longer dry season, rising sea levels, increased temperatures and increased water scarcity. Rainfall has declined over the last 45 years and the 2015 – 2016 drought was the worst on record. Near Majuro, the sea level has risen approximately 0.3 inches per year since 1993; nearly triple the global average.[144] Average temperatures in the region have increased by 1°C since 1970, and the number of hot days and nights has increased significantly.[145]

Vulnerability. RMI is one of the world's smallest, most isolated, and low-lying nations and is therefore highly vulnerable to climate change. RMI is highly exposed to, and threatened by, sea level rise, extreme tidal events (such as king tides), as well as higher rainfall episodes with longer and more intense dry periods. Given that RMI's climate is prone to influence by trade winds, El Niño, monsoons and tropical cyclones, and its communities and infrastructure are concentrated along the coasts of small low-lying islands and atolls, any rise in sea level, changes in weather patterns or extreme events will have significant effects on infrastructure, living conditions and the

[139] Ibid.
[140] World Bank. (2020a).
[141] GCF. (2019a).
[142] Ibid.
[143] World Bank. (2020a).
[144] GCF. (2019a).
[145] World Bank. (2020a).

economy.[146] These climate change impacts are especially likely to exacerbate the risks of fresh water shortages in RMI, challenging the ability of the Marshallese people to access safe fresh water resources year-round.[147]

RMI is exposed to coastal hazards (e.g., wave-induced erosion and flooding linked to king tides and storm surges) and tropical storms. Given this context, a cost-effective and practical investment will be required to promote increased capacity for water harvesting and storage, along with the promotion of efficient use of water in RMI during times of severe drought. Investing in a long-term adaptation response to the expected increasing incidence of drought now will result in significant savings in the future and support climate resilient socioeconomic development of the RMI.[148]

RMI is not in a seismically active area, but extremely active seismic zones in the Pacific can generate earthquakes and tsunamis capable of travelling great distances. The Pacific Catastrophe Risk Assessment and Financing Initiative in 2011 estimated the average annual loss related to cyclones and tsunamis/earthquakes to be around 1.7 per cent of gross domestic product (i.e., USD 3 million) and estimated that in the next 50 years RMI has a 50 per cent chance of experiencing a loss exceeding USD 53 million and a 10 per cent chance of experiencing a loss exceeding USD 160 million.[149]

The natural hazard risks are particularly high in Majuro and Ebeye due to the extensive public infrastructure located there. Shoreline erosion has already affected vulnerable public infrastructure (e.g., sections of the roads on both the ocean and lagoon sides of the two atolls and the hospital in Majuro). Other vulnerable infrastructure includes the water reservoir close to the airport in Majuro, the airstrip and private homes. Several schools are reportedly highly affected by erosion.[150]

3. CLIMATE CHANGE POLICY AND INSTITUTIONAL CONTEXT

a. National climate change and development policies

Climate change resilience and water security are key priorities for RMI and are critical components of various government policies and strategies for sustainable and equitable development. The RMI government has developed several national and sector policies to help address these priorities.

***Tile Til Eo* 2050 Climate Strategy: Lighting the Way (2018).** Submitted as a package with its NDC, the 2050 Climate Strategy sets RMI on a path to achieve its 2050 net zero greenhouse gas (GHG) emissions and 100 per cent renewable energy goals. It also aims to accelerate adaptation and resilience measures to achieve sustainable development and a prosperous future for its people. The plan includes numerous initiatives – such as mainstreaming gender and human rights, ensuring due diligence, including health considerations and education outreach – and also establishes a requirement to review and update the plan every five years.[151]

Water and Sanitation Policy and Proposed Action Plan (2016). The Water and Sanitation Policy and Proposed Action Plan serves as the framework for climate resilient water sector development at the national and subnational level. It gives the RMI Environmental Protection Authority a legal mandate as the national authority for integrated water resource management.[152]

The National Strategic Plan 2015 – 2017 (NSP) (2014). The NSP is the RMI's near-term development plan. Climate change and water resilience are highlighted as critical priorities in the

[146] GCF. (2019a).
[147] Ibid.
[148] Ibid.
[149] Ibid.
[150] Ibid.
[151] The Republic of the Marshall Islands (2018).
[152] GCF. (2019a).

NSP, especially related to achieving environment and climate change resiliency and infrastructure development. The water sector is an important cross-cutting issue in the NSP for promoting adaptation measures.[153]

The Joint National Action Plan on Climate Change Adaptation and Disaster Risk Management (JNAP) (2013). The JNAP established six goals for the 2014 – 2018 time period based on its disaster risk management NAP and National Climate Change Policy Framework. It aims to enhance the resilience of the country through strategies listed in the plan and through developing working relationships between communities, government, civil society and the private sector.[154]

National Climate Change Policy Framework (NCCPF) (2011). The NCCPF presents five strategic goals that aim to provide a pathway to an integrated, holistic response to climate change and aligns with the Vision 2018 plan. Its vision was to build the resilience of the people of the Marshall Islands to climate change.[155]

Vision 2018 (2001). Vision 2018 was the first piece of RMI's long-term Strategic Development Plan Framework 2003 – 2018 and the principal policy instrument guiding RMI's sustainable development. Climate change resilience and water sector improvements are part of three of its 10 goals.[156]

b. Other relevant climate plans and strategy documents

Nationally Determined Contributions (2018). In 2018, RMI became the first country to submit a second, more ambitious NDC, which included a revised and more ambitious binding 2025 target and added new targets and commitments. In particular, it commits RMI to an economy-wide GHG emissions reduction of at least 32 per cent below 2010 levels by 2025, and at least 45 per cent below 2010 levels by 2030, as well as an indicative target to reduce its emissions by at least 58 per cent below 2010 levels by 2035 with the aspiration to achieve net zero emissions by 2050.[157]

RMI's emissions peaked in 2009 and have been decreasing since, in alignment with its National Energy Plan and National Climate Change Policy goals.[158] In 2010 (RMI's baseline year), total emissions were approximately 185 Gg CO_2-e, just 0.00001 per cent of global GHG emissions.[159]

National Adaptation Plans. RMI planned to complete its National Adaptation Plan by 2019, but it has not yet been released. The plan is expected to set short-, medium- and long-term milestones for adaptation and will include implementation measures and a financing plan.[160]

c. Institutional responsibilities for climate change

The Climate Change Director, under the Ministry of Environment, is the UNFCCC focal point.[161] *The Tile Til Eo* Committee ("lighting the way" in Marshallese) was established to develop the 2050 Climate Strategy. The committee is expected to have a role in monitoring 2050 Strategy legislation and measures, overseeing updates to the strategy, monitoring progress towards RMI's NDC and recommending future NDCs.[162]

[153] Ibid.
[154] GCF. (2018).
[155] The Republic of the Marshall Islands (2018).
[156] GCF. (2019a).
[157] The Republic of the Marshall Islands (2018).
[158] World Bank. (2020a).
[159] The Republic of the Marshall Islands (2018).
[160] Ibid.
[161] UNFCCC. (2020).
[162] The Republic of the Marshall Islands (2018).

4. GCF PORTFOLIO AND INSTITUTIONAL ARRANGEMENTS

National designated authority (NDA). RMI NDA is located in the Ministry of Environment, under the Climate Change Directorate.

Accredited entities. RMI is considering seeking accreditation for its Ministry of Finance with support planned under a second RPSP project with the Secretariat of the Pacific Regional Environment Programme (SPREP). The country has access to two regional direct access entities (DAEs): SPREP (which has a physical presence in RMI, with its North Pacific Office located in Majuro) and the Micronesia Conservation Trust (MCT).

Readiness and project preparation. A Readiness and Preparatory Support Programme (RPSP) proposal was approved for RMI in December 2017, which was delivered by SPREP. Disbursement began in April 2018, and activities have been extended to complete in November 2020. This support covers a wide range of outcomes, including strengthening the NDA function, educating national stakeholders about GCF and development of a GCF project handbook and formation of the RMI GCF Country Programme. With support from SPREP, RMI has submitted a proposal for a second RPSP with which to pursue capacity-building towards establishing a national DAE.

Funding proposals. GCF's Board has approved two national proposals for RMI as well as one regional programme. They include:

Pacific Islands Renewable Energy Investment Program (FP036[163]). This programme covers seven Pacific Ocean SIDS, including RMI. The project seeks to improve access to renewable power and thereby reduce power generation costs in Pacific SIDS. Such costs are among the highest in the world due to RMI's reliance on imported diesel, along with the high transportation costs from distributing the diesel to often highly dispersed populations. The proposal has a mixed mitigation/adaptation focus.

The proposal was approved on 16 December 2016, and the FAA was effective from 16 July 2018, with disbursement and activities in RMI in the same year. The AE is the Asian Development Bank (ADB) and the Executing Entity, the Marshalls Energy Corporation. The programme is composed of two components:

1) The Cook Islands subproject including battery storage to allow upscaling of private sector investment in renewable energy and capacity building.
2) Programme Support Technical Assistance which will (a) support preparation of subsequent subprojects under the program in six SIDS [including RMI], including feasibility studies and due diligence, and (b) implement the program.

The TA to each country is intended to develop subprojects that may be subsequently brought to GCF Board for consideration. To date, no such subproject proposal has been presented to GCF for RMI.

Pacific Resilience Project Phase II for RMI (FP066)[164]. This project seeks to enhance the resilience of people in RMI to long-term climate change through coastal protection, helping to protect lives and property from inundation. The proposal focuses on adaptation.

The proposal was approved on 1 March 2018, and the FAA was effective almost a year later from 13 February 2019. No disbursement had taken place at the time of this evaluation's country mission. The AE is the World Bank. GCF will cover 56.6 per cent of the project's finance (USD 25,000,000). The project will be co-financed by the International Development Association with 43.4 per cent (USD 19,131,000). The executing entitiess will be the RMI Ministry of Finance and Ministry of

[163] GCF. (2016)
[164] GCF. (2018)

Public Works. The project has three components (plus project management, monitoring & evaluation as a fourth). They include:

1) Institutional Strengthening, Early Warning and Preparedness. This component will focus on: Institutional strengthening, early warning & preparedness; and impact forecasting, NDMO capacity building & post disaster needs assessment.
2) Strengthening Coastal Resilience. This component will focus on: Coastal protection investments; and strengthening integrated coastal risk management.
3) Contingency Emergency Response (not funded by GCF).

FP066 is expected to have a lifecycle of five years (60 months).

Addressing Climate Vulnerability in the Water Sector (ACWA) in the Marshall Islands (FP112).[165] This project seeks to support the RMI government in adapting to increasing climate-induced risks to the water sector; particularly, more frequent and extreme droughts, which impact the country's drinking water supply. The proposal has a focus on adaptation.

The proposal was approved on 8 July 2019, and the FAA was effective from 28 February 2020. No disbursement had taken place at the time of this evaluation's country mission. The AE is the UNDP which will also serve as the EE. GCF will grant 75.3 per cent of the project finance (USD 18,631,216). The project is co-financed by the RMI government, which will cover 24.7 per cent (USD 6,116,092). The project has three outputs, which include:

1) Implementation of an optimal mix of interventions to ensure climate resilient water security in the outer atolls and islands of RMI. This output will seek to: Improve existing rainwater harvesting systems for community buildings and households in the outer islands and atolls for usage during increasing frequency and periods of drought; and provide additional rainwater harvesting systems and increase of storage capacity for communities in the outer islands and atolls for usage during increasing frequency and periods of drought.
2) Optimization of alternative water sources to reduce reliance on harvested rainwater in the context of reduced rainfall. This output will seek to: Protect groundwater wells from more frequent climate change induced storm surges and contaminations; and enhance women and youth's leadership through best practices and community awareness programmes on efficient usage (demand management) of rainwater.
3) Climate change induced drought preparedness and response measures implemented in the outer atolls and islands. This output seeks to: Update national level contingency plans and standard operating procedures for climate change induced drought response; and develop and implement community level drought contingency planning in the outer islands and atolls.

FP112 has a planned duration of seven years for implementation and an estimated lifespan of benefit of 25 years.

5. OVERVIEW OF OTHER CLIMATE FINANCE

RMI's NDC calls for a long-term climate finance strategy to help prioritize and target funding applications in a strategic manner, as well as priority for assistance in creating institutional arrangements and data collection systems.[166]

The Global Environment Facility (GEF) is currently funding three climate change projects in RMI with grants totalling USD 5.75 million. These projects are related to supporting RMI in developing its third national communication and first Biennial Update Report (BUR), sustaining atoll

[165] GCF (2019a)
[166] The Republic of the Marshall Islands (2018).

biodiversity and livelihoods by building resilience to threats and through integrated management of terrestrial and coastal resources, and developing the country's renewable energy capacity.[167]

The Adaptation Fund had reviewed a project proposal from its Regional Implementing Entity, SPREP for the RMI, in 2016.[168]

The World Bank is supporting three climate-related projects in RMI with funds totalling USD 28.21 million. Most of this funding is committed to building RMI's resilience through early warning systems, investments in shoreline protection and developing effective responses to climate emergencies. The other funds are supporting an oceanscape programme that aims to strengthen shared management of coastal fisheries and promote sustainable management of these fisheries.[169]

B. KEY FINDINGS

The research and findings of this country mission report were structured around the themes and guiding evaluation questions of the terms of reference of the Independent Evaluation of the Relevance and Effectiveness of GCF Investments in Small Island Development States (SIDS). Findings are presented below as responses to these guiding questions, under the targeted themes.

- Key informant interviews with 19 people from the Kiribati government, accredited entities (AEs), civil society, the private sector and bilateral partners.

1. RELEVANCE OF THE GCF POLICIES

a. To what extent is the GCF portfolio aligned with the evolving adaptation and mitigation needs and priorities of the SIDS?

RMI currently has three GCF-funded projects. They relate to (i) renewable energy; (ii) coastal protection and disaster risk management (DRM) capacity; and (iii) water security. Overall, the evaluation found that the objectives of each of RMI's three GCF-funded projects are highly relevant to addressing real climate vulnerabilities. For the focus on stable renewable energy, while the need seems apparent for both national resilience and mitigation, the sector still appears to be a lower overall priority to RMI's climate strategy.

We consider the relevance of each project to national priorities as follows:

Renewable energy is addressed by FP036: Pacific Islands Renewable Energy Investment Programme. The renewable energy program works with seven countries in the Pacific region. It has provided only a small amount of support to RMI in the form of a detailed consultancy-led assessment of RMI's energy resilience needs. However, this subproject does not provide tangible support to act on any of the assessment's recommendations. Key stakeholders are unaware if any project support can be expected. Though informants knew of the project, there was little awareness of its status and implementation beyond the assessment report – whether any further activities should be expected or not. From the GCF Secretariat's perspective, project FP036 is still under implementation. The annual progress reports have been received, with the second annual performance review submitted in March 2020. Conversations with national stakeholders indicated there is no active monitoring of this project in RMI, outside the accredited entity.

Informants note that the project's objective is relevant to RMI's long-term sustainability as a country due to RMI's heavy dependence on diesel generators. Throughout the few weeks of this

[167] GEF (2020).
[168] AFB/PPRC.19/11, https://www.adaptation-fund.org/wp-content/uploads/2016/09/AFB.PPRC_.19.11-Proposal-for-Republic-of-Marshall-Islands.pdf
[169] World Bank. (2020b).

evaluation's 'virtual' country mission to interview stakeholders, the main island of Majuro experienced several power blackouts, which shut down communication with the outside world. Yet, informants also noted that energy resilience was not well represented in national climate strategies. "There was a countrywide plan released in December 2019 covering everything in the country. In that big document, only two paragraphs [were] on energy." The evaluation noted a clear sentiment among informants that the energy sector is somewhat marginalized from the country's climate change action agenda.

Coastal protection is the "headline" objective in informants' minds for FP066: Pacific Resilience Project Phase II for RMI (a World Bank-led project) and was indicated to be a relevant and urgent issue. This project aims to construct a coastal barrier the full length of Ebeye's coast (RMI's second most populous island). As can be seen in Annex B: map of Marshall Islands, the project site has a much higher percentage of low-lying lands compared to the rest of RMI atolls. Government informants described the island population's vulnerability to current and future impacts of climate change:

> "[Ebeye] island is a mile long and [has] one of the densest populations on the planet. 15,000 people on one small island… We are at the forefront of climate change: we are just two metres above sea level. We get king tides that create damage. Now we are vulnerable."
>
> "At Ebeye, we are directly hit by the wind, the current and everything. The entire island is facing east where the [ocean and wind] impacts come from. The seawall would mean a lot to our survival."

Disaster risk management capacity. Informants emphasized that the country is already being frequently affected by climate-related disasters; however, the national disaster management office only has three staff members. Consequently, the country and administration are staggering from one overlapping response to another. In the words of one informant, currently "we have had three different disaster declarations for months. Now we have a dengue epidemic. We have COVID, we have drought. Soon we come into king tide period." These concerns indicate that any support to increase the efficiency and competency to respond to disaster risks is becoming increasingly relevant.

Water security is being addressed by FP112: Addressing Climate Vulnerability in the Water Sector (ACWA) in the Marshall Islands. The evaluation team learned of the frequency of droughts and subsequent emergency responses in RMI. Given the country's geographic spread, it is common for at least one of the island clusters to experience drought at any given time. The country has been coping by rotating a national supply of portable water desalination units from island to island, according to where the need is greatest. Assessments completed for this UNDP-led project established that the project could virtually ensure water security across all 24 outer islands of RMI. The only shortcoming raised by some informants is that the water security of the two main islands, Ebeye and Majuro, was excluded from the project.

b. To what extent are GCF projects and programmes in the SIDS country-owned? What has been the extent of stakeholder participation in the design and implementation of GCF activities?

Support for national priorities. Government informants affirmed that each of the GCF projects "are designed to primarily address the country's needs." This observation affirms that concept notes submitted to GCF are derived from RMI's national climate strategies outlined above in Section I.C.1. IAE informants also confirmed that new GCF concept notes originate from RMI's NDA, who then requests for IAE's support to prepare a project.

One informant noted that RMI's government has been rapidly learning to be more assertive in ensuring external funds and partners are supporting RMI-driven priorities. The evaluation team learned that this new assertiveness resulted from a 2015/2016 drought emergency: "It [was] too easy for these outsiders to come in and benefit from what is happening (acquiring lucrative contracts) without Marshallese involvement."

Nevertheless, at least one key informant expressed doubt that GCF respects the contextual authority and expertise of RMI's NDA. An example was cited where a GCF funding appraisal denied a proposal activity to procure a boat to provide various climate and disaster-related services to the outer islands. Citing GCF policy, reviewers reportedly preferred that USD 700,000 be spent to charter a boat for the five years of the project, rather than spend less on procuring and maintaining one. The end result is that the project's sustainability and co-benefits may be undermined.

Stakeholder voice. A second aspect of country ownership of projects relates to the degree that project objectives and designs are informed by target beneficiary populations. In this respect, observations from key informants were mixed.

In relation to the renewable energy assessment, government informants applauded how ADB's consultants spent six months conducting "in-depth" consultations with various stakeholders, mostly government and power company staff. "That is how they came up with such a solid report with a true, fair and honest assessment." Another informant affirmed that, to develop the water project design, World Bank staff spent a lot of time consulting with residents on Ebeye Island. Despite those efforts, the informant qualified that the representativeness of the consultations was constrained by national custom, combined with absence of radio and internet on islands: "The turn-out was not positive. Only a few [people would turn up]. Sometimes none… We put announcements through our local government department, which is the right approach [but], they are using the old-fashioned ways of announcements – driving around with a loudspeaker." GCF provides no guidance or policy on what acceptable stakeholder consultations are comprised of. Therefore, we cannot critique whether such shortfalls are acceptable limitations or should require additional and revised approaches by an AE.

One strong criticism in relation to compromised national ownership was aimed at GCF specifically. Informants criticized the GCF Secretariat for being disconnected from the beneficiaries and delegating all project engagement activities to the AE, rather than being an active and collaborative stakeholder alongside the AE. With respect to stakeholder engagements, informants suggested that a more proactive approach to help guide the accredited and implementing entities to execute stakeholder consultations would be helpful. They also reflected on the fact that they were unable to budget for such engagement in the GCF project. These observations align with the evaluation team's observation that GCF has no clear policy on stakeholder engagement. The implementing entities would follow the policies of the accredited entities only.

Complexity of GCF policies. An international partner stated that the complexity of GCF proposal requirements forces external, top-down project designs onto the country to ensure "the designs were what GCF wanted." Several informants stated that country ownership breaks down due to RMI's dependency on IAEs and government roles outsourced to expatriates, to conduct project development and oversight processes. These informants recognized that GCF's requirements are consistently beyond their current national capacity, both in terms of competencies and staff capacity, as the limited number of staff in the Ministry of Finance and other ministries "are already overstretched."

This dependency on international staff forces RMI to delegate sovereign decision-making, strategy and design, externally. One described it as "an industry [of] global consultants," whereas what is more important but side-lined is "to talk to the country people and ask them their perspective." One

informant posited that the heavy emphasis on conforming country processes to GCF's (and other multilateral donors') processes is contrary to the 2005 Paris Declaration on Aid Effectiveness and 2008 Accra Agenda for Action.[170] These global accords emphasize that all donors should utilize recipient government processes, rules and procedures as much as possible. An external partner proposed that, to be constructive in addressing the limited national capacity, instead of utilizing "fly-in/fly-out" consultants, trainings and workshops, donors like GCF should:

- Fund professional consultants to fulfil roles necessary for their project administration for up to two years.
- Fund a transitionary government staff post to observe and learn from those consultants during that time.
- Fund that transitioned role for some additional years after the consultants leave, to institutionalize it.

"Otherwise the second role goes back to their old role [when the consultant leaves]." A government informant reinforced this idea by outlining how adding more training for existing staff overwhelms them.

As a step towards greater independence in generating their own proposals, the RMI NDA is using their first GCF RPSP to develop an "RMI GCF Handbook" as a means to overcome the complexity of GCF frameworks. This handbook will guide current and future government staff through identifying, assessing and developing project concepts suitable for GCF funding and seeking a suitable AE to support the proposal. This approach has received strong interest from national counterparts in the project cycle after the approval by the GCF Board. The NDA has strong interest in standardizing its approach in the project appraisal process at the national level, including the no objection letter procedure. In addition, there is no clear guidance for the RMI NDA to follow for GCF-funded project start-ups upon approval. This was also seen as a weakness of the GCF project cycle.

c. To what extent does the GCF portfolio include actions that promote gender and indigenous peoples' equality and empowerment in SIDS?

Gender policy. A key regional stakeholder reported that gender and social inclusion (GESI) assessments have not yet been mainstreamed into RMI government standard processes. In their absence, it was reported that GCF gender inclusion policies are relevant and appropriate. Without those GCF policy obligations, such assessments may not be part of project considerations. The informants suggested that though there is sufficient goodwill in government ranks towards including GESI considerations in projects, three key factors drive the low level of government consultations on gender:

1) Gender assessments require specialized skills and time, both of which the RMI government lacks: "Most of the time it is due to not enough people. It is not a capacity problem –they are capable people. [But] Gender Affairs is just two people… It's not [that] they can't or don't want to. There just aren't enough people and hours in the day."
2) GESI has not been a standard government practice in the past.
3) GESI requirements are perceived as an external "*imposition.*"

Consequently, the informants state that GESI assessments and implementation actions will only occur if funding is built into project design and implementation budgets. If funding is availed,

[170] See "Paris Declaration and Accra Agenda for Action" for further information, available at: *http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm*.

subcontractors and dedicated NGOs within RMI have sufficient GESI capacity. Budgeting for gender assessments is consistent with GCF's gender policy compliance requirements on new projects.

Indigenous people's policy. A government informant noted that no development can progress without consulting indigenous residents, since all land in RMI comes under traditional ownership. Therefore, no initiatives can take place anywhere without consultation and consent from those landowners. Section II.A.5 (country ownership) presents evidence that such community level consultations took place during the design phases of the various approved GCF projects. That section also identifies limitations to how representative such consultations are due to their inability to attract enough residents to meetings, plus the pressure to shape proposals based on considerations of what GCF might approve, rather than what is most relevant to local beneficiary populations.

A regional stakeholder also pointed out that community/indigenous consultations for GCF proposals seem extractive:

> "[GCF proposals] do not allow for ongoing engagement," after the proposal phase, and there is no process for providing feedback to the consulted communities, leaving them unaware of whether anything has or will come of the consultations.

d. How relevant or constraining are GCF policies and frameworks to the SIDS?

Funding major infrastructure projects. GCF was praised by government stakeholders for its willingness to fund projects that include activities for developing major infrastructure. They stated that, though RMI now has many partners for climate action and development, "Not many partners want to put funds into infrastructure." They cited the country's need for protective seawalls as an example. GCF is the only partner currently perceived as willing to support a major activity in this regard.

Complex and multiple policies. Government and external stakeholders expressed concern that the complexity and volume of GCF's policies overload the limited number of government staff available to work on project proposals, while project implementation compliance forces countries to delegate sovereign decision-making, strategy and design to outsiders.

Constraints of additionality / climate rationale requirements. A government informant highlighted that, for SIDS like RMI, GCF's additionality mandate creates a burden. They note that, for the UNDP-managed water security project, GCF's policy requires GCF funds to only cover the water security impacts that will be caused by climate change. Consequently, the national government must fund the existing national water security deficit from its own limited national funds; "That may seem small to the outside but was hard for us to find and allocate public funds to match that."

Policy constrains climate action. GCF was considered still too rigid in prioritizing policy over pragmatism. Whereas other multilaterals have created modified guidelines for procurement for SIDS and fragile states, GCF was perceived to treat them the same as large countries. Also, whereas other multilaterals have flexible arrangements for project designs to adapt to changing circumstances, GCF requires a project to resubmit changes to the Board (if more than 20 per cent of a component's budget is shifted).

Government stakeholders noted that the GCF project intended to construct a protective seawall (FP066, PREP II) has been delayed and cost-constrained due to GCF's inflexible environmental policy. They claim that GCF's environmental risk tolerance was too risk averse to source seawall material from the local quarry. Compared to importing all the seawall material from abroad, local

sourcing would significantly reduce costs and demonstrate a more replicable precedent for future coastal protection.

> "RMI has thousands of islands seven feet above sea level and they all need protection from rising sea level[s]. They will have to source some of that aggregate and material from the Marshall Islands. GCF says if you are going to do your project by destroying your environment, we won't fund it. That is not [the] real world."

Stakeholders recognized this would require a more stringent environmental risk assessment but claimed that GCF would simply reject the proposal outright without consideration. In Tuvalu, a similar project has been proposed that may provide an alternative precedent which enables local solutions for island atolls: Tuvalu proposed a business and environmental case for mining its atoll for material necessary for island protection.

In addition, consultations with the AE and academic stakeholders in the Pacific have raised concerns regarding GCF's and other climate funds' focus on land-based interventions. "While the small island developing states might be small in size, and thus marginalized in the world, the surface of the country's territory is much larger than any large African country when we are considering the 'blue economy' of the SIDS." The stakeholders agreed that there needs to be a shift in thinking towards incorporating the blue economy, through important industries such as fishery and carbon-stock relevant ecosystems below sea level. GCF policies may not be ready for such a consideration.

2. Relevance of the GCF business model

a. Is the process of accreditation responsive to the needs of the SIDS?

Diverse government informants expressed the national desire to be able to have a national entity accredited. For the money GCF provides, they feel that, though their AE partners are helpful and capable, they themselves could accomplish much more. Such comments seem heavily related to the administration fees that are transferred to AEs. They also expressed that overreliance on outside experts makes for a more fragile project: "And when they leave, it collapses.".

In 2019, the USAID-funded Pacific Climate Ready Program, based in the Federated States of Micronesia (FSM), led a gap assessment of national entities in RMI to determine their positioning for GCF accreditation and what improvements they may require. Government informants suggested that the revealed gaps they need to address are "realistic" but will take several years to reform. They also feel that they have already begun some reforms, though they also recognize they have the challenge of adding more responsibility (and relevant training) to their small ministries, and it is "continuing to overwhelm [their] staff."

The latter point was reinforced by an external partner who also observed that the accreditation process simply cannot be done by adding more responsibilities to existing roles. "Accreditation required a team to work full time. They [in the RMI government] don't have those people and resources. They work on it with the gaps in their time. I see that more and more as a big problem." This informant compared the situation in RMI with the experiences of neighbouring countries of FSM and Palau. "They said they'll have [accreditation] done in six months. Three years later they are still working on it. … They keep saying they just don't have time to work on it."

Despite the perceived barriers of RMI gaining a national direct access entity in the foreseeable future, the SPREP is supporting RMI's Ministry of Finance to pursue GCF accreditation, as discussed below in Section II.B.9.

The external partner was encouraged by the GCF's plan to introduce project-specific accreditation, finding this idea to be superior to going through years of applying for accreditation, only to then go through years of project development.

Thus, overall, feedback from RMI stakeholders indicates that GCF's current accreditation process for RMI and some other Pacific SIDS may be impossible to achieve, primarily due to the misalignment of work requirements and very limited availability of national staff to implement reforms and manage the application process. In addition, the compounding time demands of the multi-year accreditation process followed by a multi-year project proposal process makes the accreditation process extremely time inefficient, especially in light of the urgency to address the climate change impacts RMI is already experiencing.

b. Is the portfolio of AEs suited to needs and the urgency of climate action of the SIDS?

Overall, evidence from informants indicates that RMI is very well served by competent international and regional AEs. Currently, RMI has achieved two approved national projects in partnership **with international AEs**: one with the World Bank (DRM capacity and coastal protection) and one with UNDP (water security). RMI is also a partner country in a regional GCF project managed by ADB (renewable energy). The government of RMI has other climate projects with these three entities funded through other donors as well, indicating robust working relationships.

Notwithstanding comments in Section II.B.8 regarding the risks of reliance on outside entities leading project design and management, government partners expressed satisfaction with IAEs on several fronts:

- Their ability to access relevant expertise from their regional technical advisors and consultant networks.
- Their willingness to come in-country to work with government partners and consult target beneficiary communities.
- Their ability to navigate GCF processes and compliance.

Examples include:

> "[UNDP] has a bunch of engineers, the resources, and contacts… They can make the right decision for these projects. In other projects with them I have been satisfied with how they consult and engage local stakeholders."
>
> "World Bank… would have at least two to three missions [in-country]as part of the design process and given that Component One of the Project is heavily focused upon NDMO (Natural Disaster Management Office), there would have been extensive consultation with the NDMO and the Chief Secretary's office in project development."

The evaluation also found that the UNDP and World Bank invested a lot of their own financial resources to fund the design of their respective projects. "It costs a lot to develop a GCF-funded proposal. So, we need to have 300,000 dollars or so of our own funds to pursue that."

An IAE informant explained that, because GCF projects are especially time and resource intensive to pursue, they will only accept invitations to partner on larger RFPs and will not get involved in smaller funding channels like RPSP grants or Simplified Approval Process (SAP) projects.

> "If someone approaches us for a readiness project, we refer them to smaller entities like SPREP and SPC [the Pacific Community]. We did not want to get into competition there where the scale is not there for efficiencies. It was not an explicit decision but made sense."

The same informant also described how lately IAEs will mostly respond to invitations from the NDA, rather than proactively propose projects to countries. They noted that in the early days of GCF, the proactiveness of IAEs to propose projects created some negative impressions. They

confessed that some countries perceived them as preying on the NDAs and were described to be akin to "sharks circling." Again, IAEs learned from those formative experiences.

In terms of criticism of IAEs, two external partners separately raised that one of the AEs extensively draws on the knowledge, data and field research/consultations and sectoral leadership of non-governmental partners to develop project designs, without giving them any compensation in return. Furthermore, those key partners are neither involved in the final design stages of the project nor are they given acknowledgement of co-authorship of the project. They view this as a form of exploitation since NGOs do not receive external funding in the manner that government and multilateral agencies do.

In terms of pipeline projects, RMI is developing three projects with the regional entity SPREP. SPREP has also recently opened a Northern Pacific office in Majuro, which has made collaboration easier, according to government informants who emphasized the importance of working face-to-face.

3. GCF PORTFOLIO

a. To what extent are GCF processes, programmes, funding windows and modalities responsive to the needs and urgency of climate action of SIDS? Are they accessible and feasible for SIDS partners to successfully navigate? Are they matched to SIDS' capacities?

RPSP. The RMI Climate Change Directorate (CCD) hosts the NDA and RMI's ongoing RPSP grant. Four benefits were reported by government stakeholders. First, the funding enabled the NDA to employ a project manager to oversee all GCF preparation activities. Second, CCD utilized the RPSP to introduce and explain GCF to diverse government stakeholders; apart from national ministries, this awareness-raising included mayors as well. These actions increased the visibility of GCF and its parameters among government officials. Third, RPSP funding has been allocated to develop RMI's GCF Handbook, which is intended to assist RMI stakeholders in navigating GCF funding proposal stages and requirements. Fourth, CCD is utilizing RPSP funding to commence the development of a national DAE. However, DAE accreditation will be more directly pursued with support from SPREP under a planned second RPSP grant. Initial work to support RMI to identify and prepare a national entity for DAE accreditation was funded and supported by an external partner, USAID's Pacific Climate Ready Program. As an example of complementary funding, RPSP provided the funding for the RMI government to build upon the foundation of USAID's work.

Using readiness for preparing CNs. An external partner noted that RPSP funding places full responsibility for developing CNs upon the country partner by only allowing the NDA (and not AEs and regional DAEs) to apply for and receive RPSP funding. They point out that this creates a risk of developing a pipeline of projects that may not be reality-checked by intended AEs. As the implementers, the AEs should advise on feasibility and what would meet GCF's assessment criteria. Keeping implementing partners at arm's length from RPSP funding results in the development of Country Programme pipelines by NDAs that do not meet GCF approval. This, in turn, creates a misalignment between GCF's assessments and country expectations that the Country Programme pipeline will be funded by GCF.

Another external partner critiqued GCF's "Readiness 2.0" plan to improve support for concept development. Drawing on an example from another Pacific SIDS, they pointed out that GCF's new approach only provided a Technical Advisor to provide suggestions, but not actually to help write the CN itself. The external partner emphasized that this is neither sufficient nor meets the expectations of SIDS partners. "Because capacity and staffing are so low, [they] want more hands-

on support, not just advice." To fill this capacity gap, RMI's government receives support to prepare for GCF projects from USAID's Pacific Climate Ready programme, as well as New Zealand's Ministry of Foreign Affairs and Trade (MFAT), a bilateral supporter. This support is in addition to GCF's RPSP grant, which also aims to raise the capacity of RMI's NDA and CCD. Most of those functions have focused on leading or doing the design work on behalf of RMI and building the capacity of existing government staff. Given that bilateral donors have provided capacity assistance to RMI for many years prior to the advent of UNFCCC-affiliated climate financers and capacity remains low, GCF should not expect rapid advances in national capacity in the short-term.

RPSP support for NAP. In relation to GCF's expectations for NAP development, informants expressed primarily negative perceptions. RMI began pursuing RPSP funding for NAP preparation with SPREP and UNDP as delivery partners. An international partner expressed that, to conform to GCF's NAP readiness requirements for plans and justifications the process will take four years. This resulted in RMI rejecting GCF NAP readiness funding in favour of partnering with the World Bank. They stated that long durations for planning contributes to the failure of such country strategies. This is partly because national stakeholders become exasperated and delegate it to outsiders, and partly because by the end, all the original government staff and stakeholders who understood its intent have left.

PPF. PPF has not supported the development of concepts in RMI. IAEs confirmed that GCF introduced the PPF window midway through developing their proposals. IAEs and some bilateral donors from the USA, South Korea and New Zealand funded the development of proposals. An RMI government informant reported that, given GCF proposal processes were difficult and slow, they were not willing to increase the time and effort by applying for PPF as well.

"Even applying for PPF is another process. Another layer to add to the full project proposal. So, it is not attractive… Even to conduct a prefeasibility study, PPF is cumbersome. In particular, with projects in the outer islands, travelling there takes two nights per assessment."

One of the AEs commented that they have had difficulty accessing PPF having received pre-existing concept ideas from Pacific countries' pipelines that they are responsible for moving forward. "But the projects don't have depth of ideas and [a] bigger picture. So, the [concept] does not meet GCF mandate [nor] meet the indicators like mitigation or adaptation criteria."

Another external partner suggested that GCF needs to prioritize in making start-up funding easier in the Pacific. The current requirement, "feels [like] it is for large scale operations with lots of resources to work away at all the needs… In SIDS, you feel this funding should be there for you, but you cannot access it."

RFPs & EDA. RMI has not applied for any RFPs or EDA. Reflecting on experience with EDA in other Pacific SIDSs, one external partner observed that EDA is an advantageous modality for enabling small projects in each of a country's different subnational governments (councils, islands or states), though they noted some precautions. First, its process is similarly time- and cost-consuming as any other full proposal and should be easier for SIDS –this must be factored into time frames and proposal resources. Second, they advised that allocating funds at the community level is difficult to manage. Still, they note that many successful examples exist throughout the Pacific to serve as precedents for learning, including several funded by GEF.

SAP. RMI is in the process of putting together a national proposal for SAP with SPREP, and SPREP is leading two more multi-country CNs for SAP as well. Informants' perceive that the funding level of up to USD 10 million for SAP is well suited to RMI's capacity for project management and enough to have a significant impact in RMI. However, the modality received much criticism from both government and partner informants. One external partner described SAP simply as "a failure with too much complication for its size: both the requirements and the review processes." Their

understanding is that, like full proposals, SAP proposals are extremely time-consuming. One informant also pointed out that, contrary to the "laborious process," SAP has short timelines for submitting a proposal that are unrealistic given the amount of travel required in SIDS to gather all the data. They asked GCF for a time extension but were declined.

> It is an example of [GCF] not knowing what we go through. When we started the [SAP] project process, we had a dengue outbreak [and national disaster response], so [we] could not engage with outer islands for consultations. From July to November it was one thing after another... We got an extension. Then our president died. Now we have this COVID pandemic that puts more pressure on a lot of us… The AE… is not allowing more extensions because GCF would not allow them… We are having internet and power outages a lot and it gets stressful. This is the reality…

The government informant emphasized that making SAP easier to access for small countries should be a priority to assist SIDS. For example, they suggested that when upscaling an existing project funded by a different donor, the process should be much quicker to access SAP. They also suggested that SAP would be faster and easier without compromising standards if approval of SAP proposals could be delegated to the Secretariat and maybe an ITAP instead of the GCF Board.

Project preparation and approval. A government informant pointed out that, to put the proposal together for the USD 20 million UNDP water security project, the design team had to visit all 24 islands included in the proposal. The Marshall Islands are spread across *"a thousand miles north to south"* of ocean and there are only two small aircraft for the entire country. Accessing each island was extremely time-consuming and expensive. The informant suggested that requiring this level of fine detail for primary data collection is excessive and superfluous when forecasts of sea level rise, impacts of even minor storm surges and recurrent droughts are already well documented. A highly localized level of data and design detail is more relevant to post-approval implementation planning, rather than during the proposal stage.

However, an external partner also observed that a key challenge for RMI is that data collected in the past are not centralized and retrievable; they are dispersed across multiple government ministries and non-government agencies. Therefore, because agencies do not share collected data, they duplicate data collection efforts.

> "The info is already there but is not housed in one place and each agency wants its work done its own way. It puts more stress on communities... It would be great to have a centralized place. The statistics office would be good. But that's not going to happen. They have been assisted for years, but it's not working."

Project funding threshold. Government, partners and IAE informants all described a funding mismatch between project values that RMI is comfortable with compared to what GCF and IAEs are comfortable with. Whereas USD 10 million was cited as a ceiling for RMI stakeholders, that amount was described as *"so small compared to what they [GCF] is [are] used to."* Government and IAE informants also noted that IAEs are also not attracted to projects that are valued as low as USD 10 million. The informant suggested that international and regional AEs are interested in regional, multi-country projects among Pacific SIDS to achieve economies of scale that justify their participation.

Despite RMI's discomfort with managing projects over USD 10 million, the evaluation observed that RMI's two approved GCF-funded projects have values significantly higher than this amount, due to the management capability of IAEs, and that these higher amounts bring a greater positive transformational impact on the country than a project under USD 10 million would achieve. Thus, based on the informants' perspectives, if RMI could attain an accredited national DAE, their own institutions would be able to better establish and implement targeted projects more nimbly and in

their risk management comfort zone than the present, while IAEs could continue to facilitate larger, slower projects for country-wide impact.

Urgency. Through the evaluation interviews, it was emphasized that both the UNDP water project and World Bank DRM and coastal protection project took between four to five years to complete the project design and GCF review and approval stages – despite this, neither have reached a point of disbursement yet. An IAE informant explained that during these years from 2014, proposal processes were still being refined by GCF and interpreted by AEs. The informant noted that their AE has learned many lessons since starting this project that will result in significant efficiencies for future applications. It is notable that the UNDP water project is more complex and ambitious than the World Bank project. The water project covers water security engineering requirements across 24 inhabited small islands, compared to the World Bank project, which focuses on protecting the coastline of one major island, as well as institutional capacity-building.

Though the IAEs are optimistic with regard to having learned how to navigate GCF applications more efficiently, most informants – whether government, donor or non-governmental – were keen to point out that the process will always take several years, and is not commensurate to the urgency of RMI's need to adapt rapidly to climate impacts.

> "Another factor here – it is a stupidly long timeline for projects to start. It really shows they do not understand realities on the ground… data gathered four years ago has some relevance, but we have changed circumstances now …. It should be different for those of us in the oceans who are more impacted than others."
>
> "Having now gone through the [project proposal] process over four years, all the original people have left, and new people don't know the details… RMI is facing being lost off the Earth. Yet... GCF processes add burden to that process, not solutions."
>
> "Climate change is not a future problem. It is a yesterday problem and the urgency is there. It can be discouraging to look at all that has to be done to access funding, to be going through those processes when the need is now, and so urgent."

Thus, the mismatch of GCF processes to the capacities, needs and urgency of climate change action for RMI is characterized by the following traits:

- GCF funding proposal as well as accreditation requirements will remain beyond the capacity of RMI government ministries for the foreseeable future, yet the inputs from GCF and its partners do not address the lack of staffing to manage increased climate programme management pressures. Therefore, GCF processes perpetuate continued national dependency on external entities for climate action projects.
- GCF templates and reviewers require too much rigorous (and superfluous) design detail at the concept note and proposal stages. This level of detail should not be necessary until detailed implementation plans are required after project approval.
- The duration of time required to develop project proposals does not account for the urgency of current climate impacts on RMI.

b. Have GCF programmes and facilities (RPSP, PPF, RFPs, EDA, SAP) contributed to a pipeline of climate finance for the SIDS?

RPSP has been practical in enabling RMI's CCD to engage with AEs and country stakeholders to pursue new concept notes. It is also enabling the NDA to coordinate the development of a Country Programme for GCF. However, the three FP proposals were all developed prior to RMI's first RPSP grant, which received funding in April 2018. Therefore, RMI was reliant on guidance and funds from IAEs to develop those proposals. **SAP** has been the most instrumental modality in generating a

pipeline of new project concepts, in partnership with the regional DAE, SPREP. To date, PPF, EDA and other RFPs have not played a major role in generating new project concepts.

Table 5. Status of projects and concept notes in RMI's GCF portfolio and pipeline

PROJECT	AE	NATIONAL / MULTI-COUNTRY	STATUS BASED ON INTERVIEWS
FP036 - Pacific Islands Renewable Energy Investment Program	ADB	Multi-country (6)	FAA approved July 2018. Covering six countries. Minor engagement with RMI.
FP066 – Pacific Resilience Project Phase II for RMI (PREP II)	World Bank	National	FAA approved February 2019. Not yet commenced. DRM capacity and coastal protection. Significant contribution anticipated in RMI.
FP112 - Addressing Climate Vulnerability in the Water Sector in the Marshall Islands (ACWA)	UNDP	National	FAA approved February 2020. Not yet commenced. Water security on 24/26 inhabited islands. Significant contribution anticipated in RMI.
Enhancing Climate Resilient Planning and Decision Making in RMI	SPREP	National	CN submitted to GCF for SAP in September 2018.
The Vaka Motu (Boat for the Islands) – Building Indigenous Community Resilience with Low Emission Sea Transportation in the Micronesian Region	SPREP	Multi-country (5)	CN submitted to GCF in September 2018. Decision pending. Doubts about its suitability to GCF mandates of mitigation and adaptation.
Strengthened Weather and Climate Services for Resilient Development for Pacific Islands	SPREP	Multi-country (14)	CN submitted to GCF for SAP in August 2018.
Enhancing Climate Information and Knowledge Services for Resilience in five Island Countries of the Pacific Ocean	United Nations Environmental Programme	Multi-country (5)	CN submitted to GCF in September 2018, submitted as FP in November 2019. FP currently under GCF inter-divisional review.
Frontier Fund	NA	Multi-country (5)	CN submitted in August 2017 as part of Mobilizing Funds for Scale RFP.

c. To what extent have GCF processes and projects exercised efficiency while also recognizing the high cost of operation in SIDS?

Several informants accepted that GCF needed to have rigorous proposal development standards due to the high value of funds they provide. One external informant stressed that GCF's application processes take longer and cost more than that of any other financing agency. The burden this creates on SIDS partners was recognized, and consequently informants identified opportunities to improve efficiency that would help SIDS (and possibly other countries) cope with GCF requirements.

Creating predictability in timing. An informant posited that GCF allows inefficiencies to creep in by having quite unpredictable timing for proposal development and assessment processes. They compared this situation with GEF, whose proposal process was described as "quite structured and predictable."

> "I think that it is the predictability in terms of resources and time that makes GEF more efficient. If GCF has policies that enhanced 'predictability,' that would help. With very limited resources for SIDS, this lack of predictability leads to inefficiencies and ultimately the loss of valuable resources."

Because GCF's review and assessment processes are long and unpredictable, people working on the proposal or project preparation may move to other roles.

d. What has been the role of the GCF Secretariat? To what extent has the GCF learned from its experiences in SIDS?

Informants cited a number of examples of GCF adapting to lessons learned, but also suggested several areas where GCF was too rigid and not learning.

An external partner praised GCF for how responsive it has been to SIDS through the introduction of SAP and EDA. They noted that, while both need refinement for them to work for SIDS, GCF is on that trajectory of self- review and improvement, similar to where GEF was 10 years ago.

RPSP was also cited as an appropriate adaptation by GCF that has provided the funding necessary set up and operate NDAs. However, informants expressed doubt that NDAs in SIDS would continue to function once RPSP funds ended.

GCF was described as being responsive through its regional dialogue meetings. There, GCF Secretariat representatives listen and *"improve things."* For example, in the first Pacific regional meeting, participants gained the impression that GCF was ready to rapidly fund many high value projects, which led to frustration when they learned it would be a long process. Interviewees described how, since then, in subsequent contacts and meetings, GCF staff have learned and adapted to better communicate how GCF works and how to work with them.

4. Effectiveness in Delivering Results

a. To what extent is the GCF portfolio in SIDS achieving intended results, including through investments and RPSP? What are those results (intended and unintended)?

Investment Projects

FP036: Pacific Islands Renewable Energy Investment Program. This seven-country programme's FAA was signed in July 2018. In that same year, ADB contracted a consulting firm to assess RMI's energy sector and specifically the RMI Energy Corporation. With the programme's primary focus on the Cook Islands, stakeholders are unclear whether any further activities will take place. National informants reported that the assessment was highly consultative and thorough. It produced an action plan to reform RMI's energy corporation, but no additional financing to activate that plan. Informants reported that the Corporation's board was pleased with the report's recommendations, approved them and has implemented what structural reforms they can with their own resources. However, many of the reforms reportedly require *"significant financial assistance"* beyond the means of RMI's public sector. Therefore, they continue to make inquiries to ADB to seek additional funding. The proposal's budget for RMI indicates only funding for technical assistance and nothing more.[171] Nevertheless, national informants were uncertain whether any further GCF-funded activities will occur in RMI under this programme. The level of funding shared between five countries (USD 5 million) makes it unlikely any additional initiatives will follow. ADB's original proposal to the GCF for this programme was for a substantially higher-value grant and loan

[171] GCF. (2016).

envelope (a substantially higher-value grant and loan envelope OR substantially high value grants and loans) which included upscaling renewable energy and network strengthening in RMI. However, GCF's Board was reported to be uncomfortable in enabling an IAE to make independent decisions regarding subprojects under a programme. Thus, based on the project's proposal budget, we conclude ADB has completed intended results in RMI.

FP066: Pacific Resilience Project Phase II for RMI (PREP II). The FAA was signed in February 2019. However, at the time of evaluation, the project has not yet commenced implementation. It has been delayed initially as a result of internal travel restrictions between islands due to the country's dengue epidemic in 2019, and now international recruitment has been blocked by international travel restrictions amid the COVID-19 pandemic. Therefore, the project is behind schedule and has no results to report. Within the next five years, the project is expected to have completed a seawall and land extension along the full eastern coastline of RMI's second most populous island, Ebeye Island and to have contributed to increasing the staffing and capacity of the country's NDMO. Expected results are further considered below in Section II.D.15 on paradigm shifts.

FP112: Addressing Climate Vulnerability in the Water Sector in the Marshall Islands (ACWA). The FAA was signed in February 2020 and received its first disbursement in May 2020. UNDP is in the process of recruiting project management staff. However, the process has been hampered by border closures due to COVID-19. Over the ensuing seven years, the project is expected to install rainwater catchment and storage infrastructure on at least 80 per cent or all private and public buildings in all 77 villages, across all 24 outer islands, and for water management committees and plans to be in place across all 77 villages. Expected results are further considered below in Section II.D.15 on paradigm shifts.

RPSP. As reported in more detail under Section II.C.10, RMI's first RPSP grant has so far been used to:

- Enable the NDA to employ a project manager to oversee all GCF preparation activities.
- Introduce and explain GCF to diverse government stakeholders.
- Develop RMI's GCF Handbook to guide RMI stakeholders through GCF's proposal stages and requirements.
- Commence the development of a national DAE.

b. To what extent are GCF investments mobilizing potential for paradigm shift within SIDS? To what extent are GCF investments replicable and scalable?

One international partner commented that, due to GCF's ability to provide large grants, "it can transform entire sectors in countries of this size and have major positive impacts." This section considers the actual or potential for paradigm shifts by each of GCF's funded projects in RMI.

FP036: Pacific Islands Renewable Energy Investment Programme. This renewable investment program has concentrated the majority of its investment in the Cook Islands. The investment in RMI has provided guiding recommendations to RMI's energy corporation, which are considered valuable. However, until additional external funding is sourced to enact those recommendations, the project is not anticipated to generate a paradigm shift in electricity generation, security or renewable energy. Beyond the government and utility staff who were consulted for the energy sector assessment, there is no visibility or tangible shifts in the country as a result of this project to wider potential beneficiaries. Therefore, the report cannot report any transformation or alignment of the project with the urgency of climate action in RMI. If, however, the technical assistance succeeds in

attracting new funding to pursue renewable energy upscaling similar to the program's activities in the Cook Islands, it may catalyse a paradigm shift in the future.

As mentioned in section 4.B.4.a, two of RMI's three funded projects have not yet commenced implementation; therefore, for FP066 and FP112, we discuss the informants' anticipated impacts.

FP066: Pacific Resilience Project Phase II for RMI (PREP II). The core component of this project is the construction of a protective seawall along the entire eastern (ocean-facing) coastline of RMI's second main island: Ebeye Island. Ebeye is a low atoll island that is the sixth most densely populated island in the world, with 41,667 people per square km.[172] Local, national and international stakeholders anticipate that the seawall will make the difference between the island becoming increasingly uninhabitable and it having a secure future, protected from sea level rise, erosion and storm surges. "The seawall will ensure we can remain." The seawall will also widen the island by 25 metres, relieving some spatial pressure on the already crowded island. This can reasonably be interpreted as a paradigm shift for RMI's second major island.

The project also includes components to increase national disaster preparedness by supporting the NDMO to upgrade their facilities; improve national disaster readiness planning; and fund the establishment of additional NDMO roles such as an emergency management specialist, emergency communications advisor, disaster and climate risk advisor, change management advisor and legislative drafter. The evaluation interprets these improvements as tangible, incremental improvements, rather than a paradigm shift for RMI's already highly experienced NDMO.

FP112: Addressing Climate Vulnerability in the Water Sector in the Marshall Islands (ACWA). This project aims to create a genuine, nationwide paradigm shift in water security for all 24 of RMI's outer islands, covering the entire population of all 77 villages. None of these drought-prone atoll islands have surface water such as lakes or streams. Co-funded by the RMI government to cover current needs and GCF to fund the additionality coverage, the project design covers the provision of rainwater capture and storage to secure the water needs for at least 25 years, plus the facilitation of community-developed plans and organizational structures to manage that water supply infrastructure.

A key national informant raised concerns about factors that may affect the project's ability to catalyse sustained improvements. First, while RMI has a water authority for the main island of Majuro, the outer islands are fully reliant on each island council to coordinate maintenance. The informant pointed out that councils do not have a good track record on maintenance. Second, with most of the rainwater harvesting infrastructure fitted to private homes, maintenance efforts and costs fall on individuals.

> "In the beginning they give pipes and gutters. A few years later, you go back and the gutters are messed up due to lack of maintenance. There is an attitude here that if it is free, they don't look after it."

Third, the outer islands have no shops providing the necessary hardware to make repairs. These islands are only connected by copra collecting ships that come by four times per year. Sustainability is reliant on outer islanders appreciating the importance of their water harvesting assets and on the project's community mobilization activities raising each village's coordination level. The informant reported that RMI has a policy to create a national water authority to oversee water security on all islands, but that effort has not begun.

Scale and replicability. National and international informants were critical of the lack of scalability or replication in the FP066 coastal protection component. Informants posited that GCF's strict

[172] World Atlas. (2017). "The World's Most Densely Populated Islands." Available at: *https://www.worldatlas.com/articles/the-world-s-most-densely-populated-islands.html*.

environmental risk policy effectively prevents this project from sourcing aggregate material from the atoll, forcing the project to import large and expensive amounts of rock and concrete from overseas. As mentioned above in Section II.C.13, informants point out that all of RMI's islands are low-lying atolls that will need coastal elevation to protect them from sea level rise and associated storm surges. Importing aggregate at great expense sets a precedent that is not scalable in RMI or other SIDS beyond the immediate project.

In relation to the FP112 water project, informants pointed out that the project already covers the entire country, except for the two main islands, which have different water supply requirements than the outer islands. Therefore, national scalability is unnecessary. In relation to other SIDS replicating the project, national and international informants described how low-lying atoll SIDS like Kiribati and Tuvalu have drought-vulnerable conditions similar to RMI, making RMI's experience a relevant pilot for other countries. They also note that this is already underway with another regional entity that has requested the project's feasibility studies to replicate the approach in another country.

c. To what extent are GCF investments employing innovations in SIDS? And to what extent do they support well-established local processes or knowledge?

Regarding the FP112 water supply project for the outer islands, informants commented that their research concluded that new approaches like desalination would be among the least appropriate solutions compared to rainwater harvesting. Informants noted that this project's innovation was its application of climate change forecasting studies to model how much rainwater harvesting would be needed for the next 25 years.

Similarly, the FP066 coastal protection project will apply conventional and proven approaches to reinforcing the vulnerable and eroding coastline. In this regard, innovation was seen as unnecessary.

While not in relation to GCF projects, a government informant expressed distrust of the innovation agenda. They pointed to two past instances where a development partner introduced an energy innovation, only for both to fail. One example was the installation of "waste heat recovery" systems on the country's diesel power generators – the systems did not work. A second example was the introduction of biofuel made locally from coconut oil. Because the export price for locally produced coconut oil was higher than the price of diesel fuel, the biofuel was not cost effective. While neither reflect on GCF projects, they highlight the sensitivity and perceived risk in RMI towards applying innovative ideas from abroad that are untested in RMI.

d. What is the coverage of GCF projects in SIDS compared to other climate finance delivery channels?

In relation to other previous water security projects, informants spoke of projects in the past that covered up to three atoll islands. Thus, a single project that covers every inhabited outer island and village – as FP112 does – has never been attempted.

Similarly, for coastal protection, until now, donor and private efforts have provided site-specific coastal protection in the form of seawalls, such as at the international airport and at hotels. This will be the first time that the entire length of one of RMI's major islands has had a continuous seawall constructed.

Thus, the coverage of these two projects in RMI is significantly greater than any preceding projects in the water and coastal protection sectors.

In relation to the wider Pacific Islands region, an external partner perceived that GCF has not been as successful as other climate funders at achieving coverage of all vulnerable countries. They note that GEF and the Adaptation Fund have projects in more countries than GCF. They cited the

examples of Palau and FSM that currently have no GCF projects, despite their vulnerability. Most international informants attributed this gap primarily to GCF's processes being too difficult for SIDS,

> "Imposing developed world systems on countries with no capacities to implement them." However, one informant also qualified that RPSP funds are helping to offset that over time by raising "critical base capacity" in more countries so that they can engage GCF.

e. To what extent are GCF investments complementary and coherent with other climate finance delivery channels? To what extent does GCF build on climate finance provided by other delivery channels (e.g. does GCF lag or lead)?

Co-financing. All three GCF-funded projects in RMI are co-financed by other multilateral donors. In each case, GCF is the major donor: 58.2 per cent for FP036 (renewable energy); 56.6 per cent for FP066 (coastal protection and DRM capacity); and 75.3 per cent for FP112 (water security for the outer islands). Often, RMI CCD had been in negotiations with a donor, such as for PREP II with the World Bank. The advent of GCF's funding to co-finance the project secured funding from the World Bank, too.

Complementarity

Sequential complementarity. Government informants explained that, in RMI, GCF funding has been used to upscale projects that have been implemented with other donors' funding. A government donor commented that GCF contacts have explicitly encouraged RMI to consider GCF proposals for upscaling successful projects by GEF and others. The design for FP112 (water security for the outer islands) utilized successes realized in a project funded by New Zealand MFAT with the International Organization for Migration (IOM). That project assessed the potential for rainwater collection and storage and then expanded coverage to 80 per cent of buildings on three islands. Lessons learned from that project have been upscaled to cover at least 80 per cent of buildings and homes on all 24 inhabited islands.

Thematic complementarity. An informant noted that GCF funding fills a significant gap in other donors' engagements. They stated that other donors are unwilling to fund infrastructure projects. Yet, for low-lying island communities, infrastructure exposure to sea level rise, storm surges and erosion is one of the nation's key vulnerabilities. GCF is possibly the only donor willing to engage on major infrastructure projects, exemplified by the Ebeye Island seawall project.

Bilateral support to access GCF. The evaluation found that international partners were conducting support projects for RMI with the explicit intent to complement GCF programming. USAID's Pacific Climate Ready Program and New Zealand's MFAT both had programmes designed to assist and prepare the RMI government to access GCF funding for RPSP support funding and full proposals. Both bilateral partners pursued this by directly partnering with the RMI government and by building the capacity of regional AEs to partner with the RMI government.

Complementarity within AEs. The evaluation found several examples of how GCF funding was used by various stakeholders to interact with other climate-related projects. The World Bank, in collaboration with RMI's national and local governments, has garnered various donors to fund a diversified strategy for climate change adaptation on Ebeye Island. For example, while GCF funding will support coastal protection, Japanese funding will support a parallel World Bank project to mainstream rooftop solar photovoltaic power generation. Similarly, RMI's NDMO explained how GCF's FP066 project will fund personnel and institutional strengthening, and another donor project will upgrade NDMO's facilities used to coordinate disaster responses.

Coherency and the challenges of many developing partners. RMI has many multilateral and bilateral donor partners including the World Bank, ADB, various UN agencies, USAID and GCF. Government ministries responsible for compliance, such as the Ministry of Finance and CCD, must learn how to adhere to the financial, ESS, governance and reporting requirements of each. An external informant pointed out that this is very burdensome, especially for SIDS ministries like RMI. Government informants commented that, as a small country with a small administration, the stress of coordinating over 200 projects funded by a diversity of donors, is a significant strain on government personnel. Having to adhere to many unique standards of each donor has overloaded existing capacity, resulting in RMI recruiting expatriate finance and compliance managers. While helpful, outsourcing does not necessarily result in increased national capacity. In this regard, GCF is not a specific antagonist, but contributes to the overload on country resources. Greater coordination and process rationalization between donors could relieve some of that strain.

Informants recognize that the RMI's government also needs to develop its own aid coordination. A government informant elaborated that even within the government, aid coordination is dispersed between several departments, depending on the type of donor (bilateral, climate, etc.). At the time of evaluation, RMI was in the process of developing its NAP. This will become a core document for determining a coherent mix and prioritization of climate projects in the future.

The Country Programme for GCF has not yet been developed. International informants have noted that, because a CP documents a pipeline of projects exclusively for GCF, it potentially detracts from the overall coherence between projects pitched at GCF and those pitched to other donors.

Creating complementary standards with other multilaterals. An informant suggested that GCF look at what already exists and is used by the World Bank or ADB, and maybe GCF can recognize those parallel to GCF's requirements. For example, GCF's Financial Management Capacity Assessment (FMCA) could be made more efficient by initially auditing the accreditations the entity already has. For ministries already executing projects for the World Bank and ADB, which also have high standards, GCF could determine which banks' standards are parallel or sufficient for GCF standards. Thus, it would only be necessary to focus on and fill in gaps between the World Bank and GCF requirements.

Furthermore, multilateral agencies working with SIDS could collaborate to standardize instead of duplicate many or most of their fiduciary, risk management and reporting requirements.

> "So, look at what is already in place and align with that… They can't grow bigger. So, do something different for SIDS… Use those existing systems."

5. PRIVATE SECTOR

a. To what extent is GCF finance suited to and does it address the needs of the private sector in SIDS? Is GCF finance helpful in mobilizing private sector investment for the SIDS? Does it improve the resilience of the local private sector and de-risk investment by local private sector entities in the SIDS?

Intent and barriers. Several government informants expressed interest in better engaging RMI's private sector in climate change resilience action. A government partner was impressed by a GCF presentation on engaging the private sector in climate action and was willing to make GCF opportunities known to Marshallese businesses. However, the evaluation found a universal gap among informants on how to best connect Marshallese businesses to climate action as the RMI private sector is small and inexperienced in developing projects. An external observer suggested that trust is generally not high between the RMI government and RMI businesses. "The private sector

will exploit [the] government, and [the] government knows it. So, that is a difficult starting point!" However, several government stakeholders noted that the main barrier to greater inclusion is that government decision makers have little idea regarding ways to meaningful private sector engagement in climate change projects. They said they would appreciate support from GCF in the form of: case studies of where and how private sector engagement has worked in other SIDS; guidance on whether to engage businesses as implementers or beneficiaries; and workshops and training from GCF to help businesses understand GCF and how to access funding.

Reliance on the international private sector. The energy assessment performed for FP036 (renewable energy in the Pacific) recognized the need to engage the international private sector to provide expertise and training to national workers, as well as high school and vocational graduates to introduce renewable energy sources into their power grid over the next 30 years. Similarly, international partners stated that, for GCF-scale projects, most inputs generally had to be procured from companies in Australia or New Zealand because local suppliers could not provide the required quantities or quality.

Barriers to climate finance in RMI's private sector. National and international partners described GCF's private sector focus as too big for the scale of RMI businesses, and that these small businesses would "not even get to the starting point with GCF." The RMI Development Bank was described as being focused on retail rather than commercial loans and would need substantial technical expert support to develop the necessary processes to pursue DAE accreditation. Thus, government partners did not see the private sector as currently viable for GCF engagement. Nevertheless, key stakeholders expressed a desire for their development bank to reorient towards commercial loans, and they are interested in supporting local businesses.

Perceived opportunities. Engagement between RMI climate change projects and the RMI private sector has been limited to sourcing some project resources from local businesses, such as solar panels. Still, government informants perceive opportunities, including projects to support the private sector with greater knowledge and preparedness for business continuity plans in the face of climate and disaster threats; connecting climate adaptation with the expansion of the tourism sector; and training on the maintenance of climate projects such as renewable energy and energy efficient water transport.

Appendix 1. List of stakeholders consulted

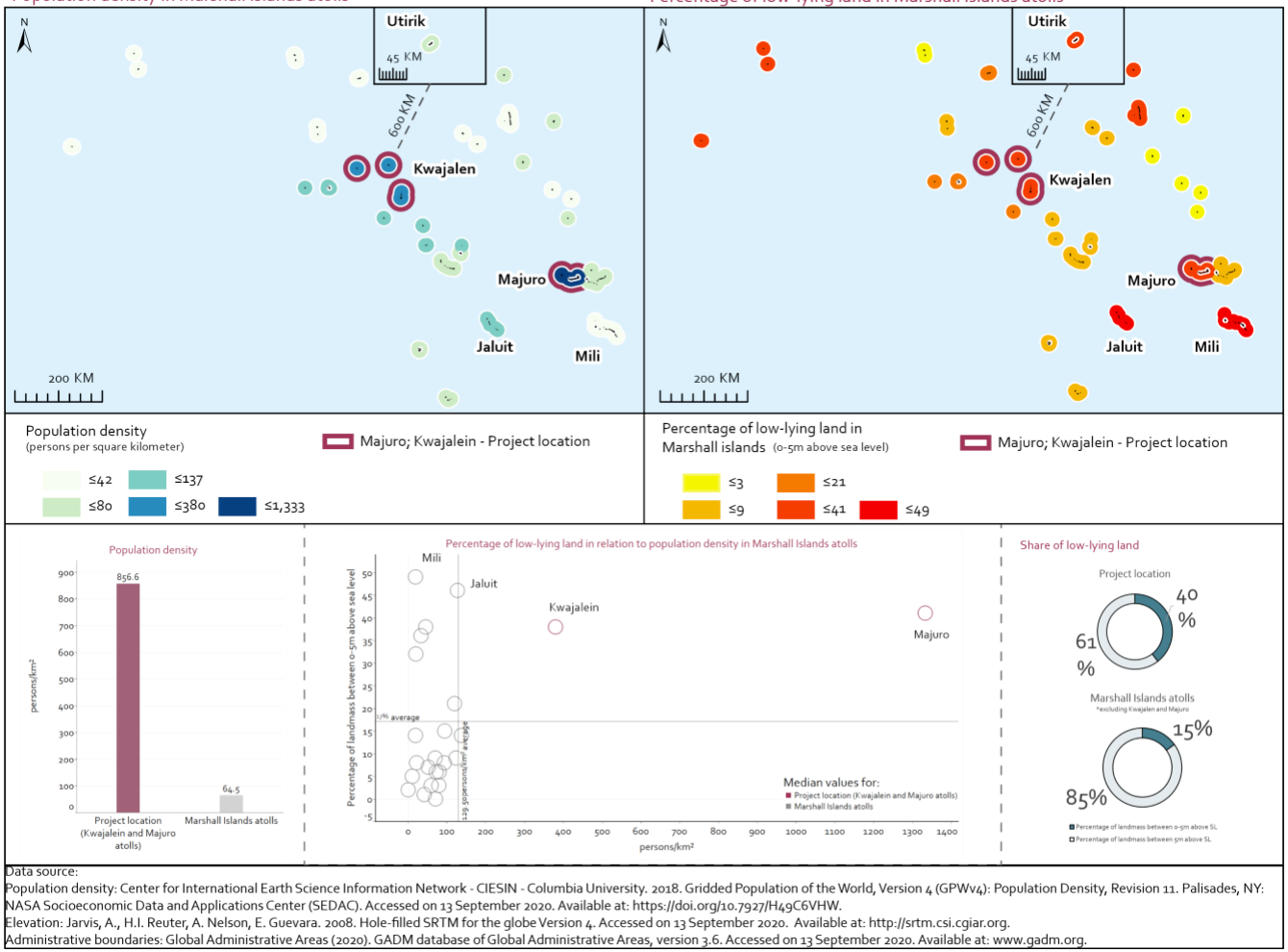
Name	Position	Organization	Date
Alexandra Conroy	Project Officer for Kiribati - South Tarawa Water Supply Project	ADB	4 May 2020
Lani Milne	Project Coordinator for RMI's Readiness Project	NDA office – CCD	19 May 2020
Steven Panfil	Senior Director Project Development and Implementation (for GCF projects)	Conservation International (NZ & Pacific) and Australian National Centre for Ocean Resources and Security University of Wollongong	2 June 2020
Exsley Taloiburi	Team Leader – Resilience and Climate Change	Pacific Islands Forum Secretariat	5 June 2020
Kino Kabua	Chief Secretary	Office of the Chief Secretary	6 June 2020
Helene Jacot des Combes	Focal point for the RMI	World Bank	19 June 2020
Tony Mellen	World Bank Project Manager In country	World Bank (seconded to the Office of Chief Secretary)	19 June 2020
John Norton	Governance Advisor PREP II Program	World Bank (seconded to the Office of Chief Secretary)	19 June 2020
Stephen Boland	Senior Policy and Finance Advisor	USAID Climate Ready Project	22 June 2020
Jack Chong Gum	General Manager	RMI EE: Marshall Energy Company	22 June 2020
Robert Leo	Expert Advisor on GCF programmes	RMI EE: Marshall Energy Company	22 June 2020
Steve Wakefield	Chief Technical Officer	RMI EE: Marshall Energy Company	22 June 2020
Liane Anje	Chief Financial Officer	RMI EE: Marshall Energy Company	22 June 2020
Brooke Takala	Secretary General	Marshall Islands Red Cross Society	22 June 2020
Jose Padilla	WASH technical specialist	UNDP (Pacific Region)	23 June 2020
Angela Saunders	Director	IOM – RMI Office	24 June 2020
Anjo Kabua	Director	Ebeye or Kwajalein Atoll Development Authority	24 June 2020
Ariston Santiago	Engineer	Ebeye or Kwajalein Atoll Development Authority	24 June 2020
Maybelline Bing	Secretary of Finance	Ministry of Finance	25 June 2020
Timmy Langrine	Director	NDMO	30 June 2020

NAME	POSITION	ORGANIZATION	DATE
Lee Baker	Program Director until September 2018	Pacific Disaster Ready Program – USAID	30 June 2020
Sylvie Goyet	Director of the Climate Change and Environmental Sustainability Programme	The Pacific Community (SPC)	1 July 2020
Joseph Batol	General Manager	Majuro Water and Sewer Company (MWSC)	2 July 2020
Kevin Petrini	Deputy Representative to the Pacific	UNDP - Pacific Regional HQ, Suva	16 July 2020
Melanie King	Manager, Project Coordination Unit	Secretariat of the Pacific Regional Environment Programme	22 July 2020
Filomena Nelson	Climate Change Adaptation Advisor	Secretariat of the Pacific Regional Environment Programme	23 July 2020
Alison Carlin	Lead Advisor – Climate Change and Environment, Development Sector and Thematic Division	Ministry of Foreign Affairs and Trade	24 July 2020
Rupeni Mario	Project Development Specialist – Climate Change Mitigation	Secretariat of the Pacific Regional Environment Programme	24 July 2020

Appendix 2. MAP OF MARSHALL ISLANDS

Population density in Marshall Islands atolls

Percentage of low-lying land in Marshall Islands atolls



Data source:
Population density: Center for International Earth Science Information Network - CIESIN - Columbia University. 2018. Gridded Population of the World, Version 4 (GPWv4): Population Density, Revision 11. Palisades, NY: NASA Socioeconomic Data and Applications Center (SEDAC). Accessed on 13 September 2020. Available at: https://doi.org/10.7927/H49C6VHW.
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Appendix 3. List of documents consulted

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5. SAINT LUCIA COUNTRY CASE STUDY REPORT

CONTENTS

TABLES

ABBREVIATIONS

AE	Accredited entity
APR	Annual Performance Report
CANARI	Caribbean Natural Resources Institute
CARICOM	Caribbean Community
CCAP	Climate Change Adaptation Policy
CCCCC	Caribbean Community Climate Change Centre
CDB	Caribbean Development Bank
CDEMA	Caribbean Disaster Emergency Management Agency
CP	Country Programme
CRAF	Credit Risk Abatement Facility
DEDTCA	Department of Economic Development, Transport and Civil Aviation
ENSO	El Niño Southern Oscillation
EWS	Early Warning Systems
FAO	Food and Agriculture Organisation
GEF	Global Environment Facility
GoSL	Government of Saint Lucia
IAE	International Accredited Entities
IPCC	Intergovernmental Panel on Climate Change
IDB	Inter-American Development Bank
LDC	Least Developed Country
MEIGRSD	Ministry of Education, Innovation, Gender Relations, and Sustainable Development
NAMA	Nationally Appropriate Mitigation Action
NAP	National Adaptation Plan
NCCC	National Climate Change Committee
NDA	National Designated Authority
NDC	Nationally Determined Contribution
NETS	National Energy Transition Strategy
OECS	Organisation of Eastern Caribbean States
PSIP	Public Sector Investment Process
RPSP	Readiness and Preparatory Support Programme
SAP	Simplified Approval Process
SASAP	Sectoral Adaptation Strategy and Action Plans
SDED	Sustainable Development and Environment Division
SIDS	Small Island Developing State
SPCR	Strategic Programme for Climate Resilience
UNFCCC	United Nations Framework Convention on Climate Change

A. BACKGROUND AND CONTEXT

1. GEOGRAPHICAL, POLITICAL AND SOCIOECONOMIC CONTEXT

Geography. The island of Saint Lucia is located within the Lesser Antillean Arc of the Caribbean Archipelago, neighboured by Martinique to the north and Saint Vincent and the Grenadines to the south. The island has a land mass of 616 km^2 and an extensive coastline that stretches 158 km. Its topography is highly diverse and is characterized by deep valleys and steep mountain slopes, with significant natural forest cover in the interior. The highest peak, Mount Gimie, is 1,000 m above sea level. Forest land is increasingly being converted for agricultural and urban development activities, particularly in fertile river valleys and along the coast. Annual precipitation is relatively high but varies widely across the island due to topography and tropical weather disturbances during the rainy season.[173]

Demography. The population of Saint Lucia was estimated to be 172,623 in 2015, and is quite young, with 47 per cent of the population aged 30 years or under. Most of the country's population is located along the coastal belt, where livelihoods are tied to agriculture, coastal resources, fisheries and tourism. Approximately 41 per cent of the population lives in the city of Castries and 55 per cent in the Castries-Gros Islet corridor. Urbanization is rapidly occurring, resulting in denser populations living in unplanned or informal settlements.[174]

Politics. Saint Lucia is a multiparty parliamentary democracy that gained its independence from the United Kingdom in 1979. Though the Head of State is Queen Elizabeth II, who is represented by a Governor-General, the actual political power is held by the Prime Minister and the Cabinet. The legislative branch takes the form of a bicameral parliament.[175]

Economic outlook. The economy of Saint Lucia has transitioned from a traditional agrarian-based economy to a service-based economy over the last two decades, largely driven by increased tourism. Services accounted for 60 per cent of the island's gross domestic product (GDP) in 2015, whereas agriculture accounted for just 3 per cent; both sectors are vulnerable to climate-related disasters.[176] Saint Lucia is a net importer of food and relies almost entirely on imported fossil fuels to meet its energy needs.

Amid the unprecedented outbreak of COVID-19 and the global economic slow down, GDP growth in Saint Lucia is projected to decrease between 18 per cent and 26 per cent due to the COVID-19 crisis and the resulting halt in air and cruise travel. The collapse of the tourism sector, which contributes half of the island's GDP, is expected to cause a 50 per cent decrease in annual income. This is coupled with increased public spending due to government purchases of health-related supplies.[177]

In addition to the burgeoning debt, the projected cost of inaction on climate change in Saint Lucia has been calculated to be 12.1 per cent of GDP by 2025, rising to 24.5 per cent by 2050 and 49.1 per cent by 2100.[178]

Poverty and development outlook. As a small island developing state, Saint Lucia faces significant economic development obstacles. The poverty head count in 2016 was 25 per cent.[179] Although

[173] Government of Saint Lucia, 2016.
[174] Government of Saint Lucia, 2018a.
[175] Caribbean Elections, 2020.
[176] Government of Saint Lucia, 2018a.
[177] World Bank, 2020a.
[178] Government of Saint Lucia, 2018a.
[179] Kairi Consultants Ltd, 2018.

poverty in Saint Lucia has traditionally been a rural concern, poverty rates have declined substantially over the past decade or so, from 41 per cent to 32.9 per cent. This reduction can be associated with the rural-urban flight that started in the 1990s with the decline in the banana industry, and now almost 75 per cent of the country's residents live in urban areas.[180]

High structural unemployment (20.2 per cent as of 2017) and underemployment, especially among youth (38.5 per cent as of 2017), are significantly hindering social and economic development in Saint Lucia. The percentage of wage and salary workers fell between 2006 and 2016, with a significant decline in the agriculture sector.[181] The COVID-19 pandemic is exacerbating these challenges. It has been estimated that the effects of COVID-19 will cause an 8.5 per cent decrease in GDP for 2020, and unemployment could potentially increase to 44 per cent. This is expected to contribute to a significant increase in severe poverty, from 1.3 per cent pre-pandemic to 18.3 per cent.[182] In addition, COVID-19 is having a serious impact on social and human issues, partly caused by the closure of schools.

2. CLIMATE AND OTHER VULNERABILITY CONTEXT

Climate. Saint Lucia has a tropical maritime climate, and temperatures are relatively constant throughout the year. The El Niño Southern Oscillation (ENSO) is the primary driver of variability in climate conditions, resulting in a rainy season (July to November) that oscilates between warm and dry or cold and wet. Average annual rainfall is 145 cm in the south and 190 cm in north, though the interior mountanous area receives about 342 cm. General circulation models predict a median decrease of up to 22 per cent for annual rainfall between 2020 and 2039.[183] Projections indicate increased inter-annual variability, with more intense effects of severe weather events.[184]

Saint Lucia is projected to warm by up to 1.1ºC – 1.5ºC between 2020 and 2039, with a more pronounced increase in warm/wet seasons (June to November).[185] Rising temperatures could exacerbate both the activity of and the damage caused by tropical cyclones. Average annual hurricane damage in the Caribbean could increase by between 22 per cent and 77 per cent by 2100.[186]

The future climate of Saint Lucia is projected to have increased mean annual temperatures, more frequent hot days and nights, decreased precipitation, increased sea surface temperatures, increased wind speeds and more intense tropical storms and hurricanes.[187]

Climate vulnerability. As an SIDS, Saint Lucia is particularly threatened by the prospect of irreversible and permanent loss and damage resulting from many of the effects of climate change. These effects include threats to coastal infrastructure and economic assets from sea level rise; the impacts of more intense and possibly more frequent extreme weather events; changes in rainfall distribution and intensity, resulting in both floods and droughts; and saltwater inundation of aquifers. Many of these effects are already occurring and are causing the degradation of human and ecosystem health,[188] damage from intensified extreme weather (floods and landslides, with associated loss of life, infrastructure, housing and output), threats to the water supply, and economic costs to tourism and other primary sectors as a result of rises in temperature and sea level. Climate

[180] Kairi Consultants Ltd, 2018.
[181] Kairi Consultants Ltd, 2018.
[182] United Nations Office for the Coordination of Humanitarian Affairs, 2020.
[183] World Bank, 2020b.
[184] World Bank, 2020b.
[185] World Bank, 2020b.
[186] Acevedo, Sebastian, 2016.
[187] Government of Saint Lucia, 2018a.
[188] Government of Saint Lucia, 2015.

models project that Saint Lucia will experience reduced or contaminated fresh water resources, more intense floods and soil and coastal erosion. Ecosystems and biodiversity are expected to be negatively affected, and both habitat and the number of species are expected to dwindle. Coastal and marine areas will be especially affected; for example, coral bleaching and a loss of turtle nesting sites from coastal erosion are both expcted. These and other climate effects are likely to result in reduced food and water security, property loss, reduced human and animal health, reduced income, increased unemployment and other impacts.[189] The sea level is increasing at a rate of 2 cm to 4 cm per decade on the island. Saint Lucia anticipates sea level rise of 0.47 m in the 2040 to 2069 period, inundating a total land area of 0.097 km^2. When combined with the storm surge generated by a category 5 hurricane, the total land area likely to be inundated is expected to increase to 19.474 km^2.[190] Saint Lucia is vulnerable to climate change due to three main conditions:

- Its small geographical area, which means natural disasters often affect the entire country
- Its location in one of the highest-risk areas on the planet,[191] with a prevalence of hurricanes, and direct exposure to the forces of the oceans
- Its dependence on a few sources of income (agriculture and tourism) for a substantial part of its GDP[192]

3. CLIMATE CHANGE POLICY AND INSTITUTIONAL CONTEXT

Conscious of the threats climate change poses to the sustainable development efforts of Saint Lucia, the Government of Saint Lucia (GoSL) has taken decisive measures to address climate change. There is a broad consensus in favour of the Paris Agreement, and a commitment to action on climate change across the political spectrum. National action on climate change is guided by a strong policy and programmatic framework that includes:

- National Climate Change Adaptation Policy (2015)
- Nationally Determined Contribution (NDC) under the United Nations Framework Convention on Climate Change (UNFCCC) (2015)
- National Adaptation Strategy and Action Plan for the Tourism Sector (2015)
- National Adaptation Plan (NAP) (2018)
- Sectoral Adaptation Strategy and Action Plans (SASAPs) in the water, agriculture and fisheries sectors (2018)
- Climate Change Communications Strategy under the NAP process (2018)
- Monitoring and Evaluation Plan under the NAP process (2018)
- Medium-term Development and Strategic Plan 2019-2022 (2018)
- Nationally Appropriate Mitigation Action (NAMA) for Saint Lucia – Green Schools (2018)
- National Energy Transition Strategy and Integrated Resource Plan (2018)
- National Adaptation Strategy and Action Plan for the Tourism Sector (2015)
- NDC Partnership Plan (2019)
- Private Sector Engagement Strategy of Saint Lucia under the NAP process (2020)

[189] Government of Saint Lucia, 2018a.
[190] Government of Saint Lucia, 2017.
[191] Among small states, Saint Lucia ranks fifth at risk for natural disasters. Of the 182 countries in the Climate Risk Index, Saint Lucia was in the top 10 per cent for losses to climate-related natural disasters from 1997 to 2016, and in the top 15 per cent of climate-related disaster fatalities (German Watch, 2018).
[192] Government of Saint Lucia, 2018a.

- Climate Financing Strategy of Saint Lucia under the NAP process (2020)
- A current initiative to develop a Resilient Ecosystem Strategy and Action Plan under the national adaptation planning process
- A current initiative to develop a climate change research policy and strategy under the national adaptation planning process
- The GCF country programme (CP) that will be launched soon

a. National climate change and development policies

National Climate Change Adaptation Policy (CCAP) (2015). The GoSL adopted an updated CCAP in 2015 to guide the national process to holistically address short- and long-term effects of climate change through a coordinated strategy. The CCAP address climate change across all sectors in an integrated manner. The plan focuses on three pillars – facilitation, financing and implementation – to drive measures that directly improve the quality of life of Saint Lucians and promote sustainable development.[193]

National Energy Policy (2010). The Cabinet of Saint Lucia approved the National Energy Policy, which aims to use market forces to lower the cost of electricity by promoting renewable energies and reducing the dependence of Saint Lucia on imported oil. It also aims to achieve higher energy security and minimize negative environmental effects from the energy sector, and proposes establishing a commission to regulate the electricity sector.

As part of the Paris Agreement, the GoSL set ambitious goals outlined in its NDC, which state that Saint Lucia aims to reduce greenhouse gases by 23 per cent by 2030. To this end, the GoSL and the Saint Lucia Electricity Services Limited have developed a National Energy Transition Strategy (NETS). The NETS aims to improve the Saint Lucian economy and create an enabling environment for future economic growth, while reducing physical and economic exposure and vulnerability to fossil fuel prices and extreme weather.[194]

National Environmental Policy and National Environmental Management Strategy (NEP/NEMS) (2014). First developed in 2005, the NEP/NEMS was revised in 2015 to strengthen the capacity of local institutions to conduct strategic planning. It provides a framework to guide institutions in developing sector plans to fulfil their environmental management duties and to achieve national environmental goals. The updated NEMS/NEP outlines a national environmental strategy to address major environmental challenges in Saint Lucia and identifies strategic objectives and activities for assistance for the period 2014 to 2019.

Medium-term Development and Strategic Plan 2019-2022 (2018). The Department of Economic Development, Transport and Civil Aviation led the development of the medium-term development plan of Saint Lucia, which aspires to achieve an inclusive and sustainable Saint Lucia by 2022. The strategy focuses on six primary areas: tourism, agriculture, infrastructure, health care, education and national security. The Caribbean Development Bank is providing technical assistance to implement the plan. The goals of the plan, as well as the National Vision Plan, are summarized in Table 6.

The Strategic Programme for Climate Resilience (SPCR). Formulated under the Pilot Programme for Climate Resilience, the SPCR provides a framework for planning and implementing sectoral climate change adaptation in Saint Lucia. It includes a range of project and programme action areas in all sectors and corresponds to the three priorities of the CCAP (facilitation, financing and implementation of adaptation actions). The SPCR is the key programmatic and operational

[193] Rocky Mountain Institute, 2017.
[194] Rocky Mountain Institute, 2017.

foundation for the implementation of the CCAP and serves as a blueprint for the NAP of Saint Lucia.[195]

Table 6. National plans and priorities

National Plans	Goals
National vision plan	Catalyse economic growth
	Reduce economic and fiscal volatility
	Improve livelihoods of the vulnerable
	Upgrade urban infrastructure to withstand natural hazards
Medium-term development strategy 2020-2023	Increase agricultural output by 36 per cent
	Improve productivity and economic competitiveness
	Provide resilient infrastructure to support economic development
	Increase the provision of quality and affordable health care
	Improve the quality of education and improve education pathways
	Reduce crime rate and improve the judicial system
	Integrate cross-cutting gender mainstreaming and social protection; disaster risk management; resilience and sustainable development; and information and communication technology

b. Other relevant climate plans and strategy documents

Intended Nationally Determined Contributions. The 2010 baseline of carbon emissions in Saint Lucia was estimated to be 643,000 $MTCO_2e$ (0.0015 per cent of 2010 global emissions). Though Saint Lucia contributes minimally to global emissions, the GoSL is committed to global efforts to reduce greenhouse gas emissions to levels that will restrict global temperature increase to less than 1.5°C above pre-industrial levels. To do so, it set a conditional target to reduce emissions 16 per cent compared to a business-as-usual scenario by 2025, and 23 per cent by 2030.[196] Total cumulative investment costs to achieve the mitigation targets by 2030 are expected to be approximately USD 218 million (at 2015 prices), and government programme costs are estimated to be USD 23 million. No unconditional target was stated.[197]

To achieve these mitigation targets, Saint Lucia anticipates interventions in energy efficient buildings and appliances, in renewable energy, water distribution and network efficiency, efficient vehicles and improved and expanded public transport.

National Adaptation Plan (NAP). Saint Lucia initiated its NAP process in 2017. The NAP aims to address critical climate change-related risks and development priorities in an integrated and coordinated manner, utilizing existing and future synergies. The NAP is expected to reduce existing vulnerabilities by building adaptive capacity and resilience in all sectors and at all levels of society, through a 10-year process consisting of adaptation measures in eight primary sectors: water, agriculture, fisheries, infrastructure and spatial planning, natural resource management, education, health and tourism. The NAP will be complemented with SASAPs for water, agriculture, fisheries,

[195] Government of Saint Lucia, 2018b.
[196] Government of Saint Lucia, 2015.
[197] Government of Saint Lucia, 2015.

infrastructure and spatial planning, natural resource management, education and health, ranked in order of urgency by stakeholders.[198]

c. Institutional responsibilities for climate change

The Ministry of Education, Innovation, Gender Relations and Sustainable Development (MEIGRSD) is the UNFCCC focal point. The Chief Sustainable Development and Environment Officer and the Permanent Secretary (Ag.) jointly coordinate with the UNFCCC.[199]

The Sustainable Development and Environment Division (SDED) of the Department of Sustainable Development (DSD), under the MEIGRSD, leads the NAP process of Saint Lucia. The SDED has operational responsibility for climate change issues, and undertakes policy formulation, strategic planning, negotiations, technical guidance for project and programme implementation, and support for resource mobilization. To promote ownership and the integration of climate adaptation considerations into sectoral development activities, all SASAPs and the implementation of adaptation measures outlined in the NAP are the responsibility of the line ministries and agencies responsible for managing those sectors.[200]

The National Climate Change Committee (NCCC) is responsible for implementing the CCAP of Saint Lucia. The NCCC was established in 1998 by the Cabinet of Ministers and is made up of representatives from a variety of government ministries, as well as representatives from the private sector, civil society and academia. The NCCC leads the coordination and implementation of all cross-sectoral activities. The committee receives its mandate through various climate-related policy documents and, in turn, provides policy guidance to the DSD.[201]

4. GCF PORTFOLIO AND INSTITUTIONAL ARRANGEMENTS

The **national designated authority (NDA)** in Saint Lucia is the Permanent Secretary of the Department of Economic Development, Transport and Civil Aviation (DEDTCA); the Chief Economist of the department is the designated focal point. The specific responsibilities of the NDA are shared between the Economic Planning Division and the National Development Division, which currently operate jointly as a single entity. The NDA receives technical support from the DSD.

Accredited entities (AEs). Saint Lucia presently benefits from two regional AEs: the Caribbean Development Bank (CDB) and the Caribbean Community Climate Change Centre (CCCCC). Both entities have been accredited up to USD 50 million. In terms of international AEs (IAEs), Saint Lucia is not a member country of the Inter-American Development Bank (IDB), but it can access IDB lending via the CDB – per the arrangement for Organisation of Eastern Caribbean States (OECS) countries.

Readiness and project preparation. Saint Lucia had one national Readiness and Preparatory Support Programme (RPSP) grant through the CCCCC, approved in 2018 for NDA Strengthening and Country Programming. The objective of this GCF readiness proposal is to strengthen the critical infrastructure in Saint Lucia to ensure the efficient, effective and transparent use of climate finance, leading to concrete adaptation and mitigation interventions that can achieve transformative and impactful results. Saint Lucia has also used its RPSP allocation for several regional grants, as shown in Table 7.

[198] Government of Saint Lucia, 2018a.
[199] UNFCCC, 2020.
[200] Government of Saint Lucia, 2018a.
[201] Government of Saint Lucia, 2018a.

In addition, the Food and Agricultural Organization (FAO) is supporting the development of a fisheries sector adaptation planning RPSP proposal, as well as an associated Simplified Approval Process (SAP) concept note (CN).

Table 7. RPSP grants for Saint Lucia

Readiness grant	Regional/national	Delivery partner	Approval date (Amount in USD)
NDA Strengthening and Country Programming	National	CCCCC	14 March 2018 (USD 375,100)
Readiness to support the development of a Credit Risk Abatement Facility (CRAF) for CARICOM States	Regional (with Belize)	CARICOM Development Fund (CDF)	4 October 2019 (USD 124,986)
Building Capacity for a Regional Approach to Climate Action in the Caribbean: CCCCC	Regional (with Belize, Dominica, Jamaica, Haiti, Saint Vincent and the Grenadines)	CCCCC	15 December 2018 (USD 1,802,657)
Enhancing Caribbean Civil Society's Access and Readiness for Climate Finance	Regional (with Antigua and Barbuda, Belize, Grenada, Jamaica, Saint Kitts and Nevis, Suriname)	Caribbean Natural Resources Institute (CANARI)	8 November 2019 (USD 1,296,958)
Caribbean Disaster Emergency Management Agency (CDEMA) Early Warning Systems (EWS) Regional Readiness Project	Regional (with Antigua and Barbuda, Belize, Dominica, Grenada, Guyana, Haiti, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Suriname)	CDEMA	24 December 2019 (USD 1,747,223)

Funding proposals. One multi-country GCF project has been approved that includes Saint Lucia. The FP020, "Sustainable Energy Facility for the Eastern Caribbean," is a regional eight-year project (USD 76 million from the GCF; USD 192 million total project value) implemented by the IDB and executed by the CDB.

Saint Lucia has not submitted any national funding proposals to the GCF Board.

5. Overview of other climate finance

The high debt level of Saint Lucia leaves the government little fiscal space for investment in mitigation and resilience-building. Hence, financing an adequate climate change response presents significant challenges. Climate financing remains a significant constraint to the ability of Saint Lucia to mitigate and adapt to the impacts of climate change, with international funding through the UNFCCC architecture being fundamental.[202]

Most of the international climate finance received by Saint Lucia is for adaptation; approximately 5 per cent of total funding is for mitigation, and cross-cutting activities are allocated a small amount. The largest single source of climate finance for Saint Lucia is the Climate Investment Funds (CIF), which is financing three projects in Saint Lucia, totalling USD 36.4 million. These projects aim to reduce disaster vulnerabilities, develop the renewable energy sector, and support climate resilient investments in the agriculture sector.[203] The Disaster Vulnerability Reduction Project is implemented and co-financed by the World Bank; it aims to reduce disaster vulnerabilities and

[202] GCF, 2017b.
[203] Climate Investment Funds, 2018.

increase long-term climate resilience in Saint Lucia through a multi-faceted approach. The World Bank has committed USD 41 million to the project for the years 2014 to 2021.[204] The World Bank is also implementing a GEF co-financed project on geothermal development in Saint Lucia, at a total project value of USD 33.575 million.[205]

The other main contributors have been the EU, also in the disaster sector, and the Global Environment Facility (GEF). Small amounts come from bilateral donors, the largest being disaster prevention and preparedness support from Spain.[206]

The Adaptation Fund has contributed nearly USD 10 million to Saint Lucia to build resilience for adaptation to climate change and climate vulnerabilities in the agriculture sector. The project is focused on building sustainable farming systems, establishing green agro-parks and building the capacity of institutional and local entities to implement adaptation measures.[207]

B. KEY FINDINGS

1. RELEVANCE OF THE GCF POLICIES

a. To what extent is the GCF portfolio aligned with the evolving adaptation and mitigation needs and priorities of the SIDS?

The GCF portfolio of Saint Lucia is generally aligned with its climate needs and priorities. The FP020 is primarily focused on supporting the development of geothermal energy projects in OECS countries. This focus broadly aligns with the NDC and National Energy Policy of Saint Lucia, as mentioned above, which aim to achieve a 35 per cent mix of renewables (from geothermal, wind, and solar) by 2025. However, interviewees suggested that the business model proposed through FP020 is different than that currently being pursued through ongoing climate finance for geothermal development, implemented by the World Bank and co-financed by the CIF and UK Department for International Development (DFID). To date, FP020 has had very little activity in Saint Lucia, as discussed in section 5.B.4 below.

Saint Lucia has many climate and development plans, as described above, that have emerged through consultative processes and which articulate the country's key national priorities for climate change mitigation and adaptation, including the NDC Partnership Plan, National Communications, NETS, NAP and SASAPs. The projects and programmes identified in the pipeline of Saint Lucia (through the GCF CP exercise) are viewed as being strongly aligned with these priorities, as well as with the Sustainable Development Goals.

b. To what extent are GCF projects and programmes in the SIDS country-owned? What has been the extent of stakeholder participation in the design and implementation of GCF activities?

As regards FP020, country ownership can be considered low, given the limited engagement with the GoSL to date, as noted above.

In Saint Lucia, country ownership is seen as being achieved by working through national consultative processes (such as those named above) to identify and pursue the country's priorities for GCF finance. Although Saint Lucia does not currently have climate change

[204] World Bank, 2020c.
[205] World Bank, 2020c.
[206] Atteridge, Aaron, Nella Canales and Georgia Savvidou, 2017.
[207] Adaptation Fund, 2019.

legislation in place, all projects that emerge from the public sector investment process (PSIP) are subject to a climate assessment. The PSIP is the nationally led process, and interviewees felt that GCF processes need to be more flexible so that countries do not have to redesign their national processes and procedures to meet GCF requirements.

Country ownership in Saint Lucia also benefits from strong cross-government coordination, including between the NDA in the Department of Economic Development, Transport, and Civil Aviation and the DSD, which is also the Secretariat for the intersectoral, inter-agency NCCC.

The GCF country programming process was seen as useful for providing a yardstick against which it was possible to evaluate ideas that were being pitched to the NDA by GCF AEs. **A frequently raised topic among interviewees related to a perception of external pressures to pursue multi-country projects**, from both the GCF and AEs. Concerns raised included the following:

- Multi-country projects are designed to address priority areas set by external agencies, donors and AEs, not the priority areas of each specific country. The project design, which is regional in scope and space, is sent to the NDA for endorsement. However, the NDA/country is not involved in designing the project, and it may not be a national priority.
- Regional agencies are accredited to lower levels with the GCF, and the multi-country projects that they put forward are on the softer side (e.g. data management, policy legislation, strategies, risk assessment and strengthening institutional arrangements). The GoSL, however, would prefer large capital projects to be financed by the GCF. Saint Lucia also wants to set the research agenda for adaptation, mitigation, and loss and damage.
- The potential for overlap and duplication is a serious problem when multiple regional projects are put forward by multiple regional and international agencies.
- Government interviewees expressed concern that multi-country projects may dilute national priorities and outcomes. A multi-country project is seen as generic and therefore produces very limited country-specific outcomes. Multi-country projects also often apply a common lens to all participating countries, whereas the Caribbean is not a homogeneous cluster of SIDS. In addition, multi-country projects do not allow for larger numbers of persons to be trained across various sectors and entities.
- Regional projects take a long time to develop. While waiting, countries move on, but when the project finally is ready for implementation, countries find they have shifted around resources and even programmes, making it difficult to reorganize and implement the project. Furthermore, countries are at different stages of development and have different capacities, and this affects the timely implementation of multi-country projects.

In general, interviewees believed that GCF initiatives should be national in scope and implemented nationally.

c. To what extent does the GCF portfolio include actions that promote gender and indigenous peoples' equality and empowerment in SIDS?

No GCF projects are yet active in Saint Lucia, so it is premature to assess. In general, however, **informants in Saint Lucia emphasized the need for the GCF gender policy to be sensitive to the country- and context specific gender realities.** In Saint Lucia, as in other Caribbean countries, women have now overtaken men in attendance in secondary and tertiary educational institutions, in educational qualifications, workforce and managerial positions and other metrics. Saint Lucia also has a high rate of female entrepreneurship, albeit primarily in micro- and small-sized enterprises. Thus, a concern now in Saint Lucia is to develop policies and programmes that include boys and men in gender equality considerations. To this end, the Division of Gender Services of the GoSL is

working on a number of gender-related projects that are intended to help galvanize support for the inclusion of gender dimensions in the GCF portfolio of Saint Lucia.

d. How relevant or constraining are GCF policies and frameworks to the SIDS?

Interviewees raised concerns primarily around the GCF investment criteria, the GCF approach to climate rationale, and loss and damage.

Investment criteria. Comments were raised on impact potential and recipient needs, in particular.

Impact potential. The OECS SIDS are not only small in geographical size, but also in population. Saint Lucia has the largest population in the OECS, with less than 175,000 people. Interviewees expressed that the GCF definition of impact should be interpreted to reflect the smallness of these populations.

Recipient needs (vulnerability). Some interviewees objected to the GCF requirement to demonstrate the vulnerabilities of Saint Lucia in funding proposals, given that there is already significant documentation, including the Fifth Intergovernmental Panel on Climate Change (IPCC) Assessment Report focused on the vulnerability of SIDS.

Climate rationale. Saint Lucia struggles to find or produce the kind of scientific data needed to demonstrate climate rationale, especially because there are no tertiary institutions on the island. The lack of data was seen by interviewees as a barrier for projects in the country to move past the CN stage. Interviewees support the requirement to show that a project specifically addresses climate change, but also believe that the intersection between adaptation and development is entrenched in their country. Informants urged the GCF to accept proxy data in the absence of the scientific data.

Loss and damage. Informants felt that the GCF needs clearer guidance on how it plans to programme loss and damage as a coherent programme area to assist countries, especially SIDS, to build resilience and to respond to extreme events. One interviewee recommended that the GCF establish a facility that can provide rapid assistance after extreme events, going beyond humanitarian aid.

2. Relevance of the GCF business model

a. Is the process of accreditation responsive to the needs of the SIDS?

No entities in Saint Lucia have yet gone through the accreditation process.

b. Is the portfolio of AEs suited to needs and the urgency of climate action of the SIDS?

According to interviewees, there is currently an insufficient portfolio of AEs servicing the region and Saint Lucia. As discussed in the next section below, the GoSL has not yet identified AEs to carry forward most of their pipeline concepts to the GCF. Concerns were raised that national projects may suffer due to a lack of capacity among regional direct access entities (DAEs).

Saint Lucia is covered by international AEs (IAEs), and regional DAEs (CDB and CCCCC). No national DAE has been accredited, although the Saint Lucia Development Bank has been nominated by the NDA, and is receiving assistance from Get.invest, a European programme that aims to mobilize investments through supporting private sector business and project developers. The original expectation was that the Saint Lucia Development Bank would be accredited by September 2020.

3. GCF PORTFOLIO

a. To what extent are GCF processes, programmes, funding windows and modalities responsive to needs and the urgency of climate action in the SIDS? Are they accessible and feasible for SIDS partners to successfully navigate? Are they matched to the capacities of SIDS?

According to one interviewee, "One of the main challenges is how dynamic the GCF is as an entity. Just when you capture the procedures, they come with another set of regulations and procedures. Understanding the GCF process is a challenge."

The project development and approval process is viewed as lengthy and overly resource intensive for SIDS. Multiple informants expressed concern that there is no modification to the GCF business model for SIDS to account for the fact that they are extremely vulnerable and small in size, and that projects in SIDS will also likely be quite small in the GCF context. The level of indebtedness has also not made it easy for SIDS to access GCF financing, as interviewees pointed to the lack of available national budget to assist in developing the large-scale, innovative projects perceived as being preferred by the GCF. Informants believed that instruments for SIDS should be different to instruments for other countries, and that a one-size-fits-all approach is not effective; allowing for flexibility is critical. One informant provided a dissenting view, however, that "… while claims of arduous GCF policies and procedures are common, if you make the effort and do the work you can access the GCF funds."

As noted above, **the paucity of reliable and up-to-date socioeconomic and climatological data was seen by interviewees as a barrier for projects in the country to move past the CN stage.** Providing the type of granular details required by the GCF can be difficult or time-consuming at best, which is even more difficult given the limited personnel in Saint Lucia.

Human resource capacity is a challenge for the Saint Lucia NDA – not because of a lack of technical knowledge, but due to limited staff resources to undertake a multitude of activities. Support is being received from the Commonwealth Secretariat in the form of a Climate Finance Specialist embedded in the NDA. However, such additional capacity is seen as a short-term solution; and the NDA still lacks sufficient medium- and long-term capacity. Interviewees stated that regional or country consultants with appropriate technical skills are in short supply in the Caribbean, and outsourcing capacity also takes time. Improvements to the technical capacity of Saint Lucia for accessing climate finance will require a sustained effort. The RPSP has been vital in supporting the NDA in its first steps towards strengthening the institution and developing GCF-related procedures.

The widely held view is that the **SAP** is not as simplified as was hoped, limiting its strategic value for SIDS. Saint Lucia has not accessed other GCF modalities, such as **requests for proposals, enhanced direct access, or the project preparation facility (PPF)** – the latter in part because no CNs submitted on the country's behalf have yet been endorsed by the GCF Climate Investment Committee (see also the section on pipeline below).

b. Have GCF programmes and facilities (RPSP, PPF, RFPs, EDA, SAP) contributed to a pipeline of climate finance for the SIDS?

The GCF CP process was regarded as useful for identifying a pipeline of priority projects, and five CNs are in various stages of development. The key national priorities for climate change mitigation and adaptation emerged from a variety of processes, including the NDC Partnership Plan, National Communications, NETS, NAP and SASAPs. As part of the CP development process, the GoSL undertook a preliminary screening to assess the suitability of projects for submission to the

GCF, considering their alignment with the GCF investment criteria. This resulted in the identification of 25 projects that were presented to stakeholders at a series of four consultations throughout the country. In these consultations, stakeholders individually applied a multi-criteria analysis to the projects. A final scoring for each project was then calculated, and the resulting prioritized list of projects was reviewed by the NDA prior to creating the pipeline of projects in the CP. The prioritized projects represent a wide range of national mitigation and adaptation focus areas and are intended to be complementary to other funding sources.

To date, one project concept note ('Enhancing Climate Resilience of the Water Sector in Saint Lucia') has been submitted to the GCF, in January 2020 with the CDB. Another four concept notes are at various stages of development and are expected to be submitted within the next 12 to 18 months. AEs have not yet been determined for these. According to a government interviewee, RPSP support has been prioritized to strengthen information gaps and facilitate the advancement of these CNs towards final submission.

The final two proposed projects in the pipeline – "Electric Mobility" and "The Green Schools Nationally Appropriate Mitigation Action" – will address important focus areas identified during the CP review process, though these CNs are not yet developed. The NDA intends to complete a mapping exercise to identify suitable AEs for project concepts currently under development that have not identified an AE.

c. What has been the role of the GCF Secretariat? To what extent has the GCF learned from its experiences in SIDS?

Interviewees praised the GCF Structured Dialogues, noting that they brought together the region's experts and were the only opportunity NDAs had to meet and share best practices. Informants described a situation where countries shared their projects and received comments, people were able to see what was happening in other countries, and there was cross-learning. Informants felt that such regional engagement should continue, but that it should also include the private sector and civil society.

Some informants felt that establishing regional offices would be a good option to better understand the unique needs of Caribbean SIDS. The 13-hour time difference between the Caribbean and the physical headquarters of the GCF in South Korea makes communication a challenge.

One informant felt the fact that this Independent Evaluation Unit assessment was taking place meant that the GCF was willing to listen to SIDS: "Yes, the GCF machinery may move slowly but sometimes things take time to develop."

4. Effectiveness in Delivering Results

a. To what extent is the GCF portfolio in SIDS achieving intended results, including through investments and the RPSP? What are those results (intended and unintended)?

At the time of this country mission, the first project in Kiribati had not begun implementation, so there are no results to report. Instead, in relation to results accomplished, partners point to improved capacity in government ministries resulting from the GCF readiness grant, as well as the experiential observations of working with GCF to identify their own performance gaps. The latter is an experience of a regional AE partner, as well.

b. To what extent are GCF investments mobilizing potential for paradigm shift within SIDS? To what extent are GCF investments replicable and scalable?

It is not yet known whether FP020 will deliver any results for Saint Lucia. While the multi-country FP020 includes Saint Lucia, the country is currently described as "watching from a distance". The Sustainable Energy Facility under FP020 is primarily focused on supporting the development of geothermal energy projects in OECS countries, using an approach that mitigates the financial risk of failed exploratory drilling and allows the debt of the project to live with the private developer rather than the already-indebted national government. In the case of Saint Lucia, however, the World Bank is currently the international institution that is leading on geothermal development, through the Geothermal Resource Development Project with co-financing support from the CIF and UK DFID, alongside parallel finance from New Zealand and other grant resources.

Whether Saint Lucia will engage with FP020 is not yet clear, since the programme is designed in such a way as to make certain pools of funding available to the relevant countries on a demand basis, rather than with a specific allocation pre-defined for each country. As such, in the event that the GoSL opts not to access the available funding (due, for example, to projects not proceeding, or opting to access alternative financing), the funds could be utilized on a first-come, first-served demand basis for the other eligible countries.

Interviewees suggest that it is currently likely that the World Bank will continue to lead the financing of the drilling and geothermal power plant development, and suggested that FP020 could instead be used to finance the development of the necessary supporting infrastructure for the geothermal development project (transmission and distribution line upgrades, roads works, etc.), rather than drilling and plant construction. Whether this is feasible under the programme design, however, is not clear.

c. To what extent are GCF investments mobilizing potential for paradigm shift within SIDS? To what extent are GCF investments replicable and scalable?

National respondents in Saint Lucia did not discuss the paradigm shift potential of FP020, which has had limited traction in the country to date.

In general, interviewees felt that the concept of paradigm shift has not been sufficiently defined by the GCF. They believed that the concept should refer to actions that promote development interventions aimed at keeping global temperature rises lower than the 1.5ºC level, enhance the capacities of SIDS to adapt to or reverse the impacts of climate change, and address loss and damage. The interpretation of paradigm shift also needs to be context specific. Some informants felt it was important for the GCF to recognize that USD 10 million for an SIDS can result in a project that is transformational, even though the "scale" of the SIDS is small. Some concern was expressed that the concept of paradigm shift means different things to the GCF and to SIDS, and that demonstrating paradigm shift for adaptation was more difficult than for mitigation projects.

d. To what extent are GCF investments employing innovations in SIDS? And to what extent do they support well-established local processes or knowledge?

Like paradigm shift, interviewees felt that innovation is context specific. **Because SIDS are at different stages of development, what is considered innovative technology in one may not be in another.** There was a perception among interviewees that the GCF concept of innovation is tied to

scale, while Saint Lucia generally prefers first to pilot projects and then, based on the success, to scale up and out.

e. To what extent are GCF investments complementary and coherent with other climate finance delivery channels? To what extent does GCF build on climate finance provided by other delivery channels (e.g. does GCF lag or lead)?

With FP020, the GCF is entering a geothermal resource development landscape in Saint Lucia that is also occupied by other actors, and it is not yet clear whether the approaches can be complementary or may potentially be in competition (e.g. to demonstrate the most viable business model or financing structure for geothermal development – an area that has a complex seven-decade history in the country).

Although Saint Lucia receives climate financing from multiple sources, the NDA and its partners have not come up with any projects for GCF financing that would replicate or scale up projects financed from other sources. One interviewee suggested that, to facilitate complementarity, if there are projects that have worked with documented best practices, the GCF should find a mechanism to scale these up, instead of asking for a feasibility study on the same project.

In more general terms, interviewees who have been engaged with the UNFCCC negotiations indicated that Saint Lucia, and other SIDS, expect the GCF to play a major role in providing climate finance to them. They further opined that while Saint Lucia has received other sources of climate financing, primarily from the CIF, large infrastructural projects, primarily in the water and energy sectors, are best suited to GCF financing, given the level of funding needed for these types of projects. Informants also believed that the GCF mandate to allocate 50 per cent of its funds to adaptation has been important for least developed countries (LDCs) and SIDS, which are highly vulnerable to climate change but are disadvantaged because of their lack of capacity, access to financial resources and their limited fiscal space.

5. PRIVATE SECTOR

a. To what extent is GCF finance suited to and does it address the needs of the private sector in SIDS? Is GCF finance helpful in mobilizing private sector investment for the SIDS? Does it improve the resilience of the local private sector and de-risk investment by local private sector entities in the SIDS?

The private sector features as a key stakeholder in the NDC of Saint Lucia, and a private sector engagement strategy has also been prepared under the country's NAP. Interviewees explained that the private sector in SIDS is "a different kettle of fish". They are micro- and small-sized enterprises who cannot contribute finance and are themselves in need of public assistance in Saint Lucia. Moreover, the strategies used to engage the private sector also must be different, because they cannot come to whole-day consultations. Existing climate-focused private sector interventions in Saint Lucia include the Climate Adaptation Financing Facility (CAFF) administered by the Saint Lucia Development Bank, which provides climate change adaptation loans to firms, community groups and households, with equitable access across socioeconomic and gender lines and incentives for pre-emptive vulnerability reduction. The CAFF is made possible through concessional finance provided by the CIF and implemented through the World Bank.

Informants felt that the GCF is slow in understanding the particularities of the private sector in SIDS and less willing to take on risks that other entities, such as multilateral development banks, may be

willing to take. In Saint Lucia, the view was that an individual enterprise cannot take up the mantle of approaching the GCF because of the rigorous GCF processes. Private sector actors would prefer that climate finance come to them through an intermediary entity like a development bank. According to an informant from the private sector:

> The GCF is suitable for SIDS once you understand the procedure and process. Nevertheless, the GCF could be a little more responsive and further simplify their technical and fiduciary procedures. The private sector wants to get things done and not spend time doing analyses and studies. The weakness, however, may be on our side: There are not many bankable proposals that are being written and presented. We should go to GCF for larger impactful projects.

Appendix 1. List of stakeholders consulted

Name	Position	Organization	Date
Tommy Descartes	Chief Economist – Dept. of Economic Development and Transportation	DEDTCA (NDA)	27 April 2020
Ruth Phillips Itty	Commonwealth Climate Finance Advisor	DEDTCA (NDA)	27 April 2020
Donnette Charlery	Economist – Dept. of Economic Development	DEDTCA (NDA)	27 April 2020
Keith Nichols	Head – Project Development and Management Unit	CCCCC	27 May 2020
Donneil Cain	Senior Programme Development Specialist	CCCCC	27 May 2020
Roddy Soomer	CEO	CARICOM Development Fund	9 June 2020
Eugene Williams	Resource Mobilization Officer	CARICOM Development Fund	9 June 2020
Cheryl Dixon	Coordinator of Environmental Sustainability Unit	CDB	10 June 2020
Derek Gibbs	Climate Finance Specialist	CDB	10 June 2020
Nicholas Ross	Climate Finance Specialist	CDB	10 June 2020
Elizabeth Riley	Executive Director, Acting	CDEMA	12 June 2020
Anika Granderson	Senior Technical Officer	CANARI	
Sharon Augustine	Senior Programme Officer	CDEMA	23 June 2020
Gloria Visconti	Lead Climate Change Specialist	Inter-American Development Bank	23 June 2020
Christian Gischler	Lead Energy Specialist	Inter-American Development Bank	23 June 2020
Javier Garcia	Climate Finance Investment Officer	Inter-American Development Bank	23 June 2020
Leon Charles	Charles & Associates Inc	Climate Analytics	24 June 2020
Annette Leo	Chief Sustainable Development Officer	Department of Sustainable Development	30 June 2020
Dawn Pierre-Nathoniel	Deputy Sustainable Development Officer	Department of Sustainable Development	30 June 2020
Shanna Emmanuel	Sustainable Development Officer	Department of Sustainable Development	30 June 2020
Vincent Boland	Managing Director	Saint Lucia Development Bank	1 July 2020
Bishnu Tulsie	Director	Saint Lucia National Trust	1 July 2020
Noorani Azeez	Chief Executive Officer	Saint Lucia Hospitality and Tourism Association	1 July 2020

NAME	POSITION	ORGANIZATION	DATE
Crispin d'Auvergne	Climate Change & Disaster Risk Management Coordinator	OECS Secretariat	5 July 2020

Appendix 2. LIST OF DOCUMENTS CONSULTED

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GCF. (2016b). Funding Proposal 020: Sustainable Energy Facility for the Eastern Caribbean.

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GCF. (2018b). Readiness Proposal: with Caribbean Community Climate Change Centre (5Cs) for Saint Lucia.

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GCF. (2019c). Readiness Proposal with CARICOM Development Fun for Belize and Saint Lucia.

GCF. (2019d). Readiness Proposal: with Organisation of Eastern Caribbean States (OECS) Commission for Antigua and Barbuda, Dominica, Grenada, Saint Kitts and Nevis, Saint Lucia.

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6. SEYCHELLES COUNTRY CASE STUDY REPORT

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ABBREVIATIONS

AE	Accredited entity
AFD	*Agence Francaise de Developpement*
CEPF	Critical Ecosystem Partnership Fund
CN	Concept Note
CP	Country Programme
CSO	Civil Society Organization
EbA	Ecosystem-based Adaptation
FP	Funding Proposal
GEF	Global Environment Facility
GHG	Greenhouse Gas
IAE	International Accredited Entity
INDC	Intended Nationally Determined Contribution
IOC	Indian Ocean Commission
iTAP	Independent Technical Advisory Panel
MEECC	Ministry of Environment, Energy, and Climate Change (Seychelles)
NDA	National Designated Authority
NDS	National Development Strategy
PPF	Project Preparation Facility
RPSP	Readiness and Preparatory Support Programme
SeyCATT	Seychelles' Conservation and Climate Adaptation Trust
SIDS	Small Island Developing States

A. BACKGROUND AND CONTEXT

1. GEOGRAPHICAL, POLITICAL AND SOCIOECONOMIC CONTEXT

Geography. The Republic of Seychelles is an archipelago consisting of 115 islands located in the Indian Ocean, east of Kenya and northeast of Madagascar. Altogether, the islands have 491 km of coastline and a total area of 455 km^2. Victoria, the capital, is located on Mahe, the largest island. Terrain varies across the islands: Mahe and the surrounding islands are volcanic with narrow coastal strips and rocky, hilly interiors, while other islands are coralline and relatively flat. Nearly 90 per cent of Seychelles' land is forested and only 6.5 per cent of all land is suitable for agriculture.[208]

Demography. The population of Seychelles was estimated to be 95,981 in 2020. More than 75 per cent of Seychellois live on the main island of Mahe. Approximately 58 per cent of the population live in urban areas. The population of Seychelles is predominately creole, primarily of east African and Malagasy origin. Increasingly, migrant workers (mostly young males) are coming to Seychelles to pursue employment. Creole, English and French are all official languages, but nearly 90 per cent of the population speaks Creole. Life expectancy has steadily increased over recent decades: today, males are expected to live 71.1 years and females 80.2 years.[209]

Politics. Seychelles was a British colony until it gained independence from the United Kingdom in 1976, after which it became a presidential republic. Initially, Seychelles was a one-party system (for the first 15 years) before transitioning to a multiparty system. Seychelles has since undergone several political reformations, including a coalition government, a one-party state, and most recently, a return to multiparty politics.[210] The executive branch is headed by the president, who is supported by appointed cabinet members. The legislative branch is a unicameral national assembly with up to 35 seats. The legal system of Seychelles is a mix of English common-law, French civil law, and customary law. The judicial branch consists of a Court of Appeals, a Supreme Court, and a Constitutional Court.[211]

Economic outlook. Seychelles is one of the most developed countries in the African region. Its 2017 gross domestic product (GDP) was estimated to be USD 1.498 billion, or USD 15,607 per capita, the highest per capita income of any African country. Tourism is the main pillar of the economy, accounting for about a quarter of total GDP, while the fisheries sector contributes close to 8 per cent.[212] A transition to tourism since gaining independence has significantly contributed to economic growth, rising from a subsistence economy to a high-income country. More recent efforts to expand other services such as offshore finance and communication services have continued the trend. The primary trading partners of Seychelles include the United Arab Emirates, France, the United Kingdom, Italy and Germany. Exports include canned tuna, frozen fish, and reexported petroleum products, while imports include machinery and equipment, petroleum, chemicals, various foods, and manufactured goods.[213]

Though Seychelles defaulted on interest payments in 2008 (in part due to the global financial crisis) and received assistance from the International Monetary Fund, reforms and assistance were successful and it has now transitioned to a market-based economy with full employment and financial surplus. The GDP of Seychelles grew 5.3 per cent in 2017. Though Seychelles has

[208] CIA, 2020.
[209] CIA, 2020.
[210] Government of Seychelles, 2019.
[211] CIA, 2020.
[212] Government of Seychelles, 2020.
[213] CIA, 2020.

experienced economic growth of late, it is entirely reliant on energy imports, and its small economy is still overdependent on tourism and remains vulnerable to climate change and natural disasters.[214]

Poverty and development outlook. Seychelles experiences many of the economic and environmental vulnerabilities characteristic of Small Island Developing States (SIDS), including a small population, low economic diversity, high dependency on imports, and susceptibility to natural disasters and climate events. Unemployment in Seychelles is quite low, estimated at three per cent in 2017. However, 39.3 per cent of the population lives below the poverty line, and income inequality is high, as indicated by a Gini coefficient of 46.8.

Seychelles has invested in social welfare services, including free primary health care and education, which has, in part, contributed to a high human development index score of 0.801 – one of the highest in Africa. Nearly 96 per cent of the population has access to improved drinking water sources and an equal percentage is literate. The entire population has electricity access. Due to these and other factors, Seychelles has attained the designation of a developed country and a high-income country.[215] The Republic of Seychelles states that the country has achieved seven of the eight Millennium Development Goals.[216]

2. CLIMATE AND OTHER VULNERABILITY CONTEXT

Climate. The climate of Seychelles is categorized as a tropical maritime climate with a mean annual temperature of 27°C that varies little throughout the year. The climate is highly influenced by the ocean, including monsoon winds, ocean currents, and sea surface temperatures. Rainfall in the archipelago varies across altitudes – mean annual rainfall on the main island of Mahe is 237 cm.[217]

Seychelles is already experiencing climatic changes such as warming temperatures, changing precipitation patterns, and rising sea levels. The mean annual temperature increased by 0.25°C from 1972 to 1997 (the most recent analysis) and is projected to increase 1.38°C by 2050. The number of annual hot days is increasing and is projected to increase substantially more, while cool days and nights are declining. Mean annual rainfall has increased slightly and is projected to increase a further 2.9 cm by 2050. However, in contrast, the dry season is projected to become even dryer.[218]

Climate vulnerability. Seychelles is culturally, economically and environmentally vulnerable to climate change. It is highly vulnerable to climate change effects such as sea level rise, coastal inundation, storm surges, erosion and landslides, and changing precipitation patterns that cause greater incidences of flooding and drought. Though Seychelles is outside the cyclone belt and has not experienced a major national disaster recently, the geography, topography and landscape of the archipelago make it vulnerable to tsunamis, storm surge, strong winds and forest fires.[219]

Because much of the population and economy of Seychelles is located near coastal areas, climate effects in the coastal zone will have a disproportionate effect on the country. Recognizing this, the building of resilience in coastal areas has become a top national priority. The agriculture, fisheries, and tourism sectors are especially vulnerable to climate change, and its effects are expected to be particularly damaging to critical infrastructure, energy and water security, biodiversity, waste management, and human health and well-being.[220] The marine resources of Seychelles are the lifeblood of its economy, and coral bleaching, reduced fish stocks, eroded coasts and other impacts are expected to produce serious economic consequences for the fisheries and tourism sector, if

[214] CIA, 2020.
[215] CIA, 2020.
[216] Government of Seychelles, 2019.
[217] World Bank, 2020.
[218] World Bank, 2020.
[219] International Monetary Fund, 2017.
[220] Republic of Seychelles, 2015.

robust adaptation measures are not deployed immediately. As sea levels rise, increased saltwater intrusion will threaten water security and increase the salination of soil, affecting food security.[221]

3. CLIMATE CHANGE POLICY AND INSTITUTIONAL CONTEXT

Seychelles has been an influential leader in international climate change negotiations, and has been a vocal advocate for helping SIDS and other small states respond to the threats of climate change. Seychelles has developed several national policies and strategies to address climate change, primarily focused on adaptation and resilience measures.

a. National climate change and development policies

National Climate Change Strategy (2009).[222] The National Climate Change Strategy provides the foundational framework of the nation's climate change adaptation efforts. The strategy has five priority objectives:

1) Advance understanding of climate change, its impacts, and appropriate responses;
2) Implement measures to adapt, increase resilience, and minimize vulnerability;
3) Achieve sustainable energy security and reduce greenhouse gas (GHG) emissions;
4) Mainstream climate change considerations into national policies and plans; and
5) Build capacity and social empowerment at all levels.

Seychelles Sustainable Development Strategy, 2012-2020 (2012). The Sustainable Development Strategy declares deliberate goals and objectives to guide national development efforts through to 2020. The strategy provides a national vision focused on environmental management and economic prosperity.

Seychelles Strategic Plan (2015). This plan is the definitive national plan to steer land-use management through 2040. Adaptation actions are included throughout the integrated framework of the plan, which also references connections to sectoral plans.

Seychelles Biodiversity Strategy and Action Plan: 2015-2020. (2015). This cross-sectoral plan includes many projects that integrate biodiversity conservation into climate change adaptation actions, especially those related to sustainable tourism, watershed management, sustainable agriculture and fisheries, and disaster planning.

Seychelles National Development Strategy 2019-2023 (2019). The National Development Strategy (NDS) is the first of three five-year plans to guide the nation's development trajectory. The NDS is based on six pillars that promote social, economic, environmental and governmental goals (see Figure 4). The NDS emphasizes the need for environmental sustainability and resilience and the need for "sustainable, climate-smart, and reasonably 'green'" development.

Seychelles National Climate Change Policy (NCCP) (2020). To account for the national and international developments in climate change since releasing the Seychelles National Climate Change Strategy a decade ago, the Government of Seychelles just released its NCCP. The NCCP describes previous, current and future work undertaken by the Government to mitigate and adapt to climate change. The NCCP recognizes the cross-cutting nature of climate change and adopts a framework approach to address this by promoting and strengthening the climate-change-relevant aspects of sector policies, and by promoting enhanced coordination and information-sharing among actors. The plan is guided by a set of climate principles, including climate justice.

[221] International Monetary Fund, 2017.
[222] Republic of Seychelles, 2015.

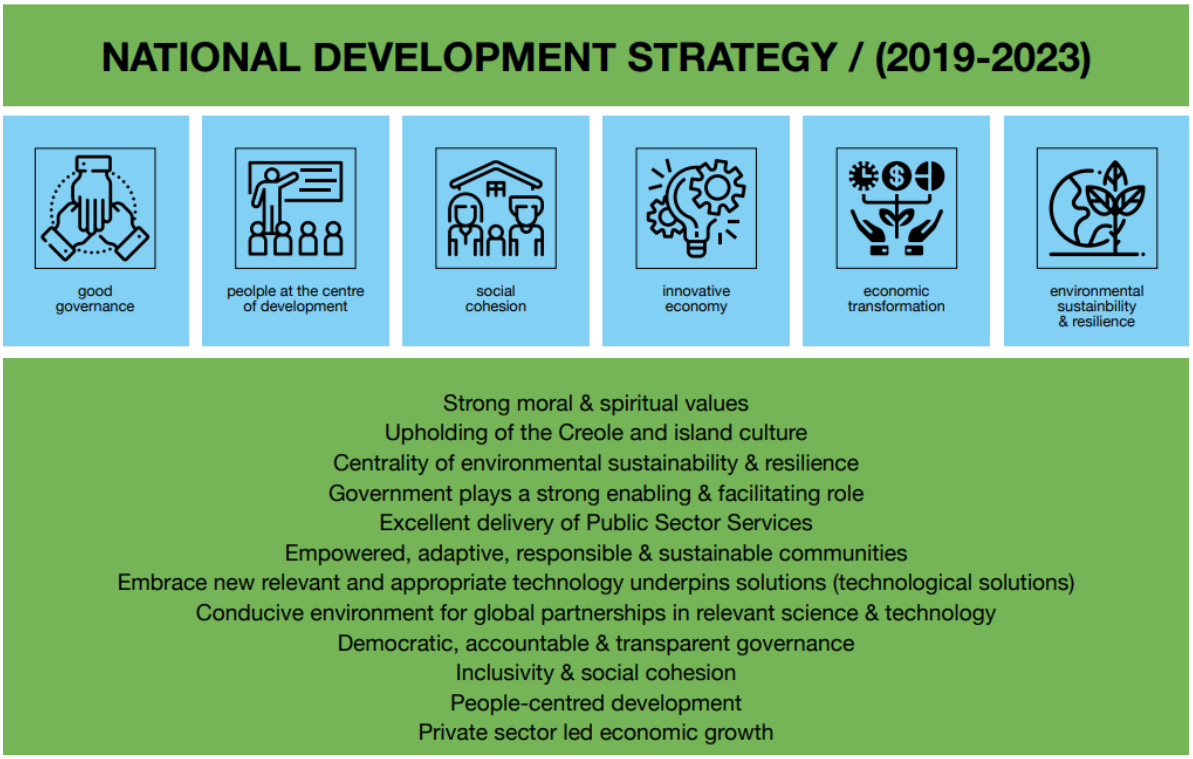


Figure 4. The six pillars of the NDS and additional supporting goals and values[223]

b. Other relevant climate plans and strategy documents

Intended Nationally Determined Contributions (INDCs). Despite its limited financial resources and negligible contribution to global GHG emissions (approximately 0.003 per cent), Seychelles has committed to reducing its emissions through various mitigation actions. Specifically, Seychelles has committed to reducing its absolute GHG emissions by 122.5 $ktCO_2e$ (21.4 per cent) by 2025 and by 188 $ktCO_2e$ by 2030 (29 per cent), relative to 2010 baseline emissions. Seychelles intends to meet its emission reduction goal primarily by increasing renewable energy generation, improving energy efficiency, and phasing in electric cars. The Government estimates the cost of achieving the 2030 goal to be at least USD 309 million, two-thirds of which would be allocated to public electricity and the remainder to waste management and improved land transport.[224]

As an SIDS, and because it is a net GHG sink, the Government of Seychelles has prioritized measures to adapt to climate change, and views GHG mitigation effects as a co-benefit of enhancing its energy security (electricity and public transport accounted for over 80 per cent of emissions in 2007). Plans to achieve adaptation goals are less detailed than mitigation plans, but land-use planning is a key tactic to improve nationwide resilience to climate change.

The long-term vision of Seychelles is to minimize the impacts of climate change through concerted and proactive action across all levels of society. The primary focus areas of the INDC up to and beyond 2030, include increased resilience and reduced vulnerability through improved critical infrastructure, sustainable tourism, increased food security, protecting biodiversity, improved water security and energy security, and improved waste management and health outcomes.[225]

National Adaptation Plan (NAP). Seychelles does not have an official NAP.

[223] Government of Seychelles, 2019.
[224] Republic of Seychelles, 2015.
[225] Republic of Seychelles, 2015.

c. Institutional responsibilities for climate change

The Ministry of Environment, Energy, and Climate Change (MEECC) is the primary ministry responsible for responding to climate change. Recently, the ministry created a new Climate Change Division to specifically serve as the national focal point for climate change adaptation planning and implementation. Other ministries, agencies and civil society organizations (CSOs) will collaborate with the Climate Change Division to plan and implement adaptation efforts guided by sectoral plans. Additionally, the Principal Secretary of the MEECC is the United Nations Framework Convention on Climate Change focal point. The MEECC also chairs the National Climate Change Committee, a multi-stakeholder group that is the primary body for coordinating and monitoring the implementation of adaptation projects.[226,227]

The University of Seychelles established the Blue Economy Research Institute to serve as a hub for climate change-related research, and to work with national ministries and the National Institute of Science, Technology and Innovation.[228]

4. GCF PORTFOLIO AND INSTITUTIONAL ARRANGEMENTS

National designated authority (NDA). The NDA in Seychelles is located in the MEECC, in the Seychelles Sustainable Development Strategy Inter-Sectoral Steering Committee. The focal point is the Principal Secretary of the MEECC, who also serves as the United Nations Framework Convention on Climate Change's focal point and the Global Environment Facility's (GEF) operational focal point.

Accredited entities. Currently, Seychelles has access only to international accredited entities (IAEs).

Readiness and project preparation. Seychelles has two approved Readiness and Preparatory Support Programme (RPSP) grants. The first was a national grant approved in December 2017, designed to support NDA strengthening and country programming, delivered through the Development Bank of Seychelles. The second RPSP grant, also approved in December 2017, aims to provide entity support to the Indian Ocean Commission (IOC), a regional entity seeking accreditation to the Green Climate Fund (GCF).

Funding proposals. One multi-country funding proposal (FP135) was recently approved by the GCF Board for Seychelles (along with Comoros, Mauritius, and Madagascar) in late August 2020, implemented by the *Agence Francaise de Developpement* (AFD), with GCF grant financing of USD 38 million. This project focuses on ecosystem-based adaptation in the Indian Ocean.

5. OVERVIEW OF OTHER CLIMATE FINANCE

The GEF is actively supporting six projects in Seychelles, primarily focused on protecting fisheries and coastal and marine ecosystems, but also on upscaling climate-resilient and resource-efficient technologies and combating desertification. Total financing for these projects is USD 117.1 million, of which USD 20.7 million is provided by GEF.

The Adaptation Fund (AF) is supporting two additional projects in Seychelles, totalling USD 16.5 million. One is taking an ecosystem-based approach to adapt to climate change to improve water security and prevent flooding. The other is restoring marine ecosystem services by rehabilitating

[226] UNFCCC, 2020.
[227] Republic of Seychelles, 2015.
[228] Republic of Seychelles, 2015.

coral reefs in Seychelles and Mauritius, to protect the ecosystems and the tourism and fisheries sectors.

B. KEY FINDINGS

1. RELEVANCE OF THE GCF POLICIES

a. To what extent is the GCF portfolio aligned with the evolving adaptation and mitigation needs and priorities of the SIDS?

The approved funding proposal and pipeline concept notes (CNs) of Seychelles are consistent with national climate change priorities. The FP135, "Ecosystem-Based Adaptation in the Indian Ocean (EbA IO)," will provide funding for ecosystem-based adaptation (EbA) in four Indian Ocean countries that are within a biodiversity hotspot, through the Critical Ecosystem Partnership Fund (CEPF). The EbA measures are consistent with the Government's priority for adaptation actions, as expressed in its strategies, as well as by multiple interviewees for this case study. The FP also aligns with the country's National Climate Change Policy, NDC, Coastal Management Plan (2019-2024), and the National Biodiversity Strategy and Action Plan (2015-2020). All these plans include EbA as a national priority.

The pipeline CN on regional hydromet services is aligned with the priority expressed in the Seychelles Climate Change Strategy (2009) and Seychelles Sustainable Strategy 2020 Action Plan, to advance the understanding of climate change and its impacts and to appropriately respond by upgrading and strengthening the meteorological, hydrological, oceanographic, and terrestrial data-collection system and institutions. In addition, the pipeline CN of Seychelles on creating the enabling environment for the 100 per cent Renewable Energy Strategy of Seychelles would help to directly implement a national policy and meet the country's NDC.

b. To what extent are GCF projects and programmes in the SIDS country-owned? What has been the extent of stakeholder participation in the design and implementation of GCF activities?

While FP135 is seen as being aligned with national priorities and was widely consulted among stakeholders in Seychelles, it was not perceived by interviewees as "home-grown". The project originated with AFD, a major donor to the CEPF, which FP135 co-finances and expands in the region. The country-driven project ideas of Seychelles for the GCF, including on renewable energy and climate-resilient communities, have struggled to advance through the project cycle, compared to projects that have been externally identified and led by IAEs.

Multiple interviewees described the national architecture for climate change coordination as relatively weak, but recently revamped by the new Climate Change Policy. Now a National Climate Change Council will be chaired by the Vice-President, with representation across sectoral ministries and non-governmental actors, including civil society and youth organizations and the private sector. Interviewees hope that by engaging executive power, this council will improve cross-sectoral coordination and decision-making on climate change. Better integration of climate change into development planning is also needed, with challenges noted in coordination between MEECC and the Seychelles Ministry of Finance, Trade Investment and Economic Planning with respect to climate finance.[229]

[229] Etongo, 2019; Khan and Amelie, 2014.

The main issue for the NDA in Seychelles relates to human resources. The NDA in Seychelles is comprised of four part-time staff with responsibilities other than those related to the GCF. A procedure has been established for nominating direct access entities and for no-objection decisions. While the staff are seen as being very good technically, several interviewees described the NDA as lacking manpower and as "wearing too many hats". These capacity constraints have affected pipeline development, as described later in this report.

c. To what extent does the GCF portfolio include actions that promote gender and indigenous peoples' equality and empowerment in SIDS?

Limited data are available about gender issues in Seychelles. However, most published development indicators for women and girls in Seychelles are above global averages. The United Nations Economic Commission for Africa (2017) reports higher enrolment rates in secondary and tertiary education among girls and women than boys and men, although somewhat less representation in politics and senior management decisions.[230]

The one approved FP covering Seychelles is structured primarily as a small grants programme administered by Conservation International – building on an existing regional programme through the CEPF. **The FP135 gender action plan leverages the existing gender policy of the CEPF, the gender focal point in the Indian Ocean region, and associated resources to integrate gender considerations into the grant-making process and grants themselves.** Because this project has recently been Board-approved in August 2020, it is premature to assess how these plans will be translated into on-the-ground action.

d. How relevant or constraining are GCF policies and frameworks to the SIDS?

Interviewees offered limited feedback on this issue. One concern raised was to do with the transition of Seychelles from a low to middle income country, and the implications for the country's ability to access concessional climate finance, especially for technical assistance and capacity-building, which is still seen as highly relevant. [231]

2. Relevance of the GCF business model

a. Is the process of accreditation responsive to the needs of the SIDS?

Awareness of the GCF accreditation process – as well as progress towards accreditation – is very limited in Seychelles among national candidates. Although the NDA of Seychelles has nominated a national direct access entity, this process has not substantially advanced, largely due to lack of human capacity and awareness of the GCF and its processes. No RPSP grant has been sought or approved for accreditation support, nor has the nominated entity participated in the GCF-organized trainings to which they were invited. The nominated national entity completed the accreditation forms to receive an Online Accreditation System account in 2018, but was not able to access that account, and there has been effectively no progress since that time. Another national organization has also considered pursuing accreditation with the GCF, but expressed reservations about investing their own resources, given the perceived length and rigour of the process. Overall, organizations were uncertain about whether accreditation with the GCF was "worth it".

For now, interviews indicate that attention has shifted towards the accreditation of a regional entity. The NDA of Seychelles nominated for accreditation the IOC, an intergovernmental

[230] UNECA, 2018.
[231] Etongo, 2019.

organization serving Comoros, Reunion, Madagascar, Mauritius, and Seychelles. The IOC provides support to its Member States through cooperative projects across a wide range of sectors, although the current IOC action plan is heavily focused on climate change. Financial partners for current IOC projects include AFD, the European Union, the French Fund for Global Environment, African Development Bank (ADB), World Bank, the Food and Agriculture Organization (FAO), and the International Fund for Agriculture Development (IFAD).

Prior to seeking approval from their Council of Ministers to pursue accreditation with the GCF, the IOC held national consultations to seek the support of their member countries, with financial support from AFD. These national consultations were seen as important for demonstrating to countries the potential value of IOC's accreditation to them. Seychelles ultimately agreed to support the IOC for accreditation through use of the country's RPSP allocation.

The IOC has three people dedicated to accreditation and readiness, with experts from other departments contributing as needed, and additional South-South cooperation from the Secretariat of the Pacific Regional Environment Programme to navigate the accreditation process. The GCF accreditation process is perceived as being more manageable than other accreditations, such as the Pillar Assessment of the EU. The IOC also benefits from the arrangement with AFD by receiving support for in-house capacity.

b. Is the portfolio of AEs suited to needs and the urgency of climate action of the SIDS?

According to interviewees, the current portfolio of accredited entities (AEs) available to Seychelles is not sufficient to meet the country's needs and the urgency of climate action. As of the time of writing, Seychelles has access only to IAEs. The NDA has submitted several CNs to the GCF without an AE yet having been identified.

Although Seychelles works with many international agencies on climate and development projects, the Government has experienced difficulties in finding an IAE to commit to their projects. For example, for their nationally originated renewable energy CN, the Government has approached three IAEs, but a final plan has not been reached. A similar issue is being experienced with the CN submitted to the GCF without an AE, on climate-resilient communities. In the words of one interviewee:

> "When we approach [international] partners for GCF, they say yes but they would prefer to say no. Because we work with them on other projects and have good relations, they say they'll help, but wish we'd take it somewhere else, and you find out later with their attitude about it."

One of the reasons identified in interviews for this difficulty was that current project ideas are not sufficiently mature enough to be funded (see also the section below on pipeline). Interviewees believe that accrediting the IOC could help address this difficulty, by providing a partner to support the country in reviewing and preparing their projects. The IOC has already been playing this role to a certain extent, for example, by facilitating the connection with AFD as an AE to carry forward the regional hydromet project to the GCF.

Another challenge relates to the alignment of the priority ideas of Seychelles and the strategy and mandate of some of the IAEs working in the region. The AFD, for example, is authorized only to support regional cooperation projects and manage funds allocated by the IOC, as part of its mandate defined in 2018.[232] The ADB country strategy paper for Seychelles for 2016 to 2020 focuses its support on two pillars: (1) enhancing energy infrastructure to promote inclusive and green growth;

[232] AFD, 2018.

and (2) stimulating private sector activity in support of economic diversification through policy reform – with support expected to be delivered through one energy investment project and one programme-based operation.[233]

Overall, although accrediting the IOC would be viewed as significantly improving the access of Seychelles to the GCF, interviewees still believe that regional delivery should not be a substitute for national mechanisms. The IOC is seeking only micro-level accreditation to start, in consideration of their staff and capacity, even though they currently manage projects over this ceiling. The projects of the IOC normally have regional components, raising questions about the extent to which they will manage to meet national level needs with a micro-level accreditation.

3. GCF PORTFOLIO

a. To what extent are GCF processes, programmes, funding windows and modalities responsive to needs and the urgency of climate action in the SIDS? Are they accessible and feasible for SIDS partners to successfully navigate? Are they matched to the capacities of SIDS?

Access to the GCF has been slow in Seychelles. Government interviewees expressed frustration with the slowness of GCF processes, which made senior decision makers hesitant to take priority projects to the Fund, given the country's expectation that it may take two to five years to see disbursement. In the words of one interviewee, "The proof is in the pudding, but we are not eating pudding at all."

The RPSP is seen as much easier to access, but the country's NDA strengthening and country programming grant is two years delayed. According to interviews, the first tranche was disbursed in October 2018, but staffing issues and complications due to COVID-19 have halted the implementation. One interviewee reported very limited follow-up from the GCF on the RPSP grant – essentially no contact or reporting for the better part of a year. A consultant from South Africa has been hired to support the development of the country programme.

The main challenge identified among national actors was the capacity to develop project proposals to the GCF standard. In the words of one interviewee, "It's the capacity to write project proposals. The ideas are not yet mature. [The country] needs support to develop a bankable project." A government interviewee echoed this: "One of our weaknesses is capacity-building, to come up with the proper projects. At times we have to outsource and recruit from outside, which costs money, so if GCF can support how to come up with concrete project proposals, that would be most welcome." But outside support is also limited, as one informant pointed out: "There is a pool of very capable local consultants, but they tend to be over-committed in their work for international organizations."

For the regional organizations, preparing projects to the GCF standard was not perceived as such as a significant challenge. The IOC, for example, was able to write the hydromet CN in-house with some support from AFD in identifying technical experts to provide inputs on hydrology and meteorology.

At the national level, support is needed in the form of human resources (people) and hands-on knowledge transfer to address these capacity challenges. Multiple interviewees noted that the Commonwealth planned to provide a climate finance advisor to the Government of Seychelles, but that those plans fell through. A regional organization identified accompaniment as a successful

[233] African Development Bank (AfDB), 2016.

strategy for capacity-building in the Indian Ocean region – that is, sitting with a national level entity to help them prepare the project, as well as implement it.

In the longer-term, the University of Seychelles has a degree programme in environmental science and climate change that has the potential to provide local training to develop a complement of technically able individuals in the country, and the region for that matter. The MEECC Department of Environment and Climate Change is currently using the programme to strengthen their department staff. Support for curricula and lecturers was identified by interviewees as a long-term strategy for national capacity development.

b. Have GCF programmes and facilities (RPSP, PPF, RFPs, EDA, SAP) contributed to a pipeline of climate finance for the SIDS?

There is a strong desire in Seychelles to build a pipeline to access the GCF. But as mentioned above, **the lack of national capacity to develop projects, lack of mature project ideas, and difficulties in identifying AEs has contributed to a softer pipeline so far.** Two national CNs submitted over two years ago have not yet been matched with willing AEs, and the Government was not aware of the post-submission status of the regional CN with AFD. In the meantime, the Government has been investing some of its own budget to advance the renewable energy project, working with a German consultancy, given the priority of renewable energy in the country's new energy policy.

Readiness and Preparatory Support Programme grants have not been used to develop the pipeline to date. As noted above, the current RPSP grant is delayed, although efforts were initiated to prepare the Seychelles country programme prior to the COVID-19 pandemic. A Commonwealth climate finance advisor was also expected to provide support in identifying clear climate change priorities and a pipeline, but this support has not materialized. Seychelles has not pursued Project Preparation Facility (PPF) funding to date, given the status of its CNs.

Table 8. Status of concept notes in the GCF pipeline of Seychelles

PROJECT	AE	NATIONAL / MULTI-COUNTRY	STATUS BASED ON INTERVIEWS
Creating the enabling environment for Seychelles' 100% Renewable Energy Strategy	Unknown	National	The Simplified Approval Process (SAP) CN was submitted in February 2018 with UNDP, but interviews suggest that the Government is discussing with other AEs who might take it forward.
Building Regional Resilience through Strengthened Meteorological, Hydrological and Climate Services in the Indian Ocean Commission "IOC countries"	AFD	Multi	Submitted in July 2018.
Climate Risk Informed – Resilient Communities	Not identified	National	Submitted September 2018 without an AE; an AE has yet to be identified for the project, and there may also be changes in the potential executing entities.

c. To what extent have GCF processes and projects exercised efficiency while also recognizing the high cost of operation in the SIDS?

Limited evidence was available, given the status of the portfolio in Seychelles. One interviewee noted that the FP135 small grants programme will be managed out of Mauritius, which will incur costs of flying to Seychelles for supervision, although it also supports efficiency through a central management hub. In general, small grants programmes are not typically seen as being highly cost-effective, although EbA interventions can be so.

d. What has been the role of the GCF Secretariat? To what extent has the GCF learned from its experiences in SIDS?

Again, limited evidence was available. **Interviewees had limited contact with the GCF Secretariat, apart from the NDA.** For the country's RPSP grants, there was limited follow-up by the Secretariat and reporting by the delivery partner. With the NDA, the GCF Secretariat was described as responsive, but the "back-and-forth" was seen as lengthy.

4. Effectiveness in delivering results

a. To what extent is the GCF portfolio in SIDS achieving intended results, including through investments and the RPSP? What are those results (intended and unintended)?

The FP135 has just been Board-approved in August 2020, and thus it is much too early to assess the project results. The project envisions that USD 6.3 million will be allocated to Seychelles, with estimated co-finance of USD 1.87 million – or approximately 17 per cent of the total finance. An estimated 14,700 Seychellois are expected to be direct beneficiaries of the project, representing nearly 15 per cent of the national population. These benefits are expected to arise from the restoration of natural ecosystems and increased adoption of diversified, climate-resilient livelihood options. The project is also expected to increase the coverage of protected and strengthened ecosystems by 1.83 million ha, across all four participating countries. Among interviewees, views were positive that the project would be beneficial for Seychelles.

b. To what extent are GCF investments mobilizing potential for paradigm shift within SIDS? To what extent are GCF investments replicable and scalable?

Views were mixed on the paradigm shift potential of FP135. The Independent Technical Advisory Panel (iTAP) rated the project as "medium" on this investment criterion. The Secretariat rated it "medium-high" given its strong focus on research, an embedded exit strategy with a long-term steward institution, and a focus on building the technical capacity of CSOs. The Secretariat's rating also considered the GCF contribution of adding a climate adaptation dimension to biodiversity conservation, that could be replicated throughout the work of CEPF.

Interviewees did not see FP135 as paradigm shifting in the specific context of Seychelles, however. As the iTAP also pointed out, the project takes an EbA approach that is not a new paradigm in Seychelles (see also discussion of innovation and complementarity below). The project also takes a small grants approach which is also not new in Seychelles; it is the approach, for example, taken by the Seychelles' Conservation and Climate Adaptation Trust (SeyCATT) for its climate adaptation projects. Interviewees also opined that a small grant project-by-project approach is not the most conducive for large-scale, systemic changes that would be more likely to be seen as paradigm shifting. Moreover, part of the positive view taken by iTAP on paradigm shift in FP135,

related to the long-term implementation structure that would be sustained by the regional implementation teams in established CSOs; but for Seychelles, the implementation structure will be managed via a regional implementation team in Mauritius, rather than in-country.

One interviewee believed that the GCF CN on Seychelles' 100 per cent Renewable Energy Strategy had the potential to be transformative, because it could shift the energy portfolio away from fossil fuels and help the country better market itself as a sustainable destination for tourism.

c. To what extent are GCF investments employing innovations in SIDS? And to what extent do they support well-established local processes or knowledge?

The FP135 is not seen as innovative in Seychelles. As noted above, EbA is not considered innovative in the Indian Ocean region – multiple other projects under implementation, including in Seychelles, are taking an EbA approach. Non-governmental organizations and even the private sector have experience in the country implementing EbA approaches.[234] The small grants approach taken by the CEPF is also not particularly innovative, given that it has been in operation now in the Madagascar and Indian Ocean hotspot since 2001, and is also employed by SeyCATT in Seychelles.

But there are numerous examples of climate innovation happening in the country through other climate finance delivery channels. Seychelles has been an international example of adapting debt-for-nature swaps to address climate conditions instead. The Government of Seychelles negotiated to buy back external national debt from the UK, Italy, Belgium, and France with funds mobilized by The Nature Conservancy and facilitated by SeyCATT, a special purpose vehicle created for the swap. Seychelles also launched the world's first sovereign blue bond, which is partially guaranteed by a USD 5 million guarantee from the World Bank and supported by a USD 5 million concessional loan from the GEF and international impact investors. The exclusive economic zone of Seychelles extends to over 1.3 million km^2 of ocean space, over 2.5 times greater than that of the average of SIDS (see annex 2: Map of population density, area of exclusive economic zone, and protected areas of Seychelles). The use of blue bonds is therefore perfectly fitting for Seychelles to capitalize on its abundance of ocean space. Proceeds from the bond go towards sustainable fisheries. Grants are managed by SeyCATT, and loans by the Development Bank of Seychelles.

Overall, the view was that the GCF could promote innovation better. As one interviewee said: "It's happening, but very low key, not enough to accelerate the innovative process. When you have an entity like GCF, it's good for them to show the vulnerable countries the innovative part, so we can emulate and replicate in our countries. That would help tremendously." Another interviewee explained that the big innovative ideas are there, but the Government needs support to deliver on those innovations – that is, desire versus capacity to be innovative. A third interviewee offered a suggestion for the GCF to pursue impact loans, given the likelihood that creditors would be more interested now that COVID-19 has increased the risk of default.

d. What is the coverage of GCF projects in SIDS compared to other climate finance delivery channels? To what extent are GCF investments complementary and coherent with other climate finance delivery channels? To what extent does GCF build on climate finance provided by other delivery channels (e.g. does GCF lag or lead)?

The FP135 is highly complementary to other climate finance, given that it takes an EbA approach that is already common in the region and builds on past and ongoing investment by

[234] Etongo, 2019.

the CEPF. Several EbA projects are already under implementation in Seychelles. Two projects are implemented by UNDP with funding from the AF – one national project focused on watershed management and coastal projection, and a second regional project focused on reef restoration and the establishment of coral farming and nursery facilities. An additional EbA project has been funded by the Government of China.[235]

Future GCF projects in Seychelles also have the potential to build on past experience. The IOC has several regional projects that were successfully completed – which could be deployed on a larger scale with GCF and other co-finance – related to the resilience of coastal ecosystems, disaster risk management, and meteorological forecasting.

However, one interviewee did raise concerns related to coherence in climate finance delivery, noting that there is scope for better coordination among development partners in Seychelles to reduce the burden on the Government.

5. PRIVATE SECTOR

a. To what extent is GCF finance suited to and does it address the needs of the private sector in SIDS? Is GCF finance helpful in mobilizing private sector investment for the SIDS? Does it improve the resilience of the local private sector and de-risk investment by local private sector entities in the SIDS?

There is no experience yet to date in Seychelles on using GCF finance to address the needs of the private sector. Interviewees noted, though, that the GCF priority to engage the private sector is clear. There is also "tremendous interest" among the private sector to be climate-friendly in Seychelles, but a general "… lack of know-how and understanding of what is a business's role" in addressing climate change.

In Seychelles, interviewees explained that the private sector mainly consists of hotels, where demonstrating sustainable practices is important for tourism. Multiple interviewees expressed interest in working with hotels on these issues, potentially with GCF finance. Until recently, the private sector has been poorly engaged at the national level, having a detrimental impact on "the effectiveness of adaptation actions in the hotel and tourism industry."[236] There is hope that the new National Climate Change Council, chaired by the Vice-President, will improve this engagement, because the council includes representatives from the private sector and business community (chamber of commerce).

One interviewee pointed out that the small size of SIDS like Seychelles offers an opportunity for truly transformational change through the private sector. For example, a large-scale project could educate the entire private sector about their role and opportunities in climate finance, help to promulgate favourable policy frameworks, and then unlock finance for the private sector once the enabling environment is in place.

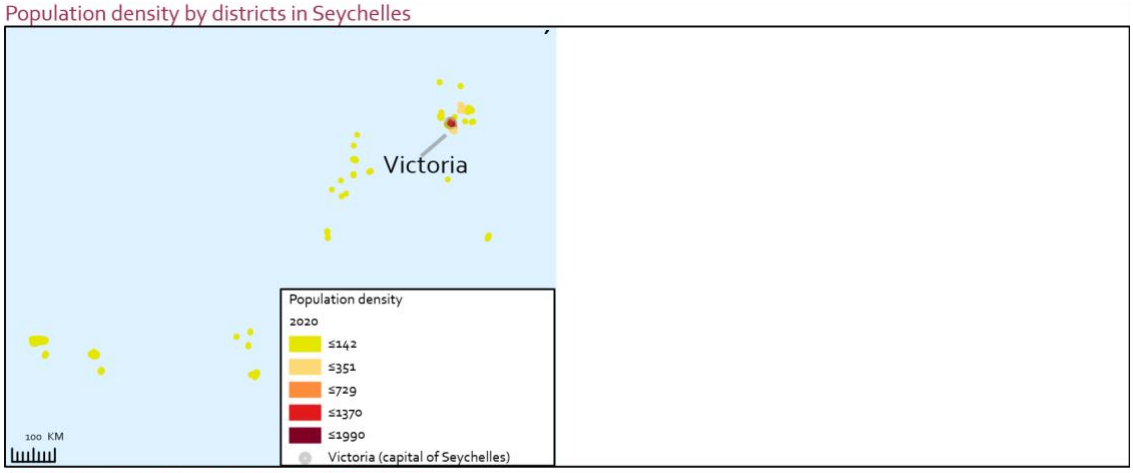
[235] Republic of Seychelles, 2015.
[236] Etongo, 2019.

Appendix 1. List of stakeholders consulted

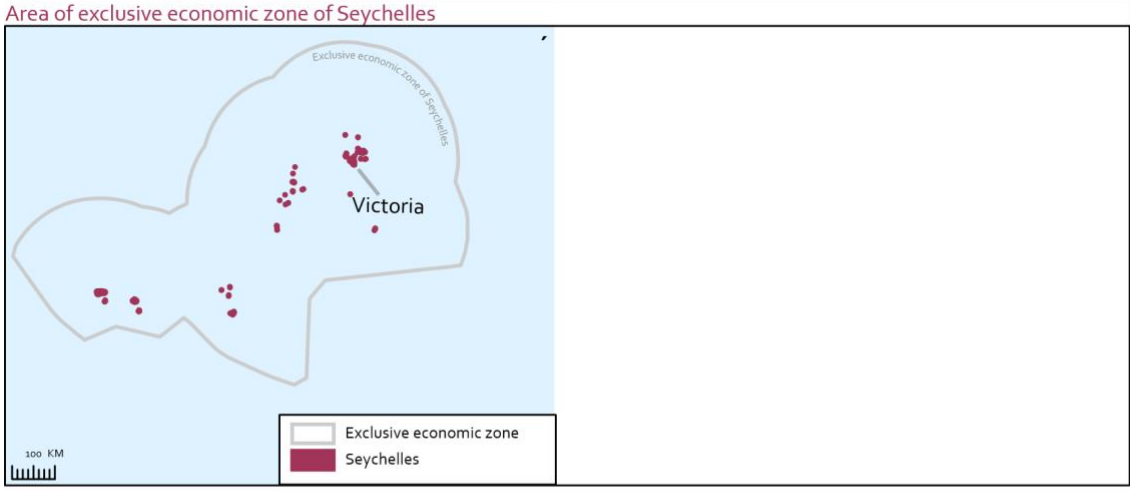
Name	Position	Organization	Date
His Excellency Ronald Jumeau	Permanent Representative to the United Nations and Ambassador for Climate Change	Republic of Seychelles	25 June 2020
George Uzice	Climate Change Negotiator	Ministry of Environment, Energy and Climate Change	25 June 2020
Wills Agricole	Principal Secretary and NDA	Ministry of Environment, Energy and Climate Change	13 July 2020
Jean Preira	Head of Finance	Development Bank of Seychelles	4 August 2020
Gina Bonne	IOC Focal Point	Indian Ocean Commission	11 August 2020
Peter Brinn	Team Leader, Seychelles	Global Climate Change Alliance (GCCA+)	19 August 2020
Iris Carolus	Consultant	UNDP Climate Promise programme, Seychelles	1 September 2020
Angelique Pouponneau	CEO	SeyCATT (Seychelles' Conservation and Climate Adaptation Trust)	9 September 2020
Céline Thoniard	GCF Focal Point	*Agence Francaise de Developpement* (AFD)	25 September 2020

Appendix 2. MAP OF POPULATION DENSITY, AREA OF EXCLUSIVE MIC ZONE, AND PROTECTED AREAS OF SEYCHELLES

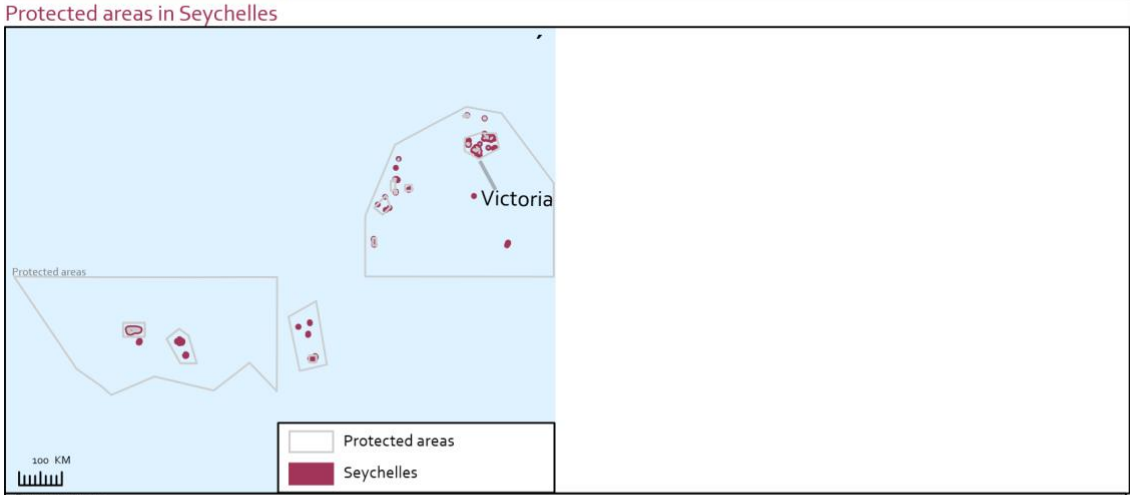
Population density by districts in Seychelles



Area of exclusive economic zone of Seychelles



Protected areas in Seychelles



Data source:
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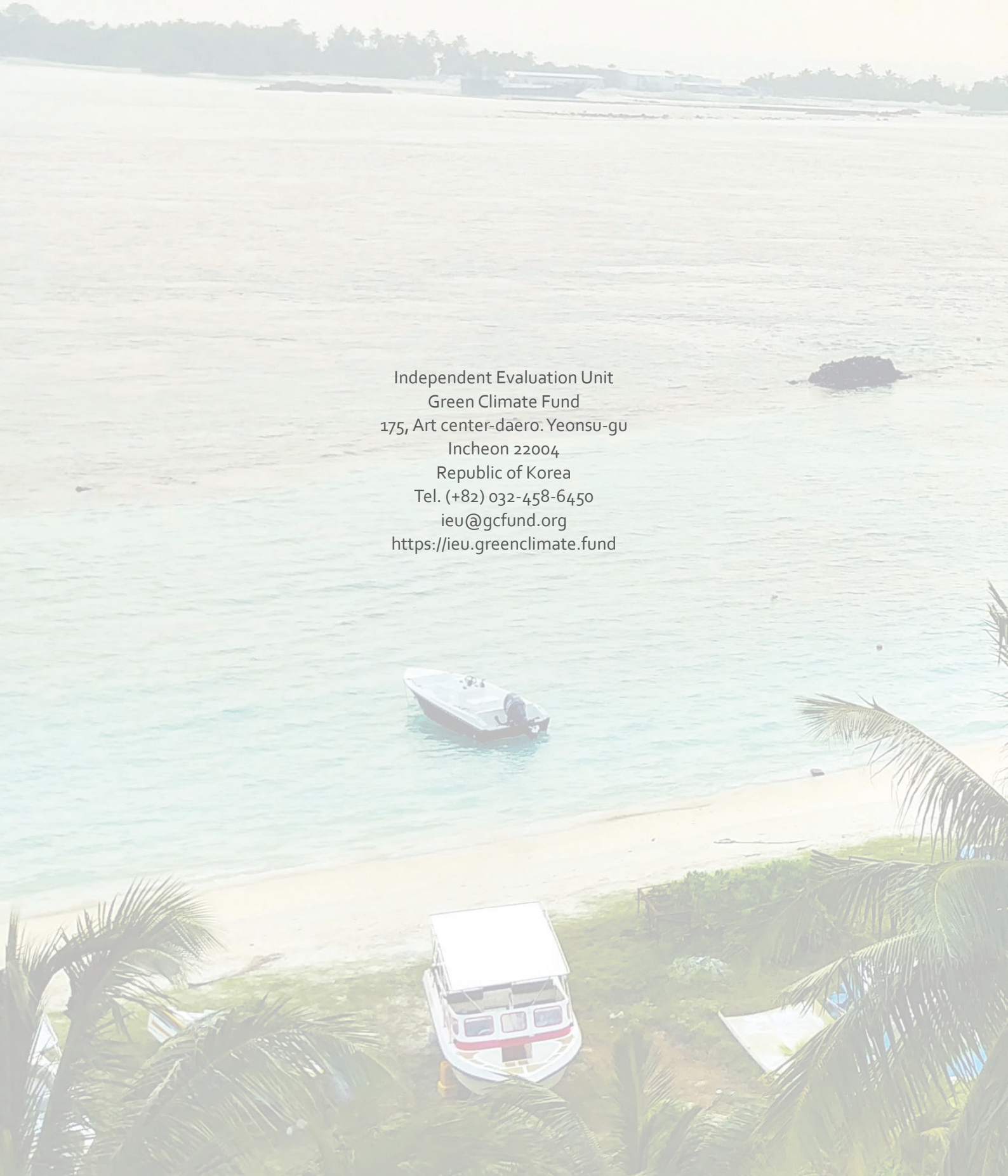

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