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INDEPENDENT EVALUATION OF THE GREEN CLIMATE FUND'S ENVIRONMENTAL AND SOCIAL SAFEGUARDS AND THE ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

Country case study reports

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GREEN CLIMATE FUND
INDEPENDENT EVALUATION UNIT

Independent evaluation of the GCF's Environmental and Social Safeguards and the Environmental and Social Management System

COUNTRY CASE STUDY REPORTS

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ABBREVIATIONS

ADB	Asian Development Bank
AE	accredited entity
AFD	*Agence Française de Développement*
AfDB	African Development Bank
APEC	Asia-Pacific Economic Cooperation
APR	annual performance report
BAU	business-as-usual
CCPI	Climate Change Performance Index
CCS	Climate Change Secretariat
CN	concept note
CSO	civil society organization
DAE	direct access entity
E&S	environmental and social
EbA	Ecosystem-based Adaptation
EBRD	European Bank for Reconstruction and Development
EE	executing entities
EHS	environmental health and safety
EIB	European Investment Bank
ESAP	environmental and social action plan
ESDD	environmental and social due diligence
ESIA	environmental and social impact assessments
ESMF	environmental and social management framework
ESMFS	environmental and social management framework and system
ESMP	environmental and social management plan
ESMS	environmental and social management system
ESP	environmental and social policy
ESS	environmental and social safeguards
EU	European Union
EWS	Early Warning System
FAA	funded activity agreement
FAO	Food and Agriculture Organization
FGD	focus group discussion
FI	financial institution
FMO	Netherlands Development Finance Company
FP	funding proposal
FPIC	free, prior and informed consent
GAP	gender action plan

GCF	Green Climate Fund
GDP	gross domestic production
GEF	Global Environment Facility
GHG	greenhouse gas
GIZ	*Gesellschaft fur Internationale Zusammenarbeit*
GRM	grievance redress mechanisms
HDI	Human Development Index
IA	Implementing Agency
IDB	Inter-American Development Bank
IEU	Independent Evaluation Unit
IFC	International Finance Corporation
(i)NDCs	(intended) Nationally Determined Contributions
IPCC	intergovernmental panel on climate change
IPP	indigenous peoples policy
IRM	Independent Redress Mechanism
iTAP	independent Technical Advisory Panel
IUCN	International Union for Conservation of Nature
KII	key informant interview
LDCF	Least Developed Country Countries Fund
MDBs	multilateral development banks
MRV	monitoring, reporting and verification
MSME	micro, small and medium-sized enterprise
NAMA	Nationally Appropriate Mitigation Action
NAP	national adaptation plan
NAPA	National Adaptation Plan of Action
NDA	national designated authority
NGO	non-governmental organization
OAS	online accreditation system
PAP	project approval process
PES	Payments for Ecosystem Services
PMU	Project management unit
PPF	Project Preparation Facility
PPP	public-private partnership
PSOs	private sector organizations
RBP	results-based payments
REDD+	Reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries
RFP	requests for proposals
RMF	results management framework

RPSP	Readiness and Preparatory Support Programme
SAP	simplified approval process
SDGs	Sustainable development goals
SES	Social and Environmental Standards
UN-REDD	United Nations Programme on Reducing Emissions from Deforestation and Forest Degradation
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar
WB	World Bank

COUNTRY-SPECIFIC ABBREVIATIONS

Kazakhstan

KAZREF	Kazakhstan Renewables Framework
NAP-GSP	national adaptation plan-global support programme
SER	Strategic Environmental Review

Morocco

ADA	Agricultural Development of Morocco
ANZOA	*Agence Nationale de Developmente des Zones Oasiennes et de l'Arganiers*
CFMs	Climate Fund Managers
CIO	Climate Investor One
CIO CEF	Climate Investor One Construction Equity Fund
CIO DF	Climate Investor One Development Fund
GMP	Green Morocco Plan
LFPs	livelihood and forests programmes
MAMF	Ministry of Agriculture and Maritime Fisheries
NSSD	national strategy for sustainable development
PFIs	private finance initiatives
SEFF	sustainable energy financing facilities
SUNREF	sustainable use of natural resources and energy finance
TFSC	transforming financial systems for climate

Paraguay

AFD	*Agencia Financiera de Desarrollo*
INDI	Paraguayan Institute for Indigenous Peoples
INFONA	National Forest Institute
MADES	Ministry of Environment and Sustainable Development
MDS	Ministry of Social Development
MRE	Foreign Ministry

PND	*Plan Nacional de Desarrollo*
PROEZA	Poverty, Reforestation, Energy and Climate Change Project
SARAS	Environmental and Social Risks Administration System
SEAM	Environment Secretariat
SISNAM	National system of the environment
STP	Ministry of Planning
VME	Vice Minister of Energy

Peru

AbE-FAV	Adaptation and Financing for Alpacas Herders and Vicuña
CAF	Development Bank of Latin-America
CEPLAN	National Agreement Forum
ENBCC	National strategy on forest and climate change
ENCC	National strategy for climate change
GDF	Geothermal Development Facility
KfW	*Kreditanstalt für Wiederaufbau*
MAC	citizen support mechanism
MINAGRI	Ministry of Agriculture and Irrigation
MINAM	Ministry of Environment
NTFP	non-timber forest product
PAC	Project Administration Council
PDM	Province of Datem del Marañón
PIR	preliminary inquiry report
PNCB	Programme on forest conservation
PROFONANPE	Peruvian Trust Fund for national parks and protected areas
SERFOR	national forest and wildlife service

Samoa

AUA	Apia Urban Area
CBO	community-based organization
CRICD	Climate Resilience Investment Coordination Division
CRP	Climate Risk Profile
EPC	Electric Power Corporation
EPPD	Economic Policy and Planning Division
GoS	Government of Samoa
LTA	Land Transport Authority
MFAT	Ministry of Foreign Affairs and Trade
MNRE	Ministry of Natural Resources & Environment
MoF	Ministry of Finance
MoH	Ministry of Health
MWCSD	Ministry of Women, Community and Social Development

MWTI	Ministry of Works, Transport Infrastructure
NCCCT	national climate change country team
NEMS	Samoa National Environment and Development Management Strategies (1993)
NESP	Samoa National Environment Sector Plan 2017–2021
NIA	National Implementation Agencies
NMHS	National Meteorological and Hydrological Services
NPCCC	National Policy of Combating Climate Change (2007)
PIU	project implementation unit
PSC	project steering committee
PUMA	Planning and Urban Management Agency
SDS	Strategy for the Development of Samoa 2016–2020
SE	social and environmental
SEMP	social and environmental management procedure
SES	UNDP's standard for social and environmental safeguards
SESP	social and environmental policy screening procedure
SPREP	Secretariat for the Pacific Regional Environment Programme
TAT	Technical Advisory Team (FP036)
VCP	Vaisigano Catchment Project
Sri Lanka	
DFCC	Development Finance Corporation of Ceylon Bank
MMDE	Ministry of Mahaweli Development and Environment
NRIFAP	National REDD+ Framework and Action Plan
SACEP	South Asia Cooperative Environment Programme
Zambia	
BoZ	Bank of Zambia
DMMU	Disaster Management and Mitigation Unit
FBO	Faith Based Organisation
IICCS	Interim Inter-ministerial Climate Change Secretariat
IKI	Germany´s International Climate Initiative
JCTR	Jesuit Centre for Theological Reflection
MCD	Ministry of Community Development
MEWD	Ministry of Energy and Water Development
MLNREP	Ministry of Lands Natural Resources and Environmental Protection
MNDP	Ministry of National Development Planning
MoA	Ministry of Agriculture
MoF	Ministry of Finance
MoFL	Ministry of Fisheries and Livestock
MoG	Ministry of Gender
MoM	Ministry of Mines

MTC	Ministry of Transport and Communication
MWS	Ministry of Works and Supply
NBSAP2	second national biodiversity strategy and action plan
NCCF	National Climate Change Fund
NCCRS	national climate change response strategy
NIE	National Implementing Authority
NPCC	national policy on climate change
NPE	national policy on environment
PPCR	pilot programme on climate resilience
SCF	Strategic Climate Fund
SeNDP	Seventh National Development Plan
SNC	second national communication
TNA	technology needs assessment
UNZA	University of Zambia
WARMA	Water Resources Management Agency
ZAPD	Zambia Agency for Persons with Disabilities
ZCSCCN	Zambia Civil Society Climate Change Network
ZDA	Zambia Development Agency
ZEMA	Zambia Environmental Management Agency
ZESCO	Zambia Electricity Supply Company Ltd.
ZNWL	Zambia National Women's Lobby

KAZAKHSTAN COUNTRY CASE STUDY REPORT

CONTENTS

A. BACKGROUND AND CONTEXT

1. CLIMATE CHANGE POLICY AND STRATEGIC CONTEXT

The Republic of Kazakhstan has already begun to experience the impacts of climate change, with an increasing number of droughts, floods, landslides, mudflows and ice jams recorded, which impact agriculture, fisheries, forests, energy production, water and health. Nearly 75 per cent of the territory of Kazakhstan is considered to be at high risk of ecological destabilisation resulting from climate change.

a. National climate change policies

Kazakhstan has passed a number of policies and laws addressing climate change. The most relevant are outlined below.

Concept for transition of the Republic of Kazakhstan to Green Economy

This document focuses on waste management, the modernisation of housing and communal services, sustainable transport options, the conservation of ecosystems and enhancement of forest cover. Its specific aims are to raise the share of alternative and renewable energy in the country's total energy mix to 50 per cent by 2050; to decrease GDP energy intensity by 10 per cent before 2015 and by 25 per cent before 2020, from the 2008 baseline level; to provide drinking water to all households by 2020 and meet the demand for water for irrigation farming by 2040; and to increase productivity of agricultural lands by a factor of 1.5 by 2020. This is broken down into more specific targets which address specific sectoral goals.

Law on Energy Saving and Energy Efficiency

This law aims to introduce a gradual ban on the use of incandescent light bulbs, and introduce energy consumption standards for all types of industrial products and services. All industrial enterprises must adhere to these standards; introduce mandatory energy efficiency requirements for all types of transport, electric motors, buildings, facilities, structures, and their design documentation; introduce energy efficiency grades for buildings, facilities and structures, as well as classification and reclassification rules; adopt rules for energy audits in industrial enterprises and buildings; introduce requirements for the implementation of energy management systems for enterprises consuming more than 1,500 tons of coal equivalent (tce) (1,050 toe) per year; approve a standard voluntary agreement for energy saving and energy efficiency to be concluded trilaterally between a competent authority for energy saving and energy efficiency, a regional *akimat* (government) and a major industrial consumer of energy resources. Local representative authorities will have the right to raise emission fees for parties to these agreements; put in place certain tools to evaluate the performance of local executive agencies with regard to energy saving and energy efficiency; and approve rules for training centres engaged in refresher courses and advanced training of individuals and legal entities responsible for energy audits and/or energy saving analysis, as well as for the creation, implementation and organisation of energy management systems. Further laws are due to address the extended responsibility of entrepreneurs and the greening of vehicles.

Energy Saving 2020

Introduced in August 2013, this programme designates a target of at least a 40 per cent energy intensity reduction by 2020, from the baseline 2008 level. It sets the following tasks: the modernisation and energy efficiency of the production sector; reduced losses in power and heat supply networks; a large-scale campaign to raise public awareness of energy saving; the development and introduction of incentives to promote energy saving and improve energy

efficiency; development of incentives for energy service companies; personnel training in energy saving and energy efficiency; reduced fuel consumption in the transport sector; and lower specific costs per 1 kWh of electric power/1 Gcal of heat.

Kazakhstan has other climate change programmes including the State Programme of Rural Territory Development, the Programme to Fight Desertification, the Potable Water Programme, *Ak Bulak*, and *Nurly Zhol*.

b. Other relevant policy and strategy documents

Intended Nationally Determined Contributions

In terms of the Paris 2015 commitments of Kazakhstan, its intended Nationally Determined Contribution (iNDC) is an economy-wide target of a 15–25 per cent reduction in greenhouse gas (GHG) emissions by 2030, relative to 1990 levels. All Intergovernmental Panel on Climate Change (IPCC) sectors are covered by this policy, namely: energy, agriculture, waste, land use and forestry. In order to meet the policy's ambitious goal, Kazakhstan will need to implement substantive climate projects and programmes, which can only be achieved through international financial support, such as that provided by Green Climate Fund (GCF). Kazakhstan has retained the option of using market-based mechanisms to achieve this goal. The Government of Kazakhstan is seeking to improve institutions and safeguards in order to attract international finance via the GCF and other financial instruments, and has been described as requiring capacity-building support, and improved monitoring, reporting and verification (MRV) processes.

National Adaptation Plans

In 2016, the Kazakh Government began the process of developing a National Adaptation Plan (NAP) to provide sector-specific guidance for the greater integration of climate change adaptation into policies and programmes. This plan is projected to address previously outlined critiques of Kazakh policy, and to involve stakeholders including government institutions, financial and technical partners, local civil society, academia, the private sector, and international and national non-governmental organisations (NGOs), while taking into account women and vulnerable groups.

2. CLIMATE CHANGE INSTITUTIONAL AND COORDINATION CONTEXT

The United Nations Framework Convention on Climate Change (UNFCCC) Focal Point for Kazakhstan is the **Department of Climate Change (DCC),** located within the **Ministry of Ecology, Geology and Natural Resources**. While the DCC is focused on climate change mitigation planning and action, the **Ministry of National Economy** (MNE) is responsible for the coordination, planning, and monitoring of national development projects, as well as for being the publisher of the nation's 10-year strategic development plans and the long-term development strategy. One of these plans, the Concept of Transition of the Republic of Kazakhstan to Sustainable Development, directly addresses climate change mitigation and adaptation.

Existing climate change policies such as the aforementioned vision Strategy 2050 and the Concept for Transition of the Republic of Kazakhstan to Green Economy, are implemented under the oversight of the Green Economy Council, which is chaired by the Kazakh Prime Minister. The development of a NAP is supported domestically by stakeholders including the Ministry of Energy and the MNE, and internationally by stakeholders including the Global Environment Facility (GEF) funded joint United Nations Development Programme (UNDP)–United Nations (UN) Environment National Adaptation Plan Global Support Programme (NAP–GSP), and the GCF.

Indeed, Kazakhstan has undertaken a number of climate change adaptation actions run with international organisations in the past. These include the Disaster and Climate Risk Management Project (2010–2016), run by the World Bank; the Second Irrigation and Drainage Improvement Project (2014–2021) run by the Government of Kazakhstan in partnership with the International Bank for Reconstruction and Development (IBRD); Supporting Kazakhstan's Transition to a Green Economy Model (2015–2018) run by the European Union (EU) and UNDP; Ecosystem-based Adaptation to Climate Change in High Mountainous Regions of Central Asia (2015–2019), a *Gesellschaft fur Internationale Zusammenarbeit* (GIZ) project; and Sixth Operational Phase of the GEF Small Grants Programme in Kazakhstan (2016–ongoing), which is supported by the GEF and UNDP.

3. GCF PORTFOLIO AND INSTITUTIONAL ARRANGEMENTS

The National Designated Authority (NDA) for interaction with the GCF in Kazakhstan is the Ministry of Ecology, Geology and Natural Resources. Accredited Entities (AEs) operating in Kazakhstan include the European Bank for Reconstruction and Development (EBRD) and the UNDP.

FP047: the GCF–EBRD Kazakhstan Renewables Framework

There is one GCF project currently under implementation in Kazakhstan. The GCF–EBRD Kazakhstan Renewables Framework (FP047) has EBRD as the AE, and is approved for USD 110 million of GCF funding. The EBRD is both the AE and Executing Entity (EE) for this large, risk category A project, which was approved in October 2017 and is anticipated to be implemented over five years, with an estimated lifespan of 20 years. Its total project investment will be USD 557 million. This project's impact will be climate change mitigation in the GCF result area of energy generation and access. It will scale-up investment in renewables, crowding-in low-carbon investors through a programme of investment and creating a viable alternative to cheap coal-based power, while also providing technical assistance, building institutional capacity for energy integration, policies and planning.

Concept note: Climate Compatible Infrastructure for Kazakhstan

Proposed by EBRD, this project would be large, encompassing both mitigation and adaptation measures. It would aim to modernise water, wastewater, district heating, irrigation, solid waste, street and aeronautical ground lighting, urban transport infrastructure and housing across Kazakhstan, leading to a reduction in sectoral GHG emissions of 12 million tCO2e over the lifetime of the assets financed.

Readiness Project

Kazakhstan is being further supported by the GCF through a Readiness and Preparatory Support Programme (RPSP). This 12-month project has been implemented by UNDP, and has recently been completed. Under area 1, the following initiatives have been undertaken: NDA institutional capacity assessment and strengthening; stakeholder engagement; training of the ministry's staff and other interested central and local authorities, along with information and awareness raising; and the setting up of a GCF proposal review system. To shorten the timeline for direct national access, some preliminary activities related the capacities of the NDA to facilitate the country's direct access were carried out.

Under area 2, the GCF Country Programme was developed to include priorities for cooperation between the GCF and Kazakhstan that are based on current projects and proposed national climate related plans.

B. KEY FINDINGS

1. PROCESS AND OPERATIONS

KEY QUESTION 2: TO WHAT EXTENT DO GCF'S ORGANISATIONAL STRUCTURE AND PROCESSES FACILITATE EFFECTIVE AND EFFICIENT IMPLEMENTATION OF THE ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS), WHILST PROMOTING COUNTRY OWNERSHIP AND ALIGNMENT WITH THE COUNTRY'S NATIONAL CONTEXT?

2.1. Are the responsibilities for all stakeholders under the ESMS clearly defined and fit-for-purpose with regard to the ESS process?

This question was directed to three entities: the NDA, in its role as focal point for GCF activity in Kazakhstan; EBRD in its role as the AE responsible for the only project under implementation in Kazakhstan (FP047: Kazakhstan Renewables Framework, known as 'KAZREF'); and UNDP, which is the AE responsible for implementing the Readiness Project.

The NDA was asked whether stakeholder responsibilities under the ESMS were clearly defined. The NDA was clear that its role is to assist with the development of project proposals; to coordinate with AEs; and to encourage potential Direct Access entities to put forward accreditation proposals. The NDA representatives had no real understanding of the GCF safeguards. However, with regard to the KAZREF project, the NDA is fully aware that safeguards are the responsibility of EBRD as the AE.

There was concern that no guidance on safeguards had been provided by the GCF, especially relating to the position of Direct Access entities. The NDA sees a strong role for DAs in Kazakhstan, and has encouraged quasi-state companies to participate in the Readiness Project, and to apply for accreditation.

National Designated Authority representatives were generally aware of GCF procedures as a consequence of study tours undertaken during Readiness, and because of participation in central Asia regional meetings. However, they had had no direct interaction with the Environmental and Social Safeguards (ESS) unit in the Republic of Korea. The NDA and EBRD (AE) were in regular contact about project-related issues, but the NDA was not aware of any interaction on safeguards. The GCF expects AEs to keep NDAs informed on all aspects of project preparation including safeguards, but the evaluation found that the NDA was blindsided by the AE/EE on these issues.

The second entity that this evaluation question was directed to is EBRD, which is the AE for the only implemented operations project in Kazakhstan, and is also responsible for two other concept notes. The EBRD has its own set of Performance Requirements, which it has applied during the design and implementation of KAZREF sub-projects. The EBRD on-lends to private companies that construct and operate solar photovoltaic electricity generating plants. The KAZREF has been ongoing for four years, and so some sub-projects were entirely EBRD funded before the GCF joined in as a co-financier. Four sub-projects have been financed since FP047 became active. The EBRD considers itself to be the EE, and so manages the safeguards function on behalf of the sub-projects. The EBRD refused to allow Independent Evaluation Unit (IEU) to interview the sub-project firms.

The third entity that this evaluation question was directed to is UNDP, which was the implementer of the Readiness Project. The UNDP undertook a considerable number of initiatives during the course of the 12-month Readiness period. None of these related directly to GCF safeguard requirements, although a main priority was to introduce stakeholders to overall GCF requirements, so that steps could be taken towards accreditation. The UNDP indicated that Readiness guidance

was not entirely clear, and that the Readiness project which involved extensive stakeholder engagement, was difficult to implement within a 12-month period.

2.2. What support, in the form of RPSP and Project Preparation Facility (PPF) grants, has been provided to NDAs and AEs to help increase capacity to apply ES Policy/standards?

The UNDP implemented a USD 3 million RPSP over the course of 2018. It consisted of the following components:

Component 1. “Country capacity strengthened” was aimed at providing training for NDA staff and other interested central and local authorities, carrying out information and awareness campaigns. The component developed preliminary procedures for reviewing project proposals and submitting them for GCF funding.

Component 2. “Stakeholders engaged in consultative processes” aimed to create and update the country programme of the GCF, which contains priorities for cooperation.

Component 3. “Direct access realized” aimed to create opportunities for ensuring direct national access to the financial instruments of the GCF. After the implementation of the project, proposals are developed and submitted to the NDA to support the accreditation of specific national organisations.

Component 4. “Access to finance” created the capacity in the country to review and submit projects for funding through the GCF and through national operators operating in the investment field.

Component 5. “Private sector mobilization” aimed at involving private institutions, banks, and grantors in the co-financing activities of GCF projects in Kazakhstan.

The UNDP provided extensive documentation that showed the objectives of the RPSP have been substantially achieved. This conclusion was verified by the NDA.

2.3. How effective is the accreditation process in terms of assessing the capacity of prospective AEs with regard to ES policy/standards?

The mission met the two candidates for accreditation in Kazakhstan: The Agrarian Credit Corporation, and Baiterek National Managing Holding JSC. Both quasi-government organisations are in the early stages of preparing to accredit as Direct Access Entities.

The **Agrarian Credit Corporation** was founded by the Government in 2001 to provide financial and non-financial support to agricultural businesses. It was originally a credit union, and now on-lends to other credit unions. It provides incentives for farmers to join together, thereby reducing credit risks. Agrarian Credit Corporation started thinking about GCF accreditation in 2017, having been introduced to the GCF by UNDP. It has not yet applied for accreditation, and does not have an OAS account. The corporation has technical assistance funding from the GCF to examine accreditation needs, and is in the process of receiving advice from PricewaterhouseCoopers. It is also receiving assistance from Asian Development Bank (ADB), which has recently undertaken a safeguards “gap analysis” to assess the corporation’s fitness for receiving loans as a financial intermediary. The corporation has access to European Investment Bank (EIB) funds for green projects, and is becoming aware of its safeguards requirements for GCF and ADB through advice received as part of accreditation preparation.

Baiterek National Managing Holding JSC was established by the Government in 1997 to support the development of micro, small, and medium-sized enterprises. Through its DAMU Entrepreneurship Development Fund, it has provided support to 53,000 projects, with total loans of 2 trillion Kazakh tenge (approximately USD 500 million). It offers support through interest rate subsidizing, loan guarantees, financing through conditional placement of funds, and training/consultation support. Through its financing arm, it on-lends to 28 second-tier Kazakh banks.

It currently receives financial institution (FI) funds from multi-laterals such as ADB and EBRD and undertakes fiduciary due diligence on a quarterly basis, although this does not include checking for environmental or social risks. The company is actively seeking GCF accreditation as a Direct Access entity, and it has an OAS account. It is currently collecting the documents that it requires for accreditation, and is aware of the fact that it will need to develop an environmental and social management system. In part, this awareness has come about due to technical assistance provided by the ADB, through the support it provides to potential FIs. The company is also aware of GCF safeguard requirements because executives recently visited GCF as part of the Readiness Project.

2.4. To what extent does GCF have supervisory control and authority over AEs in the current business model, and what can be improved to ensure that the GCF ESMS can be adequately implemented in project design and implementation?

As previously mentioned, at the moment the only project under implementation is being driven by EBRD as its both AE and EE. Interviews with stakeholders suggested that GCF has no influence over safeguards during the implementation of FP047. Rightly, EBRD considers that its safeguards process has been considered as "compliant" by the GCF, as part of the accreditation process. Possibly of concern is the fact that EBRD does not consider the four sub-project recipients of GCF financing to be EEs. It takes this role for itself. The IEU was prohibited from accessing the sub-projects.[1] It is therefore likely that the contractors and operators of the four solar projects are not directly aware of their safeguards responsibilities, and would almost certainly not be aware that they are responsible for meeting the requirements of the GCF safeguards.

Another concern relates to the civil society organisation (CSO) comments made on FP047 at the 18th meeting of the Board. The CSOs commented with concern on the inclusion of hydropower in the proposal, the differential disclosure timelines, the vague gender action plan, and on the fact that the project is half public/half private, but has been designated as private, thus reducing transparency. During interviews, the AE made it clear that these issues had not been subsequently dealt with, and that CSO comments do not matter.

2. PROJECT DESIGN AND APPROVAL

KEY QUESTION 3. TO WHAT EXTENT HAS THE GCF ESMS BEEN EFFICIENTLY AND EFFECTIVELY INCORPORATED IN PROJECT DESIGN AND APPROVAL?

3.1 How effectively is the ESMS applied to concept notes and funding proposals? What are the differences between the Simplified Approval Process (SAP) and the Project Approval Process (PAP)? What are the differences between public and private sector operations?

3.2. How effectively and efficiently has the ESMS been applied in the approval process and Funded Activity Agreements (FAAs), and to what extent do projects seek to achieve co-benefits?

The FAA required the AE to, "Undertake and/or put in place any adequate measures in line with its own policies in order to ensure that the management of the environmental and social risks and impacts arising from the implementation of the Funded Activity complies at all times with the recommendations, requirements, and procedures set forth in the Strategic Environmental Review, Environmental and Social Framework and System, and Land Acquisition and Resettlement Framework, in each case, relating to the Funded Activity, which were provided by the Accredited

[1] The four sub-projects that are financed by the GCF as part of KAZREF are the following solar energy operators: Risen Solar; Sarang Solar, Zhangiz Solar, and Chulakkurgan.

Entity to the GCF before the Approval Decision." The mission took note of the preparation by EBRD of a Strategic Environmental Review for the entirety of the KAZREF project.

In addition, the FAA required that, "Prior to commencing any construction works or activities for the implementation of the Funded Activity, review and submit to the GCF a detailed Environmental and Social Management Plan ('ESMP'), consistent with its own environmental and social safeguards". The mission took note of the production of an Environmental and Social Management System Framework for the management of risks emanating from the sub-projects when they are considered together. The Environmental and Social Management Framework and System (ESMFS) and SER were submitted by EBRD, and served as the basis for the project due diligence. A summary of ESMFS was available on the website of EBRD. (para 11.02 (h).

Given that more than 80 per cent of electricity in Kazakhstan is produced in ageing coal-fired plants, there is no question that the funded sub-projects will result in co-benefits. For example, the proposed considerable renewable energy uptake and fuel switching should result in reduced air pollution, a more resilient and diverse energy supply, technological innovation and at least some local employment. Unfortunately, there is no system in place for documenting and reporting these co-benefits.

3. PROJECT IMPLEMENTATION

KEY QUESTION 4: HOW EFFICIENT AND EFFECTIVE HAVE THE GCF'S ES POLICY/STANDARDS BEEN IN PREVENTING/MANAGING/MITIGATING ADVERSE ENVIRONMENTAL/SOCIAL IMPACTS AND IN IMPROVING ENVIRONMENTAL/SOCIAL BENEFITS DURING THE IMPLEMENTATION OF GCF PROJECTS? (E.G. RESULTS MANAGEMENT FRAMEWORK (RMF), ANNUAL PERFORMANCE REPORTS (APRS), INDEPENDENT REDRESS MECHANISM (IRM) DATABASE/REPORTS)

The only project under implementation in Kazakhstan is FP047. As indicated above, the project has applied the Performance Requirements of EBRD. All four sub-projects have been categorised by EBRD as category B. Non-technical summaries are available on the EBRD website. Environmental and social risks were assessed as part of independent environmental and social due diligence (ESDD). These risks are then supposed to be mitigated via agreed environmental and social action plans. The EBRD also claims that the sub-projects are fully compliant with the host country's environmental health and safety (EHS) legislation, but the evaluation did not independently verify the veracity of these claims. During interviews, EBRD environmental specialists indicated that local consultations had been undertaken by the ESDD consultants, although no open public hearings had been held. This lack of public hearings may not have met GCF tenets of 'Characteristics of meaningful consultation and engagement'[2]. Stakeholder engagement plans are however available on the EBRD website. However, the mission was not able to verify that environmental and social action plans were being adhered to, as the AE would did not provide access to sub-project managers.

4. LIKELY RESULTS AND IMPACTS OF GCF INVESTMENTS

KEY QUESTION 5: TO WHAT EXTENT HAVE THE GCF'S ES POLICY/STANDARDS HELPED TO STRENGTHEN THE CAPACITY OF AES (INTERNATIONAL AND COUNTRY LEVEL) NDAS AND EXECUTING ENTITIES (EES) TO MANAGE/MITIGATE SOCIAL AND ENVIRONMENTAL RISKS AND TO IMPROVE ENVIRONMENTAL/SOCIAL BENEFITS?

[2] GCF Sustainability Guidance Note: Designing and ensuring meaningful stakeholder engagement on GCF-financed projects

5.1. To what extent have the capacities of AEs, NDAs and EEs been strengthened in terms of preventing/managing/mitigating adverse environmental/social impacts and in improving environmental/social benefits?

5.2. To what extent has the GCF contributed to the improved and strengthened capacity of AEs, NDAs and EEs in terms of monitoring social and environmental risks and benefits?

The capacities of AEs do not need to be strengthened. The EBRD has extensive experience in the implementation of its own safeguard procedures.

Considerable effort appears to have been applied to building the capacities of the NDA, through the Readiness Project. In order to develop recommendations for enhancing the capacity of the NDA, an analytical assessment of the needs of the NDA and stakeholders was conducted. Within the framework of this work, by reviewing the strategies and plans of the responsible ministries, a baseline was identified, corresponding gaps were highlighted, and recommendations were developed for improving the potential of the ministry.

More than 10 events were organised and held, during which more than 300 participants were provided with information on the activities of the GCF, procedures for obtaining accreditation, projects included in the country programme, criteria for evaluating project proposals, etc.

For NDA and other stakeholders, a review and analysis of GCF procedures in the field of gender policy, as well as its integration in the implementation and development of GCF projects, was prepared.

An international expert was contracted to develop recommendations for strengthening country capacity in the area of the GCF rules and procedures. These recommendations include information on the activities of the GCF, its rules and procedures, the responsibilities of the NDA, the executive and accredited organisations.

For all interested parties, the Readiness Project provided technical and expert support for all issues, stages, procedures and requirements for accreditation to the GCF. Seminars and training courses were organised, along with training internships in the Republic of Uzbekistan, the Republic of Tajikistan and Korea. Participants were able to become acquainted with representatives and to study the experiences of organisations that have already received accreditation or started the accreditation procedure. More than 150 people were trained in the procedures and rules for obtaining GCF accreditation.

Two training workshops were organised separately for employees of the Agrarian Credit Corporation and the Damu Entrepreneurship Fund. During the workshops, the extended requirements of the GCF for accreditation were presented, as well as practical training sessions on project preparation.

While considerable effort has been put into building the capacity of the NDA and prospective Direct Access entities, there has been no attempt to engage the KAZREF sub-project “owners” in environmental risk management, or the monitoring of environmental management commitments.

KEY FINDINGS

The IEU mission met with around 25 stakeholders. The following key findings are relevant:

- Prior to the Readiness Project, knowledge of the GCF safeguards procedure was negligible for all stakeholders, including the NDA. The Readiness Project has achieved much in raising the awareness of interested Kazakh organisations about the procedures and opportunities associated

with the GCF. However, it is clear that very little of this effort was directed towards safeguards risk assessment and management;

- The NDA needs more guidance from GCF about how to act as an NDA;
- The NDA plays an important role in facilitating access to the GCF in Kazakhstan, and is especially active in working with commercial banks to accredit them as Direct Access;
- There are concerns about the AE also being the EE. When this situation exists, there is no effective "policing" of safeguards implementation. If the GCF does not check/audit projects where the AE is the EE, then quality assurance could be compromised;
- The AE restricted the IEU from having access to the companies responsible for constructing and operating the sub-projects. This meant that the mission was unable to assess the operators' ability to monitor the environmental and social action plan requirements;
- An APR has been produced. The structure of the APR does not allow co-benefits to be adequately expressed; and
- Civil society organisation comments at the Board were not taken into account by the AE in the final design of the GCF-funded programme.

APPENDIX A. LIST OF STAKEHOLDERS CONSULTED

The mission took place from 27 August to 1 September 2019. It was hosted by the NDA in collaboration with EBRD, which is the AE for the only implemented project in Kazakhstan. The list of stakeholders consulted is presented below.

NAME	POSITION	AFFILIATION	EMAIL	PHONE
NDA				
Olzhas Agabekov	Director, Climate Policy and Green Technology Department	Ministry of Ecology, Geology and Natural Resources	*o.agabekov@ecogeo.gov.kz*	+77172740228
Ainur Kopabayeva	Head of Adaptation, Climate Change Division	Ministry of Ecology, Geology and Natural Resources	*a.kopbaeva@ecogeo.gov.kz*	+77172740870
Saule Sabieva	Head of Division of Green Technologies, Climate Policy and Green Technologies Department	Ministry of Ecology, Geology, and Natural Resources	*s.sabieva@ecogeo.gov.kz*	+77172740284
Accredited entities				
Saulet Sakenov	Project Officer	UNDP	*saulet.sakenov@undp.org*	
Yerlan Zhumabayev	Portfolio Manager, UNDP Project on Sustainable Land and Water Management and Disaster Risk Reduction	UNDP	*yerlan.zhumbayev@undp.org*	+77777715777
Firuz Ibrohimov	Chief Technical Advisor, UNDP Project on Sustainable Land and Water Management and Disaster Risk Reduction	UNDP	*firuz.ibrohimov@undp.org*	+77477825724
Marat Yelibayev	Principal Banker, Energy Eurasia, Sustainable Infrastructure Group	EBRD	*yelibaym@ebrd.com*	+77017392470

NAME	POSITION	AFFILIATION	EMAIL	PHONE
Jan-Willem van de Ven	E2C2 Associate Director, Head of Climate Finance & Carbon Markets (London)	EBRD		
Yevgeniya Afanasenko	Principal Environmental Adviser (London)	EBRD		
Elodie Loppe	Associate Manager DCF (London)	EBRD		
Dmitry Halubouski	E2C2 Associate, Climate Finance and Carbon Markets (London)	EBRD		
Masho Godziashvili	Analyst, Energy Eurasia (London)	EBRD		
Potential Direct access entities				
Maxut Kassenov	Head of Department, Strategy and Corporate Development Department	Baiterek National Managing Holding JSC	*m.kassenov@baiterek.gov.kz*	+77019991204
Raushan Syzdykova	Senior Manager, International Cooperation Department	DAMU Entrepreneurship Development Fund	*raushan.syzdykova@fund.kz*	+77017778719
Rkhimzhan Ibdiminov	Director, Security Department	Agrarian Credit Corporation JSC		
Elnura Koshikbayeva	Manager, Treasury Department	Agrarian Credit Corporation JSC		
Kunayim Shalakhayeva	Manager, Credit Department	Agrarian Credit Corporation JSC		
Others				
Ainur Sospanova	Head, Department of Renewable Energy Sources	Ministry of Energy		

APPENDIX B. LIST OF DOCUMENTS CONSULTED

EBRD. EBRD extends renewable energy programme for Kazakhstan. Available at *https://www.ebrd.com/news/2019/ebrd-extends-renewable-energy-programme-for-kazakhstan-.html*

EBRD. Annex 4. Environmental and Social Management Framework and System (ESMFS) of the Kazakhstan Renewable Energy Framework. *Executive Summary of the ESMFS.*

EBRD and Green Climate Fund. Renewable Energy in Kazakhstan Case Study

GCF. *Spotlight on Kazakhstan.* Available at <*https://www.greenclimate.fund/countries/kazakhstan*>

UNDP. *NAPs in Focus: Kazakhstan*. Available at <*https://www.adaptation-undp.org/sites/default/files/resources/kazakhstan_nap_in_focus_final_online.pdf*>

UNFCCC. *Kazakhstan Profile*. Available at <*http://unfccc.int/tools_xml/country_KZ.html*>

UNFCCC. *Kazakhstan Intended NDC*. Available at <*https://www4.unfccc.int/sites/submissions/INDC/Published%20Documents/Kazakhstan/1/INDC%20Kz_eng.pdf*>

National Climate Change Policies. Available at <*https://energycharter.org/fileadmin/DocumentsMedia/Thematic/EE-Kazakhstan_2014_en.pdf*>

PVTECH News. EBRD to bankroll Kazakhstan's new clean energy push after PV build-out. Available at <*https://www.pv-tech.org/news/ebrd-to-bankroll-kazakhstans-new-clean-energy-push-after-pv-build-out*>

APPENDIX C. AGENDA OF COUNTRY CASE STUDY

TIME		MEETING
Day 1		Travel
Day 2	Morning	Ministry of Ecology, Geology and Natural Resources (NDA)
	Afternoon	Agrarian Credit Corporation JSC
Day 3	Morning	Department of Renewable Energy Sources, Ministry of Ecology, Natural Resources and Geology
	Afternoon	«Baiterek» NMH» JSC (Direct access entity)
	Afternoon	EBRD
Day 4	Morning	UNDP
	11.15-12.15	Discussion with civil society organisations engaged in community mobilisation and grievance redress mechanism in the project districts/locations
Day 5		Travel

MOROCCO COUNTRY CASE STUDY REPORT

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FIGURES

A. BACKGROUND AND CONTEXT

Figure A - 1. In Morocco, the climate is Mediterranean on the coast, desert in inland areas and continental in the high mountains.[3]

The Kingdom of Morocco is situated in the north west of the continent of Africa. The territory covers 710,850 km2 of land and its coastline borders 2,900 km of the Atlantic Ocean and 512 km of the Mediterranean Sea. The Moroccan population is approximately 33.8 million, consisting of roughly 7.3 million households with an urbanisation rate of 60.3 per cent.[4] The country's illiteracy rate is 32.2 per cent. The services sector accounts for 55 per cent of gross domestic product (GDP), with industry (primarily mining, construction and manufacturing) making up almost 30 per cent, and tourism being one of main growth sectors. The country still depends heavily on its agriculture and fisheries sectors, and while these sectors account for only around 15–20 per cent of GDP, they employ 40 per cent of the national population and close to 80 per cent of the rural population.

The economy grew by an average of 4.3 per cent in the period between 2008 and 2013, which contributed greatly towards reducing poverty. Extreme poverty in Morocco has almost been eradicated. However, approximately 20 per cent of the population (6.3 million people), remain vulnerable and are under continual threat of falling back into poverty. The Human Development Index (HDI) of Morocco is 0.647, placing it 123rd out of 188 countries globally. The Moroccan climate is characterised by a high spatio-temporal variability. There are two major climatic zones in Morocco: the northern regions (north of the High Atlas) which are influenced by Mediterranean and Atlantic climates, with differences occurring between coastal, interior and mountain areas; and the southern regions (south of the High Atlas), which have a semi-arid to desert climate with irregular rainfall.[5]

Climate change risks for future climate trends in Morocco include rising temperatures of 1–1.5°C by 2050 (rate of warming faster in the interior) and a decrease in average precipitation by 10–20 per

3 Available at <*https://www.climatestotravel.com/climate/morocco*>
4 Available at <*http://rgphentableaux.hcp.ma/*>
5 Available at <*https://www.adaptation-undp.org/sites/default/files/resources/morocco_nap_country_briefing_final.pdf*>

cent across the country, with a 30 per cent decrease for the Saharan region by 2100 *(Global support… op.cit.,p4).* This would lead to an increase in droughts, which would impact the agriculture and fisheries sectors. In addition, rising sea levels pose a high risk to coastal urban areas and the tourism sector, combined with increases in coastal erosion.

Some 60 per cent of the Moroccan population, and the majority of the country's economic activities, are located in coastal zones. Forty two per cent of the Moroccan coastline will be at high risk of erosion and floods by 2030. Another major climate risk for Morocco is the impact of climate change on already limited and declining water resources. Water resources are projected to decline due to an increase in drought conditions. At the same time, water demand is expected to increase due to population growth, expanded irrigation schemes and a projected climate-induced rise in temperature. This will lead to potentially severe water shortages by 2020, particularly in the south of the country.[6]

Morocco is the second best-performing country in this year's (2019) Climate Change Performance Index (CCPI), ranking fifth *(Climate-change-performance op. cit., p5).* The CCPI is an independent monitoring tool of countries' climate protection performance. It aims to enhance transparency in international climate politics and enables the comparability of climate protection efforts and progress made by individual countries. Morocco has significantly increased the share of renewables over the past five years and has increased new renewable energy capacity. With the connection of the world's largest solar plant and multiple new wind farms to the grid, the country is well on track for achieving its target of 42 per cent installed renewable energy capacities by 2020 and 52 per cent by 2030. In addition, its low greenhouse gas (GHG) emission level and ambitious Nationally Determined Contribution (NDC) cumulate to a high rating in the category GHG emissions, and the country has also maintained its high ranking in the Climate Policy category.[7]

Morocco has a climate change policy. This policy carries the national climate change vision. The National Vision places the fight against climate change as a top priority, a constraint used as a lever to build a green economy in Morocco. The National Vision aims to guide public action in all its decisions, at the sectoral and cross-sectoral, national and local levels, in a coherent and convergent manner, and taking into account the interaction between these multiple levels. In accordance with the National Strategy for Sustainable Development, the National Vision is based on the following four pillars: economic, social, environmental and governance.

The NDC of Morocco is an improved version of the Intended Nationally Determined Contribution (INDC) that Morocco presented to the United Nations Framework Convention on Climate Change (UNFCCC) on 5 June 2015. Morocco has committed to reducing its GHG emissions by 42 per cent below business as-usual (BAU) levels by 2030. The country's NDC finds its institutional roots in the National Strategy for Sustainable Development (NSSD), and outlines a vision of Morocco in 2030. As a result, the implementation of the NDC of Morocco is part of an integrated approach that goes beyond climate change, to include:

- Respect for human rights and gender equality, as enshrined in the 2011 Constitution of Morocco;
- Synergies with the two other Rio conventions, which aim to restore, respect and maintain biological diversity and the integrated management of water resources and sustainable land management in order to combat desertification and land degradation;
- Alignment of actions related to climate change with the United Nations Sustainable Development Goals (SDGs), especially goals 1, 6, 7, 8, 9, 11, 12, 13, and 17; and

6 Available at <*https://www.adaptation-undp.org/sites/default/files/resources/morocco_nap_country_briefing_final.pdf*>
7 Available at <*https://www.climate-change-performance-index.org/country/morocco-2019*>

- Implementation of the advanced regionalisation project in Morocco, building on integrated and participatory strategic land planning. This project will substantially contribute to implementing the NDC of Morocco through a national vision for land planning that promotes regional potentials and resources along with solidarity between regions.[8]

1. National Adaptation Plans (NAPs)

As part of the process to formulate and implement the National Adaptation Plan (NAP) in Morocco, many preliminary consultation workshops have taken place, both at national and local levels. This has helped to generate a common vision on the opportunities and challenges, and the strategies to explore, for a successful NAP. The outcomes of these consultations have been compiled in an ambitious NAP roadmap.[9]

2. Funding proposals

As part of the process to formulate and implement the National Adaptation Plan (NAP) in Morocco, many preliminary consultation workshops have taken place, both at national and local levels. This has helped to generate a common vision on the opportunities and challenges, and the strategies to explore, for a successful NAP. The outcomes of these consultations have been compiled in an ambitious NAP roadmap.[10]

FP022: Development of Argan orchards in Degraded Environment – DARED (Agency for Agricultural Development of Morocco, ADA), Morocco

This project aims to strengthen the resilience of rural communities and the Arganeraie Biosphere Reserve, through planting 10,000 ha of argan tree orchards with soil conservation and rain water harvesting capabilities; supporting argan fruit producers' professional organisations and their market access; and promoting beneficiaries' capacity building, knowledge sharing and natural forest co-management. The activities, once achieved, will contribute to relieving the anthropic pressure on the natural forest, and to improving the livelihoods of the communities' members (mainly women). In the long-term, it is estimated that carbon sequestration will amount to 604,223 Mt CO2 eq. This will contribute to the arrival of a new business paradigm that will stimulate change in "doing business as usual", from fruit collection in natural forests towards private investments that address the issues of climate change, and unleash the full business potential of the biosphere value chain.

FP025: Sustainable Energy Financing Facilities (SEFF) (European Bank for Reconstruction and Development, EBRD), in multiple countries: 13 countries in the Middle East and North Africa, Western and Central Asia, southern and eastern Europe: (a) Central Asia: Kyrgyz Republic, Tajikistan and Mongolia; (b) southern and eastern Europe: Albania, Moldova, Montenegro and Serbia; (c) Middle East and North Africa: Egypt, Jordan, Morocco and Tunisia; (d) Western Asia (the Caucasus): Armenia and Georgia

Among the beneficiary countries, the programme will initially focus on Egypt, Georgia, Morocco, Tajikistan and Tunisia.

[8] Available at <*https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Morocco%20First/Morocco%20First%20NDC-English.pdf*>
[9] Available at <*https://www.globalsupportprogramme.org/sites/default/files/resources/morocco_nap_country_briefing_final.pdf*>
[10] Available at <*https://www.globalsupportprogramme.org/sites/default/files/resources/morocco_nap_country_briefing_final.pdf*>

The programme will deliver scale over the next three years by financing, via local private finance initiatives (PFIs), more than 20,000 scalable and replicable renewable energy, energy efficiency and climate resilience projects across the industrial, commercial, residential, transport and agricultural sectors in the Middle East and North Africa, Western and Central Asia and southern and eastern Europe. It will address multiple market barriers along the technology supply chains and unlock the potential of private sector finance. Programme completion date: the earlier of (a) 15 years from the date of execution of the funded activity agreement between Green Climate Fund (GCF) and EBRD, or (b) all the loans to the PFIs are fully repaid to GCF.

FP042: Irrigation development and adaptation of irrigated agriculture to climate change in semi-arid Morocco

The project intersects three national strategies: the overarching Plan Maroc Vert (Green Morocco Plan, GMP), the Irrigation Extension Programme (160,000 ha planned for a total investment amount of 21.5 billion dirhams) and the agriculture resilience and water preservation strategy.

The project area, the Boudnib Valley, is located in the semi-arid Tafilalet region, in the south-eastern part of the Kingdom, characterised by a high vulnerability to the effects of climate change (increased temperatures and water scarcity). The local population relies on oasis-based agriculture along the Guir wadi (intermittent river). It has been severely affected by several years of drought as well as by the irregularity of the wadi, which has caused the destruction of fields and houses. Most of the oasis farmers rely on agriculture combined with other activities in Moroccan cities and sometimes further afield. The project is organised with four components:

- C1: Connecting to the dam, and the transfer of surface water to the Boudnib Valley [45,6 MEUR]
- C2: Building the climate – resilience of oasis communities through an holistic approach
- C3: Cross-cutting sustainability measures (technical assistance, groundwater preservation, environmental and social impacts management)
- C4: Project management

FP043: Saïss Water Conservation Project

This project is aimed at improving the climate resilience of agricultural systems in the Saïss Plain by halting the fast-progressing depletion of the Saïss aquifer, which is caused by (a) the decline in precipitation due to climate change, (b) increasing variability and unpredictability in rainfall resulting in unsustainable groundwater use, and (c) low adoption of water-efficient irrigation systems (including drip irrigation) and modern water demand management methods. The project will shift the paradigm of water provisions for the Saïss irrigation system, switching from highly unsustainable groundwater to sustainable surface water resources. The project will finance a bulk water transfer scheme from the M'Dez dam to the Saïss Plain in northern Morocco, and will help prepare a public-private partnership (PPP) with regard to the implementation of the new irrigation networks.

FP095: Transforming Financial Systems for Climate (TFSC). Multiple countries (17): Benin, Burkina Faso, Cameroon, Côte d'Ivoire, Ecuador, Egypt, Kenya, Madagascar, Mauritius, Morocco, Namibia, Nigeria, Senegal, South Africa, Tanzania, Togo, and Uganda

The TFSC programme aims to engage Livelihoods and Forestry Programmes to scale up private sector climate finance. The programme builds on over a decade of experience in implementing the French Development Agency's (AFD) SUNREF initiative (Sustainable Use of Natural Resources and Energy Finance) in 30 countries.

The goal of the programme is to create a market for investments in climate technologies in 17 countries by removing the financial and technical barriers faced by LFPs, to enable borrowing by, mainly, the private sector. The program will facilitate project funding (through credit lines) in the target countries, and will develop the capacity of LFPs and project developers to scale up climate finance.

The project will deliver GHG reductions estimated at 36 million tCO2e over the 20-year lifetime of the mitigation investments, and provide increased resilience for an estimated 200,000 people from investments to that end (total beneficiaries 1 million). Co-benefits include green jobs and business growth (880 small-and medium-sized enterprises, SMEs).

FP099: Climate Investor One (CIO). Multi-country project: Burundi, Cameroon, Djibouti, Indonesia, Uganda, Kenya, Malawi, Madagascar, Mongolia, Morocco, and Nigeria

This project is a blended-finance facility managed by Climate Fund Managers (CFMs). The CIO is mandated with delivering renewable energy at affordable prices in developing markets through its financial contribution to the early-stage development, construction and operational phases of an underlying project company's lifecycle. The CIO is not a legal entity, but a facility that describes two funds which are separate legal entities.

The CIO comprises two separate but operationally inter-linked funds. The first fund in the facility, the CIO Development Fund (DF), is mandated to provide development loans to fund the early-stage development of a project lifecycle. The second fund, the CIO Construction Equity Fund (CEF), is mandated to finance the construction stage of a project's lifecycle with an all-equity solution. The funds are structured with a 15-year investment period under a mechanism to recycle capital. Cashflows received by the fund, whether via repayment of development loans with premiums by the DF or exits once the CEF project companies become operational, will be reinvested in additional projects over the course of the investment period. This recycling of the capital mechanism enables a greater number of projects to become operational, in a faster time and through the same commitment of capital by investors, resulting in a greater global societal and environmental impact.

3. READINESS AND PREPARATORY SUPPORT GRANTS

1. Strengthening the project development and implementation capacities of the Agricultural Development of Morocco (ADA), as well as initiating the process for upgrading the accreditation category of the ADA.
2. National Designated Authority (NDA) strengthening, and country programming.

4. DIRECT ACCESS ACCREDITED ENTITIES

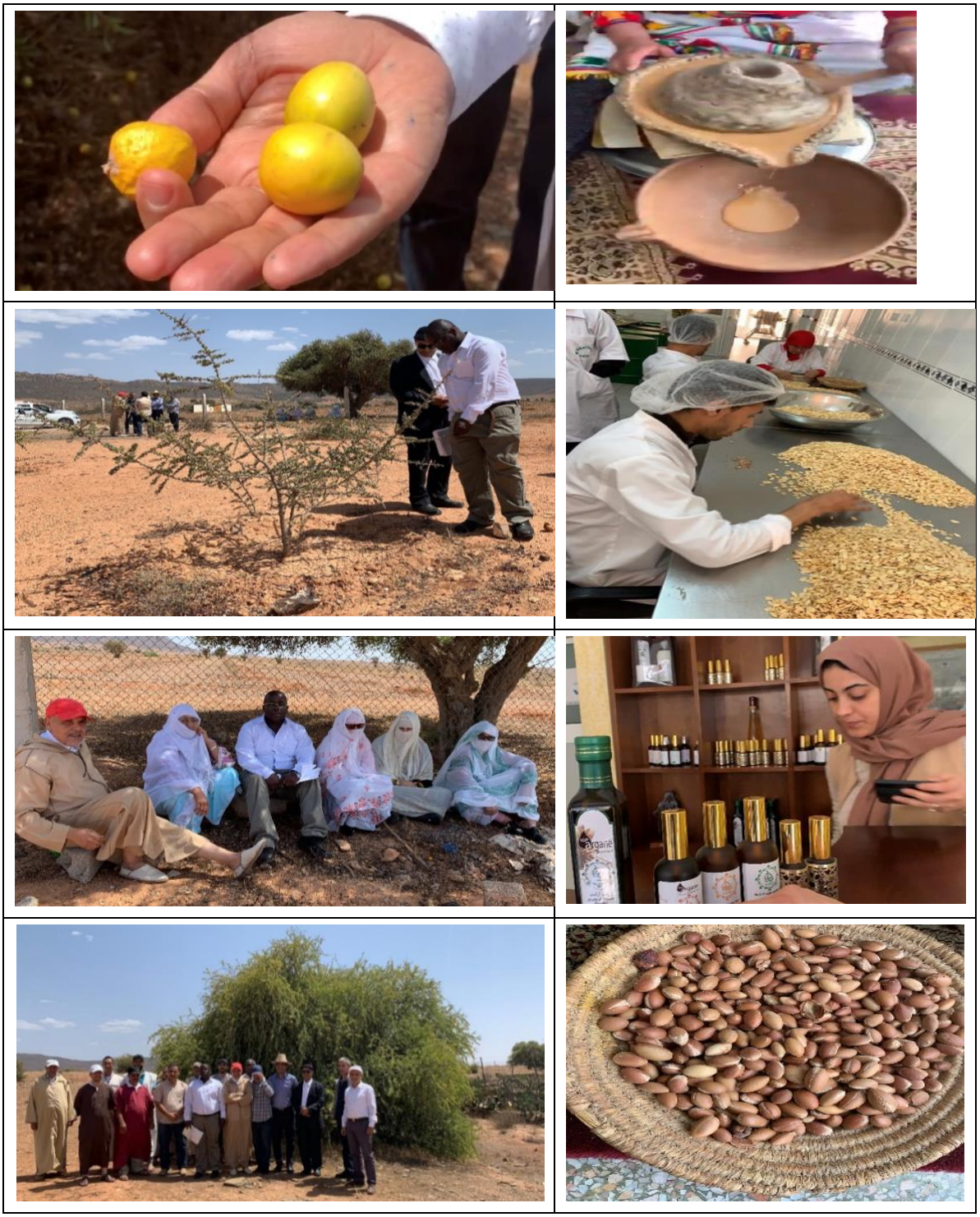
Agency for Agricultural Development of Morocco – *http://www.ada.gov.ma*

CDG Capital S.A. (CDG Capital) – *http://www.cdgcapital.ma*

AttijariWafa Bank (regional)

Readiness delivery partner: Beya Capital – *https://www.theswitchersfund.eu/en/beya-capital-climate-finance-advisory-and-investment/*

Independent Evaluation Unit (IEU) visit to FP022: Development of Argan Orchards in Degraded Environment – DARED (ADA)



Clockwise: (a) Argan fruit; (b) grinding of argan nuts to produce pulp, from which various products are extracted; (c) two-year-old argan trees at one of the project sites visited by IEU in Agadir, Morocco; (d) interns processing argan nuts at a processing factory in Agadir; (e) Joseph of IEU, with project beneficiaries (indigenous Berbers): (f) argan fruit extracted products (varying from edible oils to perfumes) at the project outlet shop in Agadir. Marketing of argan products is done via cooperative women's societies. One barrel of crude argan oil fetches USD 6,000 in Europe; (g) project beneficiary farmers, behind them a giant argan tree (most likely, the largest in Morocco); and (h) argan fruit nuts ready for processing. The processing of argan fruit nuts is labour intensive and predominantly done by women.

Independent Evaluation Unit visit to FP043: Saïss Water Conservation Project

Clockwise: (a) Offices of the executing entity (EE), the Ministry of Agriculture and Maritime Fisheries (MAMF), in Fes, some 300 km north of Casablanca; (b) the laying of water pipes (land well owners compensated); (c) bridge constructed by the EE as part of its corporate social responsibility. It has offered much needed relief to the villagers in crossing the river which was hitherto difficult to cross, especially during the rainy seasons; (d) the project manager showing the IEU team the site of the dam reservoir to be constructed using GCF proceeds (construction of the dam not started at the time); (e) the fenced-off site is an underground explosives store. The explosives are used for blasting rock to allow water supply pipes to pass through the mountains. Notice the human settlement right next to the explosives; (f) the Project Manager (second left) and Senior Engineer (second right), with the IEU team of Joseph (extreme left) and Johannah (in the middle).

B. KEY FINDINGS

How efficient and effective has the **GCF's** Environmental and Social (ES) policy/standards been in preventing/managing/mitigating adverse environmental/social impacts and in improving

environmental/social benefits during the implementation of GCF projects? (e.g. **results management framework (RMF)**, **annual performance reports (**APRs**)**, **initial resource mobilisation (**IRM**)** database/reports).

At the national level, stakeholders are deeply engaged, with demonstrable knowledge of the GCF and the projects it supports in the country, including planning efforts for new projects to be presented to the GCF in the future. There is however a disconnect with actual implementation on the ground, as some are accredited entities (AEs) that do not impose Environmental and Social Safeguards (ESS)/Gender Policy/Indigenous Peoples Policy (IPP) on EEs. It has been left to the goodwill of the EEs to deploy these.

There is concentration of climate change efforts in renewable energy, forgetting energy efficiency (e.g. subsidies for gas and petroleum, and little investments in grind upgrade). Morocco relies mostly on fossil fuels to meet its domestic energy demand. Fossil fuels account for about 68% of installed capacity in Morocco. The remaining 32% are from renewable energy resources; mostly hydro, wind and solar. Though Morocco produces some oil and natural gas for domestic consumption, it has to import the majority of its fossil fuel needs. 93% of Morocco's total primary energy consumption comes from oil, natural gas and coal. The country is seeking to meet its growing energy demand with fewer imports by tapping into its vast renewable energy potential. The government aims to generate 42% of electricity from renewable resources by 2020, focusing mostly on solar and wind energy. The government also aims to boost energy efficiency and is currently working on a national strategy for energy conservation and efficiency[11]

With regard to FP022, standards have been very well applied. There was an especially commendable level of both male and female gender mainstreaming, resulting in a near 50-50 balance in gender numbers, and clear co-benefits.

As an EE, *Agence Nationale de Developpement des Zones Oasiennes et de l'Arganiers* (ANZOA) has achieved sufficient stakeholder engagement, including the involvement of government agencies, in the realisation of an innovative project with a very high likelihood of impact. Other project successes include the conservation of rare species, sound science/tech-based programming, and a self-reported proportion of project beneficiaries standing at 52 percent female/48 percent male.

However, there were a few evident challenges, including insufficient social inclusion of women (e.g. unsupported marketing cooperatives and a lack of access to credit for women) and a lack of sufficient planning for water resources, which could pose a huge threat to the overall success of the project. This insufficiency of water demonstrates a lack of planning for scale, as was evident during a field visit to one of the project sites: given that argan trees take many years to mature, the project should have been designed at a much larger scale to reap maximum benefits. The project also had no redress mechanism, and no site monitoring/checks by the GCF secretariat.

FP022 does not have a clear IRM strategy. Interviews with employees, and with communities interacting with the projects on the ground, showed they had no clue about how and where to lodge a complaint in the event they were aggrieved. This was particularly evident at remote rural sites away from the cities.

The ministry of Agriculture and Maritime Fisheries (MAMF) (Executing Entity) for FP043 has a visible corporate social responsibility strategy that provides the local residents with food and clothing for vulnerable villagers, and which undertakes the pavement of bridges and of passages through mountains.

[11] https://www.rcreee.org/content/morocco

FP043 does not have a clear GRM strategy. Key informant interviews (KIIs) and focus group discussions (FGDs) showed that affected communities, beneficiaries and employees did not know where to report in the event that they were harmed by the project activities. A group of four female employees and interns working among hundreds of men felt secure working at a remote project site, but were clueless about what to do or whom to report to in cases where they were harmed in any way.

This project has also flouted formal international specifications on construction safety requirements for storing explosives (e.g. US Federal explosives regulations at 27 CFR, Part 555, Subpart K). Explosives used for blasting rocks for piping works are stored less than 100 metres from an inhabited village, posing potential dangers to the residents.

To what extent have the GCF's E&S policy/standards helped to strengthen the capacity of AEs (international and country level), NDAs and EEs to manage/mitigate social and environmental risks?

There was evidence of strengthened capacities in ANZOA, the EE for FP022. For example, there were deliberate efforts to mainstream gender in the project. There was also evidence of concerted efforts to increase the resilience of indigenous peoples (Berbers) who inhabit the project area.

FP043 also reported borrowing EBRD ESS standards, even for sections of the project that are not funded by the EBRD.

APPENDIX A. LIST OF STAKEHOLDERS CONSULTED

NAME	INSTITUTION/POSITION
Rachid Firadi	NDA
El Yacoubi Zakariae	*Chef de Division des Ressources Hydroagricoles*
Elayyadi Fouad	*Chef de Service de laPpromotion de l'Economie d'Eau*
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Jinar Farid	*Direction de la Gestion des Projets*/ADA
Faik Hamid	*Direction Administrative et Financière*/ADA
Mr. Belghiti	*Directeur General Adjoin / Direction de l'Irrigation et de l'Aménagement de l'Espace Agricole*
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Maélis Borghèse	*Chargée de Mission*/AFD
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Denise Angel	*Conseillère Technique*/GIZ
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APPENDIX B. LIST OF DOCUMENTS CONSULTED

Climate Change Performance Index. (2019). *Morocco.* Available at <*https://www.climate-change-performance-index.org/country/morocco-2019*>

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http://rgphentableaux.hcp.ma/>

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UNDP. (2017). *National Adaptation Plans in focus: Lessons from Morocco*. Available at <*https://www.adaptation-undp.org/sites/default/files/resources/morocco_nap_country_briefing_final.pdf*>

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PARAGUAY COUNTRY CASE STUDY REPORT

CONTENTS

A. BACKGROUND AND CONTEXT

1. CLIMATE CHANGE POLICY AND STRATEGIC CONTEXT

The Republic of Paraguay has a number of laws and policies related to climate change that are associated with key sectors such as forestry and energy, and which set out the mitigation and adaptation measures necessary to achieve the country's goals. Major reforms have recently taken place with the arrival of the new National Law on Climate Change, which led to a number of policies being redesigned.

a. National climate change policies

The **National Law on Climate Change** (2017)[12] established an institutional framework for reviewing and achieving the climate change goals of Paraguay. The law identifies new targets and describes the policies that need to be developed for mitigation and adaptation purposes.

Developed in 2012,[13] the **National Climate Change Policy** lays out general and sectoral objectives for reducing greenhouse gas (GHG) emissions. It aims to strengthen institutional capabilities as well as to the develop funding sources necessary to tackle climate risks. Other policy goals include public awareness raising, and technological and human development.

The **National Energy Efficiency Plan** (2014) considers energy mix and efficiency, and has policies aimed at reducing emissions.

The **National Plan for Climate Change (Mitigation Strategy)** (2014)[14] articulates mitigation policies aimed at achieving the country's climate goals. The plan aims to foster nation-wide coordination and coherence in climate change mitigation actions.

The **National Plan for Climate Change Mitigation and Action Programs**[15] (2017) builds on the goals of the 2014 plan, and develops policies and actions for coordinating the national response to climate change.

The **National Development Plan 2030** (PND, 2014–2030)[16] sets out the national development policies of Paraguay, with climate change mitigation being one of the goals of the document. The PND 2030 includes a 60 per cent share increase target for renewable energy by 2030, based on a 2013 baseline, as well as a 20 per cent reduction target for fossil fuel share.

The **National Reforestation Plan** establishes the goal of 450,000 ha of forest plantation by 2030.

The **National Energy Policy** (2016)[17] lists the goals of Paraguay in the field of energy supply and demand, including the development and implementation of renewable technologies.

[12] *Ley No 5875 Nacional de Cambio Climático 2017 (Paraguay)*. Retrieved 8 August 2019. Available at <*http://www.lse.ac.uk/GranthamInstitute/wp-content/uploads/laws/8477.pdf*>
[13] Comisión Nacional de Cambio Climático. (2012). *Política Nacional de Cambio Climático.* Retrieved 8 August 2019. Available at <*http://dncc.seam.gov.py/wp-content/uploads/2018/11/Politica-Nacional-CC_2016.pdf*>
[14] SEAM. (2014). *Paraguay: Plan Nacional de Cambio Climático.* Available at <*http://dncc.seam.gov.py/wp-content/uploads/2018/11/Estrategia-de-Mitigaci%C3%B3n-2016.pdf*>
[15] SEAM. (2017). *Plan Nacional de Mitigación ante el Cambio Climático y los Programas de Acción.* Retrieved 8 August 2019. Available at <*http://dncc.seam.gov.py/wp-content/uploads/2018/11/PLAN-NACIONAL-DE-MITIGACI%C3%93N-Y-LOS-PROGRAMAS-DE-ACCI%C3%93N.pdf*>
[16] Ministerio de Hacienda. (2014). *Plan Nacional de Desarrollo Paraguay 2030.* Retrieved 8 August 2019. Available at <*http://www.lse.ac.uk/GranthamInstitute/wp-content/uploads/laws/4727.pdf*>
[17] Viceministerio de Minas y Energía. (2016). *Política Energética de la República del Paraguay.* Retrieved 8 August 2019. Available at <*http://www.lse.ac.uk/GranthamInstitute/wp-content/uploads/laws/4733.pdf*>

b. Other relevant policy and strategy documents

Intended Nationally Determined Contributions.[18] Paraguay has an economy-wide NDC target of a 20 per cent reduction in GHG emissions by 2030, and in terms of the forest and land use sector, refers to efforts control deforestation, sustainable management of forests and reforestation. The period started in 2014 and uses 2000 as the base year. A 10 per cent reduction by 2030 is the unconditional target. The goal was founded in the PND 2030.

National Strategy for Adaptation to Climate Change (2015)[19] establishes planned national responses to the need to adapt to climate change in Paraguay.

The **National Adaptation Plan** (2016)[20] was designed to achieve many of the policies and objectives set out in the National Strategy for Adaptation to Climate Change.

The **National Mitigation Plan** (2017)[21] was designed to articulate the goals set by the country in its NDC. The plan focused on several main mitigation fronts, namely the optimisation of the sustainable use of biomass; diversification of the energy matrix and energy efficiency; sustainable renewable energies; clean technologies; fuel quality; biofuels; the public transportation system; forest plantations and forest management; Silvo agricultural practices; and waste management.

The **National Gender Strategy for Climate Change** (2017)[22] sets out the national objectives and context in relation to the gender dynamics of climate change adaptation and mitigation.

The **National Forestry Strategy for Sustainable Growth** (2019)[23] contains national strategies related to sustainable forestry and resource use. This includes the forestry industry's intersection with climate change.

Law no. 1561/00 (2000).[24] This law laid out the objectives and policies of the National System of the Environment, as well as the relevant rules that apply to it.

2. CLIMATE CHANGE INSTITUTIONAL AND COORDINATION CONTEXT

Paraguay has a number of ministries and commissions which deal with coordinating climate change mitigation and adaptation responses. A number of relevant bodies are discussed below.

The **National Commission on Climate Change** was established by the National Law on Climate Change, and is in charge of setting up and reviewing the climate change policies of Paraguay.

The **National Directorate on Climate Change** was also created by the National Law on Climate Change as the executive body in charge of implementing policies. This National Directorate is located within the Ministry of Environment and Sustainable Development.

[18] Republic of Paraguay. (2015). *Contribuciones Nactionales de la República del Paraguay.* Retrieved 8 August 2019. Available at <*https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Paraguay%20First/Documento%20INDC%20Paraguay%2001-10-15.pdf*>
[19] SEAM. (2015). *Estrategia Nacional de Adaptación al Cambio Climático.* Retrieved 8 August 2019. Available at <*http://dncc.seam.gov.py/wp-content/uploads/2018/11/ENACC-2016.pdf*>
[20] SEAM. (2016). *Plan Nacional de Adaptación al Cambio Climático.* Retrieved 8 August 2019. Available at <*http://dncc.seam.gov.py/wp-content/uploads/2018/11/Plan-Nacional-de-Adaptaci%C3%B3n-al-CC-2017.pdf*>
[21] SEAM. (2017). Plan Nacional de Mitigación del Cambio Climatico. Retrieved 14 August 2019. Available at <*http://archivo.seam.gov.py/sites/default/files/users/comunicacion/Plan%20Nacional%20de%20Mitigaci%c3%b3n%20al%20Cambio%20Clim%c3%a1tico%202017_0.pdf*>
[22] (2017). *Estrategia Nacional de Género ante el Cambio Climático.* Retrieved 12 August 2019. Available at <*http://dncc.seam.gov.py/wp-content/uploads/2018/11/ESTRATEGIA-NACIONAL-DE-G%C3%89NERO-ANTE-EL-CAMBIO-CLIM%C3%81TICO_final.pdf*>
[23] MADES. (2019). *Estrategia Nacional de Bosques para el Crecimiento Sostenible.* Retrieved 12 August 2019. Available at <*http://dncc.mades.gov.py/wp-content/uploads/2019/06/ENBCS-Final.pdf*>
[24] *Ley No 1561 2000 (Paraguay*). Retrieved 8 August 2019. Available at <*http://dncc.seam.gov.py/wp-content/uploads/2018/11/ley_1561_2000.pdf*>

A domestic **Climate Change Fund** is to be developed which will be managed by the executive's **Environment Secretariat** (SEAM), the entity under PND 2030 whose function is to implement and coordinate the environmental policies of Paraguay. Its competences are currently found within the **Ministry of Environment and Sustainable Development** (MADES).

The United Nations Framework Convention on Climate Change (UNFCCC) focal points are contacts within both the **Foreign Ministry** (MRE) and the **Ministry of Environment and Sustainable Development** (MADES).

The **National System of the Environment** (SISNAM) was set up in 2000. The role of this body is to design and regulate the function of organisations responsible for the elaboration and development of climate change within Paraguay.

Law 3001/2006 sets up the **Regime of Environmental Services**, which requires landowners (> 25 ha) who have not reforested more than 5 per cent of their property to buy environmental services certificates.

Paraguay is split into 17 regional departments, each of which has a **Departmental Government.**

3. GCF PORTFOLIO AND INSTITUTIONAL ARRANGEMENTS

Paraguay has two ongoing GCF activities; **Promoting private sector investments in energy efficiency in the industrial sector in Paraguay (FP063)** and the **Poverty, Reforestation, Energy and Climate Change Project (PROEZA) (FP062).**

FP063 aims to increase energy efficiency by providing medium and long-term financing for energy efficiency investment projects, as well as raising capacity and knowledge around energy efficiency investments. Priority industries include the sugar industry, brickmaking and ceramics, and the drying process for grains, with the focus being on small and medium enterprises (SMEs) in these sectors. The project is expected to avoid 4 million tonnes of CO_2 for a total project investment of USD 43 million, and has a five-year lifespan.[25]

The accredited entity (AE) for FP603 is the Inter-American Development Bank, an international bank headquartered in the United States. They are the executing entity (EE) alongside the Agencia Financiera de Desarrollo (AFD), a second-tier bank based in Paraguay.

FP062 aims to improve the resilience of poor households vulnerable to climate change impacts whilst also increasing forest cover in eastern Paraguay. Sixty-four municipal districts will receive support from the project. This support takes the form of capacity building and investments in conservation agriculture and afforestation for those on the social protection programme of the Government. This includes an environmental conditional cash transfer. Furthermore, medium-sized landowners will be offered concessional credit to develop forest plantations. Finally, technical assistance will be provided to government agencies who are responsible for sustainable development. The project is expected to avoid 7.9 million tonnes of CO_2 at a total project investment of USD 90.3 million, and has a 30-year lifespan.[26]

The AE for FP062 is the Food and Agricultural Organization of the United Nations (FAO). They are also the EE of the project.

The National Designated Authority (NDA) for interaction with the Green Climate Fund (GCF) is his Excellency Mr. Carlos Alberto Pereira Olmedo. He is a Minister (Executive Secretary) within the Technical Secretariat of Planning for Economic and Social Development, the GCF focal point.

[25]Available at <*https://www.greenclimate.fund/projects/fp063*>
[26]Available at <*https://www.greenclimate.fund/projects/fp062*>

There is only one concept note for Paraguay: "Promoting sustainable practices in the soy and cattle ranching sectors to mitigate climate change".[27] The proposed AE is the Netherlands Development Finance Company (FMO), with the project's focus being the introduction of financial and technical assistance within the agricultural sector to reduce deforestation and mitigate climate change. This is a private sector project.

B. KEY FINDINGS

1. PROCESS AND OPERATIONS

KEY QUESTION 2: TO WHAT EXTENT DO GCF'S ORGANISATIONAL STRUCTURE AND PROCESSES FACILITATE EFFECTIVE AND EFFICIENT IMPLEMENTATION OF THE ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS), WHILST PROMOTING COUNTRY OWNERSHIP AND ALIGNMENT WITH THE COUNTRY'S NATIONAL CONTEXT?

2.1. Are the responsibilities for all stakeholders under the ESMS clearly defined and fit-for-purpose with regard to the ESS process?

The FAO has a dual role as AE and EE for FP062. It is ultimately responsible for the implementation of GCF-funded activities and their impacts, and has programmatic responsibilities under the GCF in terms of results and financial implementation. That the Steering Committee and Executive Committee of the project is largely composed of governmental institutions, reflects the cross-sectoral nature of the project. In terms of ESMS and environmental and social (ES) Policy, the Ministry of Social Development (MDS) – recently established at ministerial level – is the governmental entity in charge of social programmes, and is expected to play a key role regarding E&S Policy as the institution responsible for facilitating social development. In this role, the MDS is responsible for guiding stakeholder engagement across GCF-funded activities, in coordination with other implementation partners.

Similarly, the Paraguayan Institute for Indigenous Peoples (INDI), in coordination with the MDS, is the entity responsible for establishing and conducting the mandatory consent protocol with indigenous people's (IPs) communities, and will thus play a key role in the implementation of FP062 considering there are around 275 IPs communities in the project area.

The National Forest Institute (INFONA) occupies a central role in PROEZA activities, but does not have a direct role or responsibility itself in terms of E&S Policy implementation. According to the overall governmental institutional mandates and coordination structures in place, consultations and stakeholder engagement efforts with regard to the GCF-funded activities fall under the mandate and responsibility of both MDS and INDI, as per their respective roles described above.

While overall institutional roles to comply with the E&S Policy/ESMS under FP062 implementation are broadly established by following national procedures and policies, specific roles and responsibilities will have to be further refined/clarified once the operations manual and action plan are developed. This, for instance, may include the allocation of particular E&S responsibilities for implementation partners such as the Vice Ministry of Energy (VME) or the Finance Agency for Development (AFD), directly engaged in the implementation of GCF-funded activities.

Moreover, some interviewees agree that the projects social and environmental management and performance could benefit of greater clarity on the extent to which there are particular roles and

[27] Available at <*https://www.greenclimate.fund/countries/paraguay*>

responsibilities with regard to the GCF E&S/ESMS that should permeate through the project's governance structures. In case so, interviewees agree this would in turn require raising awareness at the steering committee level of PROEZA, so as to ensure a comprehensive understanding amongst members of what is needed to move away from the poverty line, which has a direct impact on the extent to which social and environmental considerations are truly mainstreamed across the project's operations.

FP063, with Inter-American Development Bank (IDB) as AE and Finance Development Agency (AFD) as EE, aims to promote energy efficiency in Paraguay by providing medium and long-term finance for private investments on energy efficiency, as a contribution to national objectives under the country's Nationally Determined Contribution (NDC). In doing so, the project will focus on the development of financial instruments, and on establishing enabling conditions for improved access to financial and non-financial mechanisms used for deploying energy efficiency. These include the *development of institutional, policy and regulatory environments* to reduce energy generation based on biomass, and deploying finance through medium and long-term loans.

With this in mind and considering both the fact that like FP062, the project is still not under implementation and that it was not possible to meet with the AE during the country mission, the understanding gained on ES Policy implementation, monitoring and reporting perspectives for all project components was to some extent limited. Still, interviewees concur AFD has a key role and responsibility for ensuring the success of component 3, and also for ensuring overall compliance with the E&S Policy in terms of the development of the financial products. Roles, perspectives and potential challenges with regard to the GCF E&S Policy for this component are described accordingly when possible throughout this report, as a result of insights gathered during the country mission.

2.2. What support, in the form of RPSP and Project Preparation Facility (PPF) grants, has been provided to NDAs and AEs to help increase capacity to apply ES Policy/standards?

Key informant interviews (KIIs), particularly with the NDA and the AE of FP063, suggest that social and environmental management activities have been considered under the readiness support of GCF, yet the scope and impact of such support with regard to the projects is rather unclear for interviewees.

2.3. How effective is the accreditation process in terms of assessing the capacity of prospective AEs with regard to ES policy/standards?

Interviews conducted during the mission did not provide information with regard to the accreditation process, presumably as none of the interviewees were part of the accreditation of both FAO and IDB, for FP062 and FP063 respectively.

Nonetheless, FP063 does refer to this process in terms of the GCF E&S Policy, by referring to the fact that accreditation demonstrated the full consistency of IDB policies and management programmes – including gender policies – with those of the GCF.

Additional reflections on potential implications from the overall accreditation process – or considerations to have in mind for the purposes of this evaluation – are described throughout this report.

2.4. To what extent does GCF have supervisory control and authority over AEs in the current business model, and what can be improved to ensure that the GCF ESMS can be adequately implemented in project design and implementation?

To date, with FP062 not yet under implementation, interviewees agree that the role of the GCF with regard to the implementation of the E&S Policy and ESMS has been limited to enforcing E&S

requirements toward project approval by the GCF, particularly in terms of the environmental and social assessment. In spite of this however, interviewees agreed that the assessment overall was conducted under the oversight of FAO as AE and EE, and the Ministry of Planning (STP) as NDA – and PROEZA as overall coordinator – in line with applicable ES safeguards procedures described throughout this report.

On a separate note, the country mission provided relevant insights on the extent to which the role of the GCF – including through its structures and procedures – is clear and adequate enough for adequately implementing E&S Policy (beyond the ESMS) in a way that ensures the social and environmental objectives of the GCF governing instrument are met, so both addressing (preventing/managing/mitigating) potential adverse environmental risks and improving social and environmental performance. This seems to be a recurrent reflection amongst interviewees as, in the case of programmatic interventions where mitigation and adaptation objectives are cross-cutting, it may seem that there is a fine line between projects' expected impacts, co-benefits and what could be considered as social and environmental improvements – with reporting and monitoring implications – when considering for instance what has been reported under FP062 with regard to GCF expected added value, impact potential and sustainable development potential (including environmental, social and economic co-benefits and gender).

Similarly, interviewees reflected on the extent to which the full dimension and impact of the role of safeguards – from a do-good perspective – are fully captured in the current GCF business model with regard to ES Policy implementation and, with this, permeate NDAs, AEs, EEs and its own structures and procedures. Interviewees emphasised that safeguards, as per UNFCCC or REDD+ experiences for example, represent an opportunity to do good if used to streamline social and environmental considerations throughout the design and implementation of GCF-funded projects and activities, which largely differ from the traditional application of safeguards – under multilateral development banks (MDBs) and financial institutions – for managing risks from investments.

As for the case of FP063, the country mission suggested there was little clarity over GCF's ESMS and ESS requirements and procedures, or whether responsibilities on this are transferred from the AE to the project's governance structures, and with this, there's little understanding on the project's role on supervisory control and authority.

2. PROJECT IMPLEMENTATION

KEY QUESTION 4: HOW EFFICIENT AND EFFECTIVE HAVE THE GCF'S ES POLICY/STANDARDS BEEN IN PREVENTING/MANAGING/MITIGATING ADVERSE ENVIRONMENTAL/SOCIAL IMPACTS AND IN IMPROVING ENVIRONMENTAL/SOCIAL BENEFITS DURING THE IMPLEMENTATION OF GCF PROJECTS? (E.G. RESULTS MANAGEMENT FRAMEWORK (RMF), ANNUAL PERFORMANCE REPORTS (APRS), INDEPENDENT REDRESS MECHANISM (IRM) DATABASE/REPORTS)

4.1. How effectively have ES Policy/standards been applied in projects under implementation, to address impacts and create ES benefits? What are the differences between adaptation and mitigation?

It is still too early to build conclusions on this from the experience of Paraguay with the GCF E&S Policy and ESMS, as both approved projects are not yet under implementation. The GCF-funded activities to be led by the Vice Ministry of Energy under component 1, for instance, might be a good example for illustrating how E&S/ESMS implementation could look in the context of the development of efficient cookstoves as a strategy for complementing efforts that target poor and

vulnerable populations, as well as for reducing deforestation, as rural populations are currently highly reliant on fuelwood. The implementation of this component most likely entails extensive awareness raising efforts and consultations aimed at ensuring buy-in from local beneficiaries, as a condition for ensuring the long-term impacts and success of the activity, which aims to reach over 7,000 beneficiaries as per the funding proposal. As largely stressed by an array of stakeholders during the country mission, the further planning and implementation of this component will most likely require complex and targeted consultations, as on the one hand, in order for GCF-funded activities on this to be successful and result in overall social improvements, the design of cookstoves needs to respond to social contexts, needs and views. On this, some interviewees suggested the expectation of having at least seven alternative designs for cookstoves, for instance in ways that reflect and consider the diverse needs and interests of local populations and potential beneficiaries.

On the other hand, and as a result of the above insight, consultations and the designing of cookstoves will have to be differentiated for IPs and farmer communities as, in the case of IPs for instance, traditional stoves have a significant cultural value above that of just cooking, so it is expected that in many cases efficient cookstoves might not have buy-in with indigenous communities as they won't replace the traditional and symbolic role of fire, represented by traditional stoves, in the family and community as a whole. In this regard, if such activities are not planned through careful consultations and with cultural appropriateness, interviewees agree there is significant risk of having negative cultural implications – particularly with IPs communities – and moreover underperformance against indicators set in the logic framework.

In terms of social and environmental co-benefits, when reflecting on what has been described by Paraguay in FP062, it would seem that for projects in which mitigation and adaptation objectives are cross-cutting and closely integrated, distinguishing co-benefits from what can be considered social and environmental improvements and the actual results of the project seems to be rather challenging. When considering information relevant to social and environmental improvements regarding for instance overall adaptation objectives, co-benefits under the Sustainable Development Potential section and other social and environmental issues under the Environmental and Social Assessment section, the question of whether such separation as per the current template facilitates comprehensive and integrated understanding arises. Similarly, this raises the question on the extent to which such separation in different sections of the funding proposal template has direct implications on monitoring and reporting of social and environmental issues. In spite of this, interestingly, actions under the Environmental and Social Management Framework (ESMF) of PROEZA do provide a more comprehensive perspective on how ESS will be truly integrated into activity design and implementation, by applying the AE's safeguards policies and ESMF. When referring to plantation and restoration activities for instance, the funding proposal refers to the requirement for plantations to obtain certifications so as to ensure environmental and social performance in compliance with both ESS and labour laws. Moreover, social and environmental criteria to guide the design and implementation of this activity have been elevated to guiding principles as per the funding proposal.

Likewise, in terms of additional benefits expected under the ESMF, the funding proposal refers, for instance, to biodiversity improvements expected to result from enhanced forest cover under the TEKOPORA Programme[28] and reduced deforestation from the promotion of efficient cookstoves. The development of a Biodiversity Management Plan has been described as part of the ESMF, yet

[28] National social development programme to be strengthened with agro-ecological and climate-smart components, with an additional environmental conditional cash transfer payment.

such monitoring is currently stated in terms of managing biodiversity risks from plantations and restoration activities rather than monitoring biodiversity improvements, as such.

Nevertheless, while the ESMF approach described in the PROEZA funding proposal might be a good example of best practices for effectively meeting GCF E&S Policy objectives and principles – particularly for integrating social and environmental considerations into activity design and implementation – at the moment, the project is still at an inception stage and hasn't started reporting and monitoring therefore it is unclear whether such integration can be fully captured in accordance to the GCF's E&S Policy or under current GCF's planning and reporting instruments, for instance funding proposals or APRs.

When following the E&S due diligence procedure under IDB as the AE for FP063, potential risks identified for the project respond to its role as a financial intermediary in the replacement of units. Risks therefore are associated to not withdrawing units from circulation or not properly disposing withdrawn units which could pose a threat of hazardous waste. In this sense, the due diligence procedure has resulted in the establishment of a Decommissioning and Disposal Protocol for the project. The funding proposal refers to expected social and environmental co-benefits from improved energy efficiency. In the case of social co-benefits, health improvements resulting from the reduced use of firewood – as well improved job opportunities in the energy efficiency sector – have been described. In terms of environmental co-benefits, the funding proposal refers to reduced deforestation and improved efficiency in the use of natural resources in energy production. Similarly, women working in the ceramics industry, for instance, are regarded as potential indirect beneficiaries, as they would potentially benefit from increased revenues as a result of decreased energy bills. However, social, environmental or gender co-benefits are not currently supported by detailed action plans on how they would be achieved or monitored.

4.2. To what extent has the GCF IRM helped to address emerging concerns/complaints and to mitigate risks related to ES Policy/standards?

Overall, KII's perceptions captured during the country mission suggests national stakeholders are not aware of the GCF IRM mechanism, and whether or how the NDA, AE/EE or the project management unit should integrate this into the operations of PF062. Only non-governmental stakeholders with direct access to the GCF in the form of observers or through their constituencies, were aware of its existence. On this however, it was emphasized that both national institutions and IPs' organisations and communities have in place their own governance arrangements and internal procedures to manage complaints and grievances. The fact that external intervention could exacerbate conflicts was also underlined.

4.3. To what extent have AEs used their ES Policy effectively and efficiently to meet GCF ESS requirements, including for gender actions plans or other gender-related commitments?

As will be mentioned later on, the FAO has its own social and environmental safeguards system in place that will guide the implementation of the GCF-funded activities. These standards also include a gender component. However, given that implementation is still in the very early stages, it is not yet possible to assess whether these policies have been used effectively to meet the GCF ESS requirements, besides what has been described throughout this report across other relevant key questions. There was, however, evidence of commendable and sufficient stakeholder consultations as required by GCF.

Similarly, social engagement and consultations are envisioned at this stage to be in accordance with the social safeguards applicable to FP062 under both national and AE procedures. However, the mission did not provide insight on gender-specific actions planned at this stage.

4.4. To what extent has the GCF and/or AE monitored the social and environmental risks and benefits of the projects?

As AE and EE for FP062, FAO globally has its own social and environmental safeguards, which constitute the overarching principles that will guide PROEZA's implementation, including on matters related not only to risk management but also for addressing complaints and grievances. Such institutional safeguards have been further strengthened over the past two years in terms of IPs' issues, including specific criteria and indicators supported by clear guidance and protocol on how to obtain Free Prior and Informed Consent (FPIC), for instance.

In addition to this, any national safeguards and E&S-relevant policies and procedures in place will also apply to FP062 once implementation starts, and they could later be considered as part of the E&S Policy efforts under the EE responsibility to meet GCF ESS/E&S Policy requirements. This includes the application of Decree 1039, as the national guidelines to regulate engagement with and participation of IPs. With this in mind, and noting once again that PROEZA is not yet under implementation, the country mission provided insightful information on the process to date, as well as on the multiple safeguards instruments currently being applied under the oversight of the project's Steering Committee, some of which will be described below.

It is worth noting that the design of PROEZA as a programmatic policy intervention was a lengthy process of over three years, which took place through the PROEZA Working Group. At that time, FAO was not yet accredited under the GCF. Nonetheless, FAO was the counterpart for the Government of Paraguay during the project's design, so the STP and FAO worked together on technical issues and moreover in the definition of appropriate governance arrangements that would fit the needs of such a programmatic programme as PROEZA with its cross-sectoral and multi-level nature. This policy design process – which resulted in FP062 – together with that fact that about 70 per cent of such programmatic intervention is funded with domestic resources, would later have implications on how environmental and social safeguards would be conceived in the project, and will be further cemented once the project starts its implementation.

In this context, the design process of PROEZA was guided by the safeguards-related procedures of both the FAO and the Ministry of Social Development (MDS), mostly in terms of the consultation processes, which allowed Paraguay to address initial concerns from civil society on how the project was being conceived. Roundtables for discussion were established at that moment, and national representatives of IPs and CSOs ultimately confirmed their interest and support for PROEZA to move forward. To some extent, during this design phase, FAO has already adapted its own traditional operations procedures – for instance on procurement practices – so as to ensure that local staff are hired rather than external consultants, thus contributing more sustainably to strengthening national capacities on the ground.

Interestingly, as emphasised by interviewees, one of the outcomes of these early consultations at the national level – to design what would later be FP062 – was a national consensus reached amongst governmental institutions with a role in PROEZA, including formal representation from CSOs and IPs at the national level, with regard to appropriate levels and moments for consultations and moreover on how and when FPIC would apply. This, as stressed during the interviews, was a sovereign decision so as to manage local stakeholders' expectations with regard to the project, particularly considering that due to the scale and governance complexities of a programmatic and cross-sectoral project such as PROEZA, several years have passed since its first conception. Also, at present, GCF funds are not even close to starting to be disbursed as legal arrangements are still required with the GCF – but moreover within the country – to formalise inter-institutional coordination arrangements for the effective operation of the project.

This said, broader awareness-raising processes and consultations with regional and local stakeholders – including IPs and farmer communities – will only start once project implementation begins. Free, prior and informed consent procedures, the levels of consultation and the times at which it should take place should all be further clarified so as to meet the needs and the rationale of each one of the PROEZA components, which require a differentiated and tailored strategy. Overall, three levels for consultations have been established: national, through the Indigenous Committee on Environment, and IPs representatives hired across national government institutions; the department/subnational level; and local level.[29] Similarly, in order to identify potential beneficiaries for the multiple components under PROEZA, in line with procedures under the TEKOPORA Programme, potential beneficiaries have been identified by applying the Social Survey, which allowed for the identification, for instance, of component 1 (population in extreme poverty and population under high vulnerability). As for component 2, national data has allowed the prioritisation of populations living under some level of poverty and vulnerability but who have access to credit.

Reflecting further on the above, while there was broad agreement amongst interviewees regarding the national consensus on how to manage expectations, and thus the need to conduct consultations accordingly, concerns were raised in terms of who should be engaged at the diverse stages of consultation. For instance, when it comes to national-level consultation, while the NDA, AE/EE and other governmental partners agree that the representation of IPs and farmers is ensured in a formal manner as per national structures and regulations, diverging views from non-State interviews refer to the fact that other national or regional means of representation, including wider IP consultations, – such as through non-governmental organisations – could have been considered. This in turn raises the question on the extent to which guidance and procedures to meet the GCF's ESS, and the AE's own ES system, are adequate or flexible enough to capture diverse social/governance dynamics occurring at project, activity design and implementation level.

In terms of gender issues, as per the funding proposal, PROEZA envisages developing a specific strategy to target female-headed households when prioritising project benefits, particularly under component 1.

The role and operations of AFD are noteworthy in this context for both FP062 and FP063. The AFD together with the National Forest Institute (INFONA) play a key role in the implementation of the E&S Policy/ESMS during the design and implementation of the forest financial product[30] envisioned under PROEZA component 2. Similarly, AFD is one of the EEs for FP063 together with IDB, which is also the AE for this project. The AFD is a second-tier financial institution, developing and promoting financial products, and as such its operations are regulated by the Central Bank. The latter is undertaking efforts for the development of an Environmental and Social Risks Administration System (SARAS, in Spanish), which will ultimately constitute a national safeguards-related regulation applicable for specific GCF-funded activities under both funding proposal projects, and thus entails AFD might play a central role for ensuring the implementation of the GCF E&S policy objectives. Similarly, the Sustainable Finances Roundtable is the formal coordination space for financial institutions, which establishes minimum requirements and guidance for social and environmental issues in the banking sector and thus would represent a national governance

[29] Such straightforward and executive decision on the level and timing for consultations – and FPIC – for instance resulted in the fact that, while a field visit was part of the country mission, it focused on better understanding the extent to which the project indeed has the potential to meet the social, environmental and development needs of local stakeholders, rather than in understanding their level of familiarity or level of engagement with the ES Policies and procedures of the GCF and AEs.

[30] Concessional credits for highly productive New Generation Forest Plantations.

structure that might become relevant for ESS implementation under relevant GCF-funded activities under both projects in Paraguay. Such guidelines applicable to financial institutions apply for instance for consultations envisaged as part of the design of the financial products, in terms of ensuring the products are feasible and marketable, more than from a participation- or stakeholder-engagement perspective.

This said, even when AFD is a development institution with social and development objectives at its core – given that AFD transfers risk management responsibilities to the banks as their direct beneficiaries, who will in turn deliver funds to final beneficiaries – is it rather unclear just how much clarity or guidance is enough in terms of GCF E&S Policy/ESMS for ensuring the integration of social and environmental considerations into the design and implementation of the financial products, while improving social and environmental performance. In this sense, during the mission to the country, interviewees expressed a lack of understanding on the extent to which – and if so, how - compliance with the AE´s safeguards where expected to be further permeated to – and verified from - final beneficiaries. As emphasized by interviewees, intermediary entities as AFD are not directly related with final beneficiaries, including for monitoring and reporting purposes, and therefore E&S compliance is only verified from the financial entities who are the *direct beneficiaries* from the *financial products* developed with GCF-funding, in accordance with their existing operations as Tier 2 financial institutions. In such cases, where neither the AE or the EE are explicitly transferring GCF ESS obligations to the financial institutions -direct beneficiaries- interfacing directly with final beneficiaries, there could potentially be a risk of non-compliance with ESS. The monitoring of positive impacts was emphasized as a significant challenge, and as an area were second-tier financial institutions have no experience nor guidance from the GCF.

The complexity of a large-scale and cross-sectoral intervention such as PROEZA, and the particularities of targeted projects such as FP063, ultimately underlines the importance of the GCF E&S Policy and ESMS to ensure it fit-for-purpose and country-tailored nature, including through ES responsibilities and procedures transferred to AE's through the accreditation process. Moreover, experience so far under PROEZA strongly suggests the need to integrate a step-wise approach and the principle of national sovereignty as part of the GCF's ES Policy and ESS implementation, when acknowledging the GCF as a financial instrument of multilateralism. In order to entirely capture the full extent and complexity of large-scale policy interventions, differentiated ESS-related efforts at diverse stages of project implementation are required if the E&S Policy objectives and principles are to be met, well beyond the current GCF ESMS business model. This is turn would suggest the need to further factor alignment with national circumstances into GCF operations, for instance to complement accreditation processes in a way that ensures E&S Policy objectives, requirements and procedures are effectively customised to particular national and project/programme circumstances.

Similarly, in the case of PROEZA, such a complex governance landscape in terms of E&S policies, instruments and procedures that are applicable to the diverse components of the project – and at diverse stages of activities' design and implementation – raises the question on the extent to which the GCF and/or the AE have clear procedures and guidance in place on when and how to reconcile, align and integrate all applicable safeguards instruments comprehensively in a way that can be fully factored into FP062's operations, and thus for monitoring and reporting purposes. This, in turn, should be considered in the context of questions 2.3 and 2.4 above, and moreover will have direct implications on the scope and approach for monitoring and reporting on risks and benefits from FP062 implementation.

3. LIKELY RESULTS AND IMPACTS OF GCF INVESTMENTS

KEY QUESTION 5: TO WHAT EXTENT HAVE THE GCF'S ES POLICY/STANDARDS HELPED TO STRENGTHEN THE CAPACITY OF AES (INTERNATIONAL AND COUNTRY LEVEL) NDAS AND EXECUTING ENTITIES (EES) TO MANAGE/MITIGATE SOCIAL AND ENVIRONMENTAL RISKS AND TO IMPROVE ENVIRONMENTAL/SOCIAL BENEFITS?

5.1. To what extent have the capacities of AEs, NDAs and EEs been strengthened in terms of preventing/managing/mitigating adverse environmental/social impacts and in improving environmental/social benefits?

5.2. To what extent has the GCF contributed to the improved and strengthened capacity of AEs, NDAs and EEs in terms of monitoring social and environmental risks and benefits?

For the case of Paraguay and considering that none of the GCF-approved projects have started implementation, Key Questions 5.1 and 5.2 have been considered jointly.

While considering that FP062 has not started implementation, interviews already suggest areas in which NDA, AE and EE capacities with regard to the GCF ES Policy/ESMS could be strengthened, when considering the previous experience of both Paraguay and the AE/EE, as well as the fact that PROEZA, being a larger Government-led programmatic intervention, already has some activities under implementation. It is worth noting that there is evident deforestation in the area of intervention of this project – including of IPs' lands – due to timber and agricultural practices, especially commercial soybean farming, and thus the effectiveness of the project in addressing deforestation in the area will have a direct impact on the extent to which environmental and social risks are managed, as well as on delivering environmental and social improvements.

Interviewees referred to the fact that PROEZA, in line with the objectives of GCF, is aiming for a paradigm shift in development through multidimensional interventions that can fully integrate social and environmental objectives in a more holistic and comprehensive manner, in a way that integral solutions can meet the needs of IPs and farmer communities. This in turn means that in order to fully achieve the ambitious objectives set for the PROEZA project, additional domestic and international funds should be mobilised, and with this, governance arrangements and safeguards policies and procedures applicable to the project might evolve in time, suggesting the need for more flexibility and procedures within the GCF and AE's E&S systems to adapt to evolving national circumstances.

Similarly, interviewees emphasized the urgency for more direct and regular contact with the GCF ESS team throughout the life cycle of the project, as it is seen as necessary for ensuring there is timely guidance and feedback so to ensure the country is managing social and environmental issues related to GCF-funded activities' design and implementation in conformance with the GCF's E&S objectives, when considering that programmatic interventions might require differentiated E&S guidance or procedures from those currently in place under AE's E&S systems. South-South exchanges are also seen as an efficient way to build national capacities with regard to GCF E&S Policy implementation, as such complex policy and programmatic interventions can better learn from others' experience and in turn inform AE's E&S procedures, particularly when considering the existing guidance and procedures does not fully capture the complexities and dynamics of large-scale and cross-sectoral programmes under the GCF. Ultimately, the absence of adequate and flexible guidance for E&S conformance tailored to programmatic interventions can result in the mismanagement of social and environmental impacts, and moreover in project inefficiencies.

On the other hand, innovative approaches to monitoring and reporting on social and environmental management and performance are seen as an area for strengthening; for instance, FP062 has started using technological tools on site to capture social issues in real time, thus ensuring transparency and

accountability. This example referred to use of technological tools as field-monitoring instruments that can verify and register stakeholder engagement, awareness-raising efforts, consultations and trainings in a timely and transparent manner.

APPENDIX A. LIST OF STAKEHOLDERS CONSULTED

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César Cardozo	AFD	*Gerente de Planificación y Finanzas*		
Ricardo Cardozo	AFD	*Gerencia de Planificación y Finanzas*		
José Brunstein	BID	*Consultor*		

APPENDIX B. LIST OF DOCUMENTS CONSULTED

Comisión Nacional de Cambio Climático. (2012). *Política Nacional de Cambio Climático.* Retrieved 8 August 2019. Available at <*http://dncc.seam.gov.py/wp-content/uploads/2018/11/Politica-Nacional-CC_2016.pdf*>

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APPENDIX C. AGENDA OF COUNTRY CASE STUDY

Topic: PROEZA Place: STP

Date: 28/06/2019 Time: de 08:00 a 08:30hs

NAME	INSTITUTION	POSITION
Rafael González	STP	*Coordinador N. PROEZA*
Jorge Meza	FAO	*Representante*
Ana María Ferreira	STP	*Técnica*
Federico Sosa	STP	OCDE-CGEI

Topic: PROEZA Place: STP sala Nº 1

Date: 28/06/2019 Time: de 08:30 a 09:30hs

NAME	INSTITUTION	POSITION
Rafael González	STP	*Coordinador N. PROEZA*
Angela Salas	STP	*Técnica*
Leila Molas	MDS	*Jefa DGA*
Cesar Duarte	MAG	*Coordinador*
Lourdes Sofía Jou	MAG/DGP	*Jefe Dpto.*
Fabiola Alcorta	FAO	*Representante*

Topic: PROEZA Place: STP sala Nº 1

Date: 28/06/2019 Time: de 10:00 a 10:45hs

NAME	INSTITUTION	POSITION
Rafael González	STP	*Coordinador N. PROEZA*
Liliana Miranda	INDERT	*Gerente*
Federico Sosa	STP	*Asesor Técnico*
Beatriz Ferreira	INDERT	*Jefa*
Angela Salas	STP	*Técnica*
Carlos Franco	INDI	*Director*
Antonella Mascheroni	INFONA	*Dir. De Planificación*

Topic: PROEZA Place: STP sala Nº 1

Date: 28/06/2019 Time: de 10:45 a 12:00hs

NAME	INSTITUTION	POSITION
Rafael González	STP	*Coordinador N. Proeza*
Ricardo Cardozo	AFD	*Encargado Financiero*
Federico Sosa	STP	*Asesor Técnico*
Alfonso Ferreira	BID/VMME	*Consultor*
Cesar Berni	VMME	*Consultor*

Topic: Reunión Post Visita de Campo (PROEZA) Place: STP sala Nº 1

Date: 01/07/2019 Time: Salón de la STP

NAME	INSTITUTION	POSITION
Rafael González	STP	*Coordinador N. PROEZA*
Benito Roa	STP	*Dir. Gral. De Enlace Interistitucional*
Jorge González	STP	*Técnico en la Dir. De asuntos de FVC*
Ana María Ferreira	STP	*Técnica*
Briham Piñanez	STP	*Técnico en la Dir. De asuntos de FVC*

PERU COUNTRY CASE STUDY REPORT

CONTENTS

A. BACKGROUND AND CONTEXT

1. CLIMATE CHANGE POLICY AND STRATEGIC CONTEXT

The climate change policy and strategic approach of the Republic of Peru is defined by a wide range of laws and regulations in its legal framework, many of which already include components related to climate change mitigation and adaptation.

a. National climate change policies

Framework Law on Climate Change – N30754.[31] Enacted by the Presidency of Peru in 2018, the law establishes the principles, approaches and overall guidance to coordinate, integrate, design, implement, report, monitor, assess and disseminate public policies for the integrated, participatory and transparent implementation of adaptation and mitigation, toward reducing climate change vulnerability, achieving low-carbon development and realising the commitments of Peru under the United Nations Framework Convention on Climate Change (UNFCCC). This piece of legislation establishes the overall responsibility for climate change action under the Ministry of Environment, and similarly defines the respective roles of sectoral ministries and subnational governments, both regional and local.

The **National Strategy for Climate Change** (ENCC),[32] establishes that public policy objectives on climate change must be oriented to encompass the general population, economic agents and the State to engage the country in activities geared towards reducing greenhouse gas (GHG) emissions and carbon capture. This policy originally was adopted in 2003, with the latest revision occurring in 2015.

The **National Strategy on Forests and Climate Change** (ENBCC)[33] focuses on defining a long-term vision and contribution to the organisation of the interventions of various public and private actors focusing on forest carbon storage and climate change mitigation from the forestry sector and other land uses, constituting Peru's national strategy for implementing REDD+. The ENBCC introduces a vision towards 2030, a general objective, specific objectives, strategic actions and implementation lines to articulate what has been planned by the ENCC, the Nationally Determined Contributions (NDCs) and other international and national policies.

Bicentenary Plan to 2021.[34] This represents the strategic plan for integral national development from 2010 to 2021. Strategic Axis 6 of this policy relates to natural resources and the environment. It aims to prioritise sustainable use of resources, adaptation to climate change, improving environmental quality, increasing access to water and implementing a national management system.

National Environmental Policy.[35] This policy, enforceable at all government levels, sets out the guidelines in relation to conservation and natural resource use, the integral management of

31 *Presidencia de la República del Perú. Ley Marco sobre Cambio Climático.* Retrieved 21 October 2019. Available at <*https://busquedas.elperuano.pe/normaslegales/ley-marco-sobre-cambio-climatico-ley-n-30754-1638161-1/*>

32 *Ministerio del Ambiente.* (2015). *Estrategia nacional ante el cambio climático.* Retrieved 6 August 2019. Available at <*http://www.minam.gob.pe/wp-content/uploads/2015/09/ENCC-FINAL-250915-web.pdf*>

33 *Programa Nacional de Conservación de Bosques para la Mitigación del Cambio Climático.* (2016). *Estrategia nacional sobre bosques y cambio climático.* Retrieved 6 August 2019. Available at <*http://www.bosques.gob.pe/archivo/ff3f54_ESTRATEGIACAMBIOCLIMATICO2016_ok.pdf*>

34 *Centro Nacional de Planeamiento Estratégico.* (2010). *Bicentenary plan.* Retrieved 6 August 2019. Available at <*https://www.ceplan.gob.pe/wp-content/uploads/2013/07/peru2021-bicentenaryplan.pdf*>

35 *Ministerio del Ambiente.* (2009). *National Environmental Policy.* Retrieved 6 August 2019. Available at <*https://theredddesk.org/sites/default/files/national_environmental_policy_peru_0.pdf*>

environmental quality, environmental governance and international environmental commitments and opportunities. This policy has been in operation since 2009.

National Plan of Environmental Action 2011–2021.[36] This plan sets out a number of key targets and policies in relation to climate change and other environmental issues for the period 2011-2021.

Multi-year Sectoral Strategic Plan of the Environment Sector (2017–2021).[37] This plan sets out many of the sectoral actions required to be taken to achieve the goals within the ENCC, ENBCC and other policies.

Peruvian Action Plan for Adaptation and Mitigation against Climate Change.[38] This describes many of the programmes and projects planned to achieve the targets found in the ENCC. It aims to contribute to achieving the Nationally Determined Contribution (NDC) of Peru, with an expectation that land use changes will form the majority of the achievements from the contribution.

b. Other relevant policy and strategy documents

Intended Nationally Determined Contributions

Peru has an intended NDC equivalent to a 30 per cent reduction in GHG emissions by 2030.[39] Two thirds of this reduction are expected to be implemented through domestic investment and are unconditional, with the rest being dependant on international financing and favourable conditions. The NDC of Peru also includes a component referring to adaptation in the water, agriculture, fisheries, forestry, and health sectors.

National Adaptation Plans

The **Regional Climate Strategies** are currently in development for the administrative regions of Peru. Three of the strategies are already in place. One of the regions is Loreto, where the current Green Climate Fund–Peruvian Trust Fund for National Parks and Protected Areas (GCF–PROFONANPE) project is located. The strategies set out region-specific policies and projects related to adaptation and mitigation.

Multiannual Macroeconomic Framework 2020-2023.[40] This document by the Ministry of Economy and Finance sets out the official projections of the Peruvian economy, as well as the current state of the Peruvian fiscal system.

The **National Agreement**[41] represents the policies of the Peruvian State which have been developed to secure the sustainable development of the country and to ensure democratic governance. These are split into the topics of democracy and the rule of law; equity and social justice; country competitiveness; and efficient, transparent and decentralised State. A number of these policies set out agreed objectives in relation to sustainable development and climate change.

36 *Ministerio del Ambiente.* (2011). *Plan Nacional De Acción Ambiental.* Retrieved 6 August 2019. Available at <*http://www.minam.gob.pe/wp-content/uploads/2013/08/plana_2011_al_2021.pdf*>
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2. CLIMATE CHANGE INSTITUTIONAL AND COORDINATION CONTEXT

Peru has a number of institutions that interact with, develop, and monitor the protection of environmental resources and the implementation of sustainable projects. Below is a short summary of some of these institutions and their competences.

The **Ministry of Environment** (MINAM) is the focal point for the UNFCCC through its Vice Minister of Strategic Development of Natural Resources. However, several ministries and agencies have a key role in the implementation of climate strategies across the country.

The ENBCC informs actions geared towards addressing climate change, especially in the deforestation reduction and conservation realm. Institutionally speaking, this strategy is being propelled by the **Ministry of Agriculture and Irrigation** (MINAGRI) and its **National Forest and Wildlife Service** (SERFOR), and by MINAM through its **Programme on Forest Conservation** (PNCB). Furthermore, in the elaboration of the strategy other entities have participated, such as the Ministry of Economy and Finance, Ministry of Culture, Ministry of Foreign Affairs, the National Centre of Strategic Planning, the National Service of Natural Protected Areas, regional and local governments, indigenous peoples (IPs), civil society organisations (CSOs) and private sector organisations (PSOs), with support from scientific entities and international technical and financing cooperation.

The **National Commission on Climate Change** also operates in Peru and coordinates UNFCCC implementation, ensuring that the ENCC is being followed. This body was established in 1993 and has been active ever since.

In 2018 Peru passed the Climate Change Framework law, creating a **High-level Climate Change Commission** that will propose adaptation and mitigation measures. It also incorporates climate change in development planning at the three levels of government. Furthermore, institutionally it establishes the Ministry of Environment as the national authority for climate change management.[42]

The **National Centre for Strategic Planning** (CEPLAN) helps to lead joint planning, and has incorporated some climate change standards into decision making. This institution designed and promulgated the Bicentennial Plan with its climate change concerns.

The **National Agreement Forum** is an organisation which approves and builds on the number of State policies in Peru. This is through a system of dialogue and consensus with several government and non-government stakeholders. A number of such forums have led to the development of environmental policies.

There are both **regional governments** and **provincial municipalities** with which the projects will likely need to engage. Alongside these regional and local authorities, there are nine regional **technical groups on climate change** out of a possible 25 administrative regions. Under the Framework Law on Climate Change, the MINAM must submit an annual report to parliament, which includes progress in achieving their NDC.

In line with the above, beyond the operationalisation of REDD+ via public institutions, the Peruvian Government has highlighted the relevance that stakeholder engagement has in the success of the ENBCC. To that end, Law No. 30215 and its regulations promote and regulate the establishment of voluntary agreements that reward the efforts of various actors, public and private, in the maintenance and augmentation of ecosystem services, including those dealing with threatened forest ecosystems (REDD+).

42 MINAM. Available at <*http://www.minam.gob.pe/cambio-climatico-peru/pagina-ejemplo/*>

3. GCF PORTFOLIO AND INSTITUTIONAL ARRANGEMENTS

The engagement of Peru with the GCF, explored below, consists of one approved project with USD 6.2 million of approved GCF funding.

The current GCF activity in Peru is "Building the Resilience of Wetlands in the Province of Datem del Maranon" (FP001). The project aims to avoid the deforestation of 4,861 ha of forest and palm swamp over a 10-year period, as well as to enhance resilience and conserve of 343,000 ha of land.

FP001 intends to facilitate the creation of land-use and operational management plans. Moreover, it aims to entrust natural resource management to indigenous communities and to empower women in decision-making processes. This will improve the livelihoods of indigenous wetland communities, as well as reducing GHG emissions from deforestation. The main proportion of the funds will be used to support bio-businesses, the focus of which will be on non-timber products.

This project is being executed by PROFONANPE. The only Direct Access entity (DAE) in Peru, it is an environmental fund which aims to provide funding for conservation and mitigation strategies. Prior to this project, they have been working with local communities in Loreto since 2004.

The project has a total estimated cost of USD 9.11 million, with USD 6.24 million approved by the GCF, USD 1.07 million coming from PROFONANPE and USD 1.80 million from the Korean Cooperation. It was approved in November 2015 and has an estimated completion date of March 2022. It has an estimated lifespan of 10 years.[43]

PROFONANPE procedure requires the creation of a Project Administration Council (PAC) to oversee project implementation. This PAC includes the Board of Directors of PROFANANPE, a representative from MINAM, a member of the provincial municipality, and the Executive Director of PROFANANPE. The PAC must also include one representative from the three national indigenous organisations based in the project area, who will rotate yearly. It will meet bi-annually at a minimum. The project also requires a Technical Committee and a Local Advisory Committee.

The National Designated Authority/Focal Point for interaction with the GCF is Mr. Michel Canta Terreros. He is the Vice Minister of Economy at the Ministry of Economy and Finance.

There are a number of concept notes which have been submitted to the GCF in relation to Peru. These include a further project from PROFONANPE, "Ecosystem-based Adaptation and Financing for Alpacas Herders and Vicuña (AbE-FAV)", which is a support programme for climate-change-vulnerable Alpaca herders, particularly in relation to water vulnerability.

With these is a proposal from *Kreditanstalt für Wiederaufbau* (KfW) – "Geothermal Development Facility (GDF) Latin America" – which is a coordinated climate initiative to promote the development of geothermal energy on a continental scale. This will take place through financial support and capacity-building projects.

Another concept is from the Development Bank of Latin-America (CAF): "Strengthening climate resilience and resource efficiency for greater competitiveness of MSMEs". This project will enable micro, small and medium-sized enterprises to adapt and mitigate climate change through Green Credit Lines.

Finally, there is a proposal with the accredited entity (AE) to be decided upon, named "Peru REDD+ RBP for results period [2016-2018]".[44]

[43] Green Climate Fund. (2015). *Building the Resilience of Wetlands in the Province of Datem del Maranon.* Retrieved 6 August 2019. Available at <*https://www.greenclimate.fund/projects/fp001*>
[44] Available at <*https://www.greenclimate.fund/countries/peru*>

B. KEY FINDINGS

1. PROCESS AND OPERATIONS

KEY QUESTION 2: TO WHAT EXTENT DO GCF'S ORGANISATIONAL STRUCTURE AND PROCESSES FACILITATE EFFECTIVE AND EFFICIENT IMPLEMENTATION OF THE ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS), WHILST PROMOTING COUNTRY OWNERSHIP AND ALIGNMENT WITH THE COUNTRY'S NATIONAL CONTEXT?

2.1. Are the responsibilities for all stakeholders under the ESMS clearly defined and fit-for-purpose with regard to the ESS process?

PROFONANPE, in a dual role as the DAE and executing entity (EE) for FP001, has the direct responsibility for ensuring the effective and efficient implementation of the ESMS and ESS, through the application of their own institutional safeguards policies and application manual. In doing so, PROFONANPE has streamlined responsibilities across its institutional structure, beyond the GCF-funded activities, so as to ensure full application of its social and environmental policies across its operations, including the inclusion of a Safeguards' Expert as part of its permanent staff, who has been engaged with the GCF-funded project since its conceptualisation. In terms of particular roles and responsibilities to ensure the effective and efficient implementation of the GCF ESS and ESMS in the project, PROFONANPE envisions differentiated roles across the project's governance structures:

- The Steering Committee[45] oversees overall project implementation, which includes the review and approval of operational and annual plans, including other programmatic instruments such as the safeguards' implementation plan, which is currently awaiting approval.
- The Project Management Unit (PMU) has a direct responsibility for streamlining safeguards in the project's operation and implementation plans, for which a Social Expert is part of the permanent project staff,[46] and is ultimately the responsible party for ensuring the project's objectives and results are met.

The NDA of Peru, the Ministry of Economy and Finance, and other key informants interviewed during the country mission acknowledged the importance of compliance with the GCF ESMS and ESS in the context of GCF´s approved projects. Nonetheless, there is little awareness of the scope of roles and responsibilities with regard to the GCF Environmental and Social Management Framework (ESMF) beyond those transferred to the DAE, who ultimately holds the responsibility for achieving ES conformance. In terms of responsibilities, the NDA has emphasised that safeguards considerations – social and environmental – are part of the overall criteria and requirements for issuing any kind of non-objection letters, and thus apply to GCF funding proposals. In this context, it is interesting that interviewees agree that the level of alignment between the GCF ESS/ES Policy principles and national/institutional safeguards' policies is ensured at a substantial level in terms of priorities and thematic areas covered (for instance participation, IPs and gender), yet interviews suggested little clarity on the extent such alignment is also ensured in terms of procedures and requirements for ensuring conformance with the ESMS. This in turn may hinder the full understanding of whether additional roles and responsibilities should be established or permeated across the project's governance structure beyond the NDA and the DAE/EE.

45 MINAM as former NDA and as the national authority on environmental and climate issues is a member.
46 Position currently under recruitment as part of project staff rotation.

It must be noted that while ESS and ESMS implementation-related responsibilities identified thus far seem to be coherent with both the institutional capacities of PROFONAPE and the project's management structures, according to progress on the implementation of FP001 to date, the extent to which E&S/ESMS responsibilities will change – or new roles and responsibilities will be established – permeating to members of the Technical Committee, the Local Advisory Committee or implementation partners, is still unclear due to delays with project implementation. Moreover, interviewees during the mission largely agreed that only once overarching funding proposal components start being further conceptualised and designed – for instance with bio-businesses being clearly identified and planned for – will it be possible to identify particular risks or benefits of on-the-ground implementation, and with this allocate roles and responsibilities for ensuring compliance with GCF E&S Policy to implementation partners in a fit-for-purpose and *step-wise* approach to ESS and ESMS implementation.

In terms of roles and responsibilities of potential beneficiaries, interviews conducted suggest that local stakeholders and IP's representatives overall regard themselves as being engaged in the design and implementation of GCF-funded activities, as well as in a more active role when concerns or grievances arise, yet such role is not necessarily understood in the context of ensuring the effective implementation of the GCF´s ESP/ESMS.

2.2. What support, in the form of RPSP and Project Preparation Facility (PPF) grants, has been provided to NDAs and AEs to help increase capacity to apply ES Policy/standards?

PROFONANPE, as a DAE, has noted that they were able to secure funding from the GCF RPSP for 2017 and 2018, with the support of the NDA in a facilitating and decision-making role. Part of the funding mobilised has been instrumental for supporting institutional continuous training efforts on safeguards across their staff and portfolio, which ultimately will ensure that social and environmental policies are fully streamlined in their operations.

2.3. How effective is the accreditation process in terms of assessing the capacity of prospective AEs with regard to ES policy/standards?

It was noted by interviewees that by the time PROFONANPE went through the accreditation process, the GCF had not yet approved its Environmental and Social Policy. Similarly, FP001 was the first project approved into the GCF portfolio, and thus such a political scenario resulted in rather ad-hoc processes impacting both the accreditation of the DAE and the funding proposal's approval in a learning-by-doing approach, so as to build political momentum for the GCF in preparation for UNFCCC COP21 and the agreement of the Paris Agreement.

In terms of the accreditation process itself, while this was PROFONANPE's first experience with the GCF, its previous experience in implementing World Bank (WB) funded projects, and thus applying WB's Operational Policies, made it easier for the PROFONANPE team to familiarise themselves with the International Financial Corporation (IFC) performance standards on environmental and social sustainability (ESS) as the Interim Safeguards of GCF. To that date, PROFONANPE had in place a set of environmental and social *principles* that were applicable to its portfolio and which served as the basis for conducting a comparative analysis on all relevant safeguards mechanisms in applying the ESS/ESMS harmonisation process toward accreditation.

Overall, the accreditation process had a positive impact in improving the social and environmental management and performance of PROFONANPE as it contributed to further structure and establish clear procedures, ultimately resulting in the set-up of its own social and environmental policies. In this sense, the accreditation process is seen by the AE as a self-assessment effort as it allowed to identify institutional gaps, including on the need to strengthen capacities across the institution and its staff to ensure social and environmental considerations are fully applied across their operations.

2.4. To what extent does GCF have supervisory control and authority over AEs in the current business model, and what can be improved to ensure that the GCF ESMS can be adequately implemented in project design and implementation?

There is broad agreement amongst the NDA, the DAE/EE and other stakeholders such as MINAM – the former NDA at the time of the development, submission and approval of FP001 – that there has been regular and open communication with the GCF secretariat during the accreditation, concept note and funding proposal submission and approval stages. Still, all interviewees agree such supervision, coordination and support has largely been focused on technical aspects – particularly regarding mitigation estimates – with no specific guidance or support received for ensuring the DAE/EE is adequately complying with the GCF´s ES Policy/standards, and the ESMF overall.

Similarly, it was noted by interviewees that while the DAE was undergoing the accreditation process – including during the harmonisation of the GCF and PROFONANPE Environmental and Social Safeguards instruments – MINAM, Peru´s NDA at that moment, was developing national safeguards that were relevant for FP001 (namely REDD+ safeguards), nonetheless this was not considered as part of the DAE´s ESS harmonisation process, which could potentially speak to overall procedures under the current GCF business model regarding the achievement of objectives and principles of the E&S Policy.

While this goes beyond the control and authority of the GCF over AEs directly, this raises a point of reflection on whether the current GCF business model is clear enough in terms of the NDA's roles/responsibilities with regard to the E&S Policy, and the extent to which there is clear guidance on coordination required at the national level between NDAs and AEs, to ensure that relevant safeguards policies or instruments at the national level are in fact factored into the projects' funding proposal and derived ESMS. Similarly, it raises questions on the extent to which there is clarity on whether NDAs and AEs should have a specific control and supervisory role regarding the GCF over ESS/ESMS compliance as a whole, when considering the perceived general lack of understanding of what the ESMS application entails in terms of procedures and requirements, beyond those established via AEs as a result of the accreditation process.

2. PROJECT IMPLEMENTATION

KEY QUESTION 4: HOW EFFICIENT AND EFFECTIVE HAVE THE GCF'S ES POLICY/STANDARDS BEEN IN PREVENTING/MANAGING/MITIGATING ADVERSE ENVIRONMENTAL/SOCIAL IMPACTS AND IN IMPROVING ENVIRONMENTAL/SOCIAL BENEFITS DURING THE IMPLEMENTATION OF GCF PROJECTS? (E.G. RESULTS MANAGEMENT FRAMEWORK (RMF), ANNUAL PERFORMANCE REPORTS (APRS), INDEPENDENT REDRESS MECHANISM (IRM) DATABASE/REPORTS)

4.1. How effectively have ES Policy/standards been applied in projects under implementation, to address impacts and create ES benefits? What are the differences between adaptation and mitigation?

In spite of the implementation delays in FP001 previously described, the way in which implementation is progressing provides interesting insights on the extent to which the Province of Datem del Marañón (PDM) is on the right path to effectively addressing ES impacts and enhancing environmental and social improvements. Similarly, this will allow an understanding of to what extent such efforts, with regard to achieving the objectives of the E&S Policy, are a result of the application of the GCF ESS/ESMS.

The PDM, given its integrated adaptation and mitigation objectives, entails great potential for generating social and environmental co-benefits. As per the funding proposal, the PDM aims to facilitate the establishment of land-use and operational management plans in a participatory manner, while engaging indigenous communities in natural resource management, as well as in the project aims to diversify local economies by supporting the design and implementation of the locally-tailored bio-business of non-timber forest products (NTFP). This said, with social, environmental and economic objectives at the core of the project's activities, the PDM as a whole has great potential for improving social and environmental performance and long-term impacts in terms of strengthening local and natural resources governance as a result of GCF-funded activities.

Similarly, in light of the highly participatory nature of the project, and considering the long distances and complex logistics involved in accessing the various populated areas in such a large intervention zone, as per the funding proposal the PDM was originally conceived to have its operational base in San Lorenzo, hosting the project manager and core team. Ultimately due to costs and efficiency reasons (access to San Lorenzo is only possible via small plane and not all potential beneficiaries have easy access to the area), the project management team has moved to Yurimaguas, a better-connected area in the Peruvian Amazon. Nevertheless, such an approach to a project's process and operations is an interesting practice that certainly could play a key role in the sustainability of actions, as well as in ensuring effective and timely stakeholder engagement and consultations. This is not only because of the actual proximity of the project manager to stakeholders on the ground, but also because such proximity to social and environmental dynamics in the area may be instrumental in informing the more accurate formulation and implementation of activities on the ground.

In terms of environmental co-benefits and overall environmental improvements, the close coordination and linkages between social and bio-business activities proposed in the funding proposal, as well as the implicit nature of bio-business having social, environmental and sustainability principles at their core, play a key role in setting the context for high environmental performance as a long-term impact of the project. This is because on the one hand, the PDM is promoting stakeholder engagement and participation in both the conceptualisation and design of bio-businesses, thereby ensuring local views and needs are integrated in on-the-ground GCF-funded activities, and thus creating greater incentives for local populations to engage more effectively and sustainably in the implementation of natural resources management. On the other hand, in response to the historical lack of incentives to sustainably manage their natural resources or for ensuring their long-term productivity, by supporting increased IPs registrations to obtain a national identification card (DNI in Spanish), for example,[47] the project is strengthening local governance and promoting community-led bio-businesses. All the above-mentioned factors would not only diversify livelihoods and ensure community-based management and use of natural resources, but moreover address several underlying drivers of deforestation described in FP001 in general terms as weak Government presence, ultimately bringing great environmental improvements in the long run besides reduced deforestation.

While both examples provide a clear idea of how the structures and processes integrated into the project's operations may be resulting in both social and environmental co-benefits and overall improved performance, none of these elements are captured in the current planning, monitoring and reporting tools of the GCF, and are thus not being tracked and reported on APRs as co-benefits by the DAE/EE.

[47] The Province Datem del Maranon has been ranked 194 out of 194 in national statistics of population without a national identity document.

Interestingly, when describing its robust cross-sectoral nature in terms of impact potential, FP001 stresses that one can argue that 100 per cent of GCF funds have been invested for both enhanced adaptation and mitigation efforts alike. This is because all activities can improve social and environmental resilience while simultaneously and directly tackling the key underlying drivers of deforestation. Such an interesting and programmatic approach illustrates how mitigation and adaptation synergies can be maximised, but at the same time poses the question of how to ensure social and environmental improvements happen in a comprehensive manner, or whether specific procedures and structures for fully capturing these improvements are included in the current GCF business model, policies and structures. Moreover, how is it possible to consistently distinguish ES improvements from co-benefits, and even funding proposals' objectives in cases like FP001, when mitigation and adaptation objectives are cross-cutting?

4.2. To what extent has the GCF IRM helped to address emerging concerns/complaints and to mitigate risks related to ES Policy/standards?

In the case of Peru, most interviewees were aware of the existence of the GCF IRM, which is not a surprise as such familiarity responds to the existence of the Preliminary Inquiry Report (PIR) – developed under the IRM and recently shared with the AE/EE for views and comments – rather than to a more comprehensive understanding on the IRM itself and its role in the implementation of the ESMS, if it has a role at all. The IRM PIR comes as a response to concerns raised with regard to the potential implications of the project´s local conservation areas for customary lands' rights, as well as on the adequacy and timing of the consultation process at the time of project approval.

In this respect, and in response to the question on whether the GCF IRM has helped in addressing concerns/complaints and/or in mitigating risks in GCF-funded activities, interviewees emphasised that the concerns triggering the IRM investigation and report should be contextualised in the political context under which PROFONANPE was accredited and the project approved by GCF. With both the NDA at that time and the GCF working – together with the international community and particularly the GCF Board – to build political momentum with an operational GCF pipeline, the Humedales del Dátem project of PROFONANPE was put forward for consideration by the GCF Board. It is in this context that several interviewees acknowledge that when it came to social and environmental safeguards applicable to the project, this was more a learning-by-doing and adaptative process which has ultimately resulted in lessons learned on the levels of representation required for effective and legitimate consultation processes, according to the stage of development and particularities of each project.

It must be noted that both the DAE/EE and the Project Management Unit (PMU) regard the IRM Report for FP001, as a valuable input to further strengthen consultation and participation processes in the definition of implementation plans for the project's activities directly implemented on the ground, particularly those with potential implementations on local stakeholders and IPs. However, the extent to which the GCF IRM – and in this case the PIR has effectively contributed to addressing emerging concerns or mitigating risks toward project implementation is rather unclear at the time of writing this report.

PROFONAPE has confirmed the existence of a dedicated space on its website to receive complaints and grievances, which is part of its institutional social and environmental procedures. The manual on environmental and social safeguards developed by PROFONANPE to operationalise its ES policies includes a section on the establishment of a grievance mechanism, which at the moment is an Excel-based spreadsheet used for registering complaints received on the project. Further improvement efforts are envisaged from its overall operations and portfolio, including validating the

grievance mechanism with local and indigenous organisations to ensure its effectiveness. To date, complaints registered are mostly related to delays with the project's implementation.

Similarly, in terms of existing national grievance mechanisms relevant for the project, it was noted that in the context of REDD+ readiness in Peru and the ENBCC, MINAM has been working on developing a Citizen Support Mechanism (MAC, for its name in Spanish) which will serve to receive and address complaints and grievances related to REDD+ implementation, and moreover function as a platform for information dissemination, ultimately contributing to tracking and assessing progress in the quality of implementation of the ENBCC. While FP001 is not conceived as a REDD+ project as such, the ENBCC is an overarching policy for forests and climate change, so operational policies, including its safeguards and the MAC, should be considered as umbrella national safeguards and E&S management systems guiding the implementation of FP001, in line with the country ownership and fit-for-purpose nature of the ESP, and as such, the MAC would be adopted by FP001 once approved by MINAM, as per the funding proposal.

Moreover, when asked about the use or relevance of the dedicated GCF IRM, local stakeholders engaged with the project either as potential beneficiaries or implementation partners expressed broad agreement that if concerns or grievances arise, the first instance to flag those would be the PMU directly. This is because of the trust environment created by the AE in the project's area of intervention in the years since PROFONANPE started operating in Dátem Province. It is also due to the inclusive and transparent nature with which the PMU has been operating in establishing implementation partnerships with local stakeholders, which allows for the inference of a preference that grievances and concerns be dealt with at the national level and through more direct communication platforms.

4.3. To what extent have AEs used their ES Policy effectively and efficiently to meet GCF ESS requirements, including for gender actions plans or other gender-related commitments?

Given that the category of project FP001 is C, as per its environmental and social assessment, no ESMS was developed for the project. Still, in compliance with the DAE/EEs' own institutional safeguards procedures, an additional screening on *potential environmental and social risks from the implementation of GCF-funded activities* has been conducted and mitigation measures have been established accordingly, together with a monitoring protocol. Similarly, guidelines for mainstreaming social and gender considerations applicable to all project interventions have been developed. The latter will be further developed through a manual for guidelines implementation that will include information on the existing mechanism for addressing complaints, although face to face complaints and suggestions have been addressed in person by the PMU, and most are associated with project implementation delays.

Amongst the activities conducted by the project, in what could be understood as an effort by the DAE to meet the GCF ESS requirements, the DAE and the PMU have prioritised the establishment of the Local Advisory Committee – as well as the generation of "Declarations of Interest" from partner communities, federation coordinators and independent federations – as an enabling condition for GCF-funded activities for wetlands management and conservation. Similarly, in the context of the design of bio-business plans for example, a significant level of participation by women in capacity building-workshops has been observed. Yet, such activities are currently reported in APRs in terms of project progress rather than in the context of conformance with the DAEs or the GCF´s ESS.

On the same lines, interviewees broadly agreed that E&S Policy compliance will also occur by transferring certain E&S roles and responsibilities to contracts/agreements with implementation partners, which will include specific clauses on safeguards application, for instance via guidelines

for the development of natural resource management plans and the designing of bio-business. Likewise, when applicable, the latter would be subject to the development of specific social and environment management plans as per the ES policies and practices of the DAE.

In the case of gender issues, views gathered during the mission allowed for the better contextualisation of the DAE/EE's approach to gender issues. On the one hand, interviews point out that the project was approved the same year the Gender Policy of the GCF was approved, and similarly – although not necessarily a causal relationship – a gender action plan was not developed at funding proposal approval by the GCF Board. The project nevertheless has stated a specific strategy of gradually increasing women's participation in the implementation of GCF-funded activities, including in capacity building and decision-making spaces. Such efforts and targets for enhancing women's participation throughout the implementation of GCF-funded activities have been considered in light of the need for cultural appropriateness in recognising the well-defined roles for indigenous family members – where women are traditionally *in charge of food preparation and childcare* – as well as of the remaining barriers for gender equality, an example of which is that most women speak their native language *only*.

This said, interviewees largely agreed that although gender considerations and milestones have been further established, it is safe to say they may be rather ambitious targets as gender issues need to be addressed in a culturally appropriate manner and should not be subject to actions or performance indicators that could potentially result in – or exacerbate – internal conflicts in indigenous communities and families.

Subsequent APRs would need to include reporting on mitigation measures established by the DAE and which follow the monitoring protocol under development by the DAE/EE, which might bring interesting insights about innovative reporting on social and gender issues in particular, when not directly responding to E&S Policy requirements, under either ESMS or Gender Action Plans.

4.4. To what extent has the GCF and/or AE monitored the social and environmental risks and benefits of the projects?

Following the environmental and social assessment of FP001, as detailed in the previous question, no major adverse environmental and social risks were identified, which according to KII´s was a reflection of the overall aims of the project, which are to strengthen local governance and more sustainable natural resource management practices. This said, potential environmental and social risks identified for the project as per the funding proposal respond to those potential *risks associated with the project's operations* – for example due to the increased motor boat traffic and solid waste from trips required for conducting consultations and other activities on the ground – rather than to activities themselves, and thus no formal E&S/ESMS monitoring was conducted at the time of writing this report, in coherence with what has been established in the E&S Policy for category C projects.

In terms of project monitoring and results progress in terms of project objectives, the DAE/EE has clearly stated the absence of a baseline for socioeconomic information – such as the number of males and females versus income and expenditures – to measure the diversification of livelihoods, and thus monitoring and reporting mechanisms will be developed for the project inhouse. For example, the project aims to develop its own indicators to measure progress on governmental capacities strengthened, and community capacity strengthened in developing natural resources management plans, etc.

Interestingly, as mentioned above, in applying the E&S policies, guidelines and practices of its own DAE, FP001 has established its own monitoring protocol to track the progress and results of management measures identified for social and gender considerations, which themselves were

outlined in an additional social and environmental assessment that occurred after funding proposal approval. This however means that there's still little clarity on how this monitoring will be conducted.

3. LIKELY RESULTS AND IMPACTS OF GCF INVESTMENTS

KEY QUESTION 5: TO WHAT EXTENT HAVE THE GCF'S ES POLICY/STANDARDS HELPED TO STRENGTHEN THE CAPACITY OF AES (INTERNATIONAL AND COUNTRY LEVEL) NDAS AND EXECUTING ENTITIES (EES) TO MANAGE/MITIGATE SOCIAL AND ENVIRONMENTAL RISKS AND TO IMPROVE ENVIRONMENTAL/SOCIAL BENEFITS?

5.1. To what extent have the capacities of AEs, NDAs and EEs been strengthened in terms of preventing/managing/mitigating adverse environmental/social impacts and in improving environmental/social benefits?

The AE has had initial challenges with regards to indigenous peoples' right to informed consent as there were concerns raised on the adequacy and scope of consultations with the indigenous groups directly affected by the project. There was however evidence of the AE is continuously working on improving this.

Given that the AE is using several contracted partners in implementation, there was evidence of lack of clarity on how ESS standards are being imposed on the implementing contractors.

Of greatest concern, was obvious competing interests in the project area between the core project focus in agroforestry, and mining interests fronted by powerful companies. The was sufficient anecdotal evidence of initial difficulties in promoting agroforestry in an area that is also the target of powerful mining companies. The AE and GCF will need to collaborate closely to fence off the project and its beneficiaries from the mining interests.

5.2. To what extent has the GCF contributed to the improved and strengthened capacity of AEs, NDAs and EEs in terms of monitoring social and environmental risks and benefits?

FP001, having a DAE, provides interesting insights on the extent to which the GCF – including its structures and E&S Policy – has contributed to strengthening the capacities of AEs, NDAs and EEs to comply with the E&S Policy's objectives, principles and requirements, for managing/mitigating social and environmental risks and improving social and environmental performance, and for monitoring them. Therefore, in the case of Peru, questions 5.1 and 5.2 have been addressed jointly.

On the one hand, the mission made evident that the ES structures and procedures of PROFONANPE – as both DAE and EE – have been strengthened as a result of the GCF accreditation process. Becoming accredited under the GCF triggered an internal process in PROFONANPE to translate their institutional, social and environmental *principles* – already applicable to their existing portfolio – into specific institutional *policies* applicable to overall operations.

This, however, was ultimately an inhouse process to which multiple sources of funding and technical backstopping contributed (including the GCF RPSP), and which has brought about assurance that safeguards are streamlined in their institutional capacities and operations, beyond the scope of GCF-funded activity implementation. Similarly, while the NDA noted overall increased institutional capacity resulting from the regular webinars of GCF, it was emphasised that none of these covered the E&S Policy or safeguards in general.

This said, however, in terms of ES capacities at the DAE/EE for addressing and enhancing environmental and social impacts from GCF-funded activities, their strengthening not necessarily a result of the E&S Policy/standards of the GCF, but rather responds to institutional principles for

high social and environmental performance anchored across the PROFONANPE portfolio, as has been indicated in key informant interviews.

APPENDIX A. LIST OF STAKEHOLDERS CONSULTED

TIME	LOCATION	NAME	POSITION, AFFILIATION
24 June 2019	Lima	Gabriel Quijandría	*Viceministro de Desarrollo Estratégico de Recursos Naturales*
		Antón Willems	*Director Ejecutivo PROFONANPE*
		José Álvarez	*Director General de Diversidad Biológica*
		Carla Mendoza	*Especialista en Salvaguardas de la Dirección General de Cambio Climático*
		Tamara Laceras	*Equipo de Salvaguardas de la Dirección General de Cambio Climático*
		Natalia Alayza	*Dirección General de Asuntos de Economía Internacional, Competencia y Productividad MEF*
		Antón Willems	*Director Ejecutivo PROFONANPE*
		Cynthia Céspedes	*Especialista Salvaguardas PROFONANPE*
24-29 June 2019		Antón Willems	*Director Ejecutivo*
		Claudia Godfrey	*Directora de Desarrollo y Supervisión*
		Cynthia Céspedes	*Especialista Salvaguardas PROFONANPE*
		Erik Romero	
		María Valladares	
26 June 2019	Yurimaguas	Hamner Manuhuari	*Presidente de CORPI*
		José Yampis	*Presidente de ATI. Etnia ACHUAR*
		Gunter Yandarí	*Presidente de la Asociación de Pescadores Artesanales KATIMBASCHI*
		Segundo Chanchari Mori	*Extractor y escalador Líder de ASPROQUEP*
		Raúl Chanchari Mori	*Extractor y escalador Líder de ASPROQUEP*
		Felipe Martínez	*Alcalde de la Municipalidad distrital de Andoas*
		Víctor Pérez	*Representante de la Municipalidad distrital de Morona*
		Alejandro Barrios	NCI
		Nélida Barbajelata	*Coordinadora del Programa Loreto de NCI*
		Engel Padilla	*Fundación Don Bosco*
		Jhon Pool Ramírez	*Cooperativa SHAKAIN*

TIME	LOCATION	NAME	POSITION, AFFILIATION
		Gustavo Quilca Lovatón	*Unidad de Gestión del Proyecto Humedales del Dátem*
		Luis Miguel Fernández	*Unidad de Gestión del Proyecto Humedales del Dátem*
		Elvis Tineo Reyes	*Unidad de Gestión del Proyecto Humedales del Dátem*

APPENDIX B. LIST OF DOCUMENTS CONSULTED

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APPENDIX C. AGENDA OF COUNTRY CASE STUDY

DATE	VENUE	GROUP	TIME	PARTICIPANTS
24 June 2019	Lima	MINAM	12:00pm	Gabriel Quijandria, *Viceministro de Desarrollo Estrategico de Recursos Naturales* Anton Willems, *Director Ejecutivo PROFONANPE* Jose Alvarez, *Director General de Diversidad Biologica* Carla Mendoza, *Especialista en Salvaguardas de la Direccion General de Cambio Climatico* Tamara Laceras, *Equipo de Salvaguardas de la Direccion General de Cambio Climatico*
		MEF	4:00pm	Natalia Alayza, *Direccion General de Asuntos de Economia Internacional*, MEF Anton Willems Cynthia Cespedes, *Especialista Salvaguardas PROFONANPE*
		PROFONANPE	5:30pm	Anton Willems, *Director Ejecutivo* Claudia Godfrey, *Directora de Desarrollo y Supervision* Cynthia Cespedes Maria Valladares Erik Romero
26 June 2019	Yurimaguas – Sala de reuniones del Hotel Akemi – (calle Angamos 414 – Yurimaguas)	*Líderes de las organizaciones y/o comunidades*	7:15-8:00am	Hamner Manuhuari, *Presidente de CORPI*
			8:00-9:00am	José Yampis, *Presidente de ATI* Etnia, ACHUAR
		Líderes de las organizaciones productivas	9:00-10:00am	Gunter Yandarí, *Presidente de la Asociación de Pescadores Artesanales KATIMBASCHI* Segundo Chanchari Mori, *Extractor y escalador Líder de ASPROQUEP* Raúl Chanchari Mori, *Extractor y escalador Líder de ASPROQUEP*
		Gobiernos locales	10:30-11:30am	Felipe Martínez, *Alcalde de la Municipalidad distrital de Andoas* Victor Perez, *Representante de la Municipalidad distrital de Morona*
		Aliados	11:30am-12:30pm	Alejandro Barrios, NCI Nélida Barbajelata, *Coordinadora del Programa Loreto de NCI* Engel Padilla, *Fundación Don Bosco* Jhon Pool Ramírez, *Cooperativa SHAKAIN*
		Unidad de Gestión del Proyecto Humedales del Datem	2:30-3:30pm	Gustavo Quilca Lovatón Luis Miguel Fernández Elvis Tineo Reyes

DATE	VENUE	GROUP	TIME	PARTICIPANTS
		Viaje de Yurimaguas a Tarapoto	3:30-6:30pm	
27 June 2019	Lima	PROFONANPE	5:00pm	Claudia Godfrey, *Directora de Desarrollo y Supervision* Cynthia Cespedes Maria Valladares Erik Romero

SAMOA COUNTRY CASE STUDY REPORT

CONTENTS

FIGURES

A. BACKGROUND AND CONTEXT

1. CLIMATE CHANGE POLICY AND STRATEGIC CONTEXT

The Independent State of Samoa is a Pacific Island state exposed to many natural hazards, including droughts, earthquakes, floods, tropical weather patterns and volcanic eruptions. Primary hazards include tropical storms and cyclones, which can cause significant damage to the country's infrastructure and the economy. Given the topography of Samoa, these extreme events result in significant river discharge that floods lowland areas. Tropical Cyclone Evan (December 2012) triggered floods that had serious health impacts and resulted in damage to private and public assets estimated at USD 204 million. As extreme weather events related to climate change are likely to increase, the country is working to adapt its infrastructure and assets to prevent future damage.

The Government of Samoa (GoS) has a strong policy framework that supports mitigation and adaptation efforts. It has also undertaken a series of assessments on the effectiveness of national initiatives for climate change adaptation related to flood management and other climate-induced disasters.[48] This section gives an overview of national, international and other relevant climate change policies and strategies.

a. National climate change policies

Strategy for the Development of Samoa (SDS) 2016–2020:[49] The main planning document of the GoS, it outlines a five-year programme of work to achieve the country's development aims in four priority areas: economic, social, infrastructure and environment. Objectives include strengthening social institutions (key outcome 8), environmental sustainability (key outcome 13) and climate and disaster resilience (key outcome 14). The climate and disaster resilience outcome includes improvements in planning, risk reduction, response and recovery through better stakeholder collaboration.

Samoa Energy Sector Plan 2017–2022:[50] Provides a framework to achieve the energy sector vision of "Access to Quality Energy Supply for All Improved". This encompasses five key outcomes: increasing renewable energy; improving electricity services; achieving an energy-efficient transport sector; improving the management of petroleum products; and improving coordination in the energy sector.

Samoa National Environment Sector Plan (NESP) 2017–2021:[51] A roadmap for the Environment Sector under the Ministry of Natural Resources and Environment (MNRE). This aims at four long-term outcomes: sustainable management and development of natural resources and the environment; achieving a more sustainable and resilient built environment; mainstreaming climate change and disaster risk management across all sectors; and achieving an effective enabling environment.

[48] These assessments include: (a) National Action Plan for Adaptation (2005); (b) National Capacity Self-Assessment (2007); (c) the National Communications to the UNFCCC (INC, 1999; SNC 2009); (d) National Strategy for a Climate-Resilient Samoa (otherwise known as Climate Resilience Investment Programme (2011)); (e) Climate Public Expenditure and Institutional Review (2013); (f) PDNA, 2013; (g) Samoa's Intended Nationally Determined Contribution (2015) for the UNFCCC COP21; (h) Samoa's National Environment Programme (SNEP 2017– 2021); and (i) the development of Samoa's National Adaptation Plan (NAP) as well as the assessments integrated as part of the country's implementation programme in the SAMOA Pathway and Sustainable Development Goals.

[49] Economic Policy and Planning Division, Ministry of Finance. (2016, December). *Strategy for the Development of Samoa 2016/17–2019/20.* Available at <*http://extwprlegs1.fao.org/docs/pdf/sao165879.pdf*>

[50] Energy Policy Coordination and Management Division, Ministry of Finance. (2017). *Samoa Energy Sector Plan 2017–2022.* Available at <*https://www.pacificclimatechange.net/node/24186*>

[51] Ministry of National Resources and Environment. (2017). *National Environmental Sector Plan 2017–2021.* Available at <*https://www.sprep.org/attachments/VirLib/Samoa/nesp-samoa-2017.pdf*>

National Policy of Combating Climate Change (NPCCC) 2007:[52] This policy outlines the response of Samoa to climate change as identified in the 1993 National Environment and Development Management Strategies (NEMS). The policy's overarching goal is to "enhance Samoa's response to the impacts of climate change in support of national sustainable development efforts". This breaks down into six key objectives: to promote public awareness and improve stakeholder understanding of the causes and effects of climate change; strengthen the management of climate change information; build capacity on the effective national response to climate change; implement mitigation measures to reduce greenhouse gas (GHG) emissions that cause climate change; implement adaptation measures to protect Samoa from the impacts of climate change; and establish a regulatory framework to facilitate the national response to climate change.

b. Other relevant policy and strategy documents

Intended Nationally Determined Contributions

Samoa has not committed to a quantified reduction in emissions but does have a 100 per cent renewable energy target for electricity generation by the year 2025.[53] This is conditional on receiving international assistance to maintain this contribution through to 2025.

Policy drivers following this commitment include: the Samoa Energy Sector Plan 2017–2022, the Electricity Act 2010, the Greenhouse Gas Abatement Strategy, Climate Change Policy 2007, and the Energy Efficiency Act 2017.

As discussed, the increased frequency and intensity of extreme climatic events is a key vulnerability for Samoa. The country's Climate Risk Profile (CRP) notes trends such as increased maximum air temperatures, increased frequency in extreme daily rainfall events, sea-level rise of 5.2 mm a year and maximum hourly sea level increases of 8.2 mm a year. Extreme high sea-surface temperatures, cyclones, as well as more frequent and longer-lasting droughts are additional risks linked to climate change.[54] As such, the climate change activities of Samoa are targeted at building resilience, disaster risk reduction and adapting to the adverse effects of climate change, with some mitigation potential.

National Adaptation Plans

Samoa is currently developing a National Adaptation Plan (NAP), as established under the UNFCCC. This has been made possible through a USD 12.3 million initiative, in partnership with the United Nations Development Programme (UNDP), funded from the Least Developed Countries Fund (LDCF). The MNRE and the Ministry of Finance (MoF) will lead the initiative.

Before the NAP, Samoa developed a National Adaptation Programme of Action (NAPA) in 2005.[55] The NAPA adaptation priorities included: securing community water resources; the Reforestation, Rehabilitation and Community Forest Fire Prevention Programme; Climate Health Cooperation Program; Climate Early Warning System; Agriculture and Food Security Sustainability; Zoning and Strategic Management Planning; Implementing CIM Plans for Highly Vulnerable Districts; Establishing Conservation Programs in Highly Vulnerable Marine & Terrestrial Areas in Communities; and the Sustainable Tourism Adaptation Program.

[52] Ministry of National Resources and Environment. (2007). *National Policy of Combating Climate Change.* Available at <*https://policy.asiapacificenergy.org/node/738* >
[53] Government of Samoa. (September 2015). *Samoa's Intended Nationally Determined Contribution.* Available at <*https://www4.unfccc.int/sites/submissions/INDC/Published%20Documents/Samoa/1/Samoa%20INDC_Submission%20to%20UNFCCC.pdf*>
[54] Government of Samoa. (2009). *Samoa's Second National Communication to the UNFCCC*. Available at <*https://unfccc.int/resource/docs/natc/samnc2.pdf>*
[55] Ministry of Natural Resources, Environment & Meteorology. (December 2005). *Samoa National Adaptation Programme of Action*. Available at <*https://www.adaptation-undp.org/projects/samoa-national-adaptation-programme-action-napa>*

2. CLIMATE CHANGE INSTITUTIONAL AND COORDINATION CONTEXT

This section gives an overview of relevant national ministries and the inter-ministerial bodies coordinating the climate change policies of Samoa.

The national designated authority (NDA) for interaction with the GCF is the MoF. The UNFCCC focal points are the Ministry of Foreign Affairs and Trade (MFAT) (political focal point) and the MNRE (operational focal point for climate change and disaster risk management).

The **MoF** has the most comprehensive view of national expenditures, as all external development financing is approved by MoF, allowing for a more widespread analysis of cross-sector expenditures. The MoF, through its Economic Policy and Planning Division (EPPD), also coordinates programme objectives under the 14 sectors of the SDS.[56] The MoF conducts bi-monthly meetings attended by the coordination units of each sector, along with representatives from relevant MoF divisions such as those pertaining to donor aid, budgeting, planning, corporate services, procurement, accounts and the Climate Resilience Investment Coordination Division (CRICD).

The **MoF and the MFAT** are together responsible for mobilising resources for recovery following major events.

The **MNRE** further serves as a lead agency on the climate change activities of Samoa and is responsible for producing the key policy documents that guide climate change programming (e.g. NPCCC, NAPA). The MNRE has been the implementing partner for Samoa for all UNDP-supported Global Environment Facility (GEF) funded projects, amassing experience with both UNDP and GEF rules and reporting procedures. It has recently set up a separate division within the ministry, dedicated to managing GEF administrative work and communications.

The **National Climate Change Country Team (NCCCT)** acts as an inter-ministerial coordinating body. It includes all relevant ministries, plus representatives from nongovernmental organisations (NGOs). It is a working team, not having been established by legislation or regulation. The MNRE is its designated secretariat. It has supervised the formulation of the NCCCP and managed the NAPA.

The **Ministry of Works, Transport Infrastructure (MWTI)** is responsible for transport and infrastructure legislation and policy. In the climate change context, it oversees developing, disseminating and monitoring specifications for the national building code, which has been revamped to align with international standards of climate resilience. The **Land Transport Authority (LTA)** oversees road asset and road use management, ensuring a safe, effective and environmentally friendly national road system for Samoa.

[56] These sectors include: finance; agriculture; education; tourism; trade, commerce and manufacturing; health, law and justice; community development; public administration; water; communication; transport; and energy and environment.

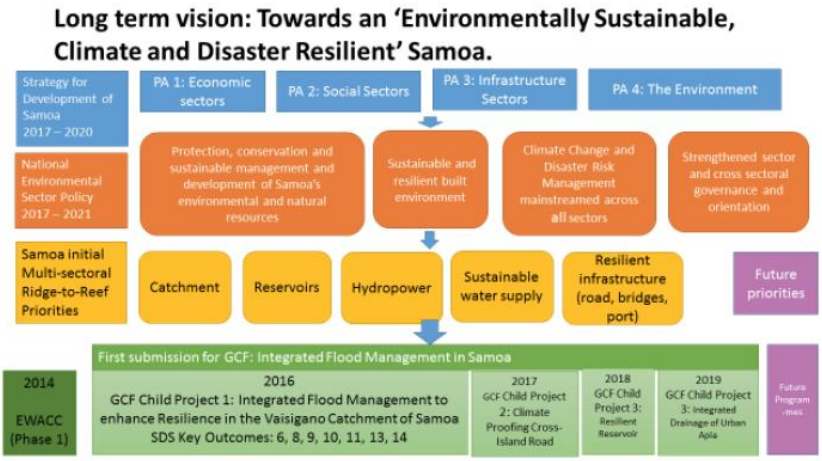

Figure A - 2. Long term vision: Toward an Environmentally Sustainable, Climate, and Disaster Resilient Samoa

Source: UNDP Funding proposal for FP037 (2016)

3. GCF PORTFOLIO AND INSTITUTIONAL ARRANGEMENTS

This section gives an overview of GCF activities in Samoa. The country has two approved projects with the GCF, amounting to USD 74.7 million of approved GCF funding, with total projects valued at USD 91.7 million. Samoa has one concept note subject to GCF approval.[57]

FP036: Pacific Islands Renewable Energy Investment Program[58]

The programme aims to free the Small Island Developing States (SIDS) of the Cook Islands, Tonga, Republic of Marshall Islands, Federated States of Micronesia, Papua New Guinea, Nauru and Samoa from their diesel dependence, leading to reduced GHG emissions, enhanced energy security and improved balance of payments through reduced fossil fuel imports. It is designed to achieve a paradigm shift through: (a) transition to a low-carbon energy sector through renewable energy, (b) increased private sector engagement, (c) improved energy access, and (d) increased knowledge sharing.

There are two components to this programme: the Cook Islands sub-project (Component 1), and program support technical assistance (Component 2). The accredited entity (AE) is the Asian Development Bank (ADB), and the executing entities (EEs) are Te Aponga Uira (TAU) and Government of the Cook Islands (GCI) for Component 1, and ABD for Component 2. Specific to Samoa, the executing agency (EA) is the MoF, and the implementing agency (IA) is the Electricity Power Corporation (EPC). The project was approved on 15 December 2016 with a total investment of USD 26 million, and is expected to be implemented from 16 July 2018 to 15 July 2023. The programme's lifespan is estimated at 15 years. It is a small project, falling into category B of the environmental and social (E&S) Risk Categories.

The project will be administered by ADB, in close consultation with SIDS. The scope of works will be determined in consultation with the IAs and the EAs in each country. A project steering committee (PSC) will oversee implementation, monitor progress, and guide the EA. Within each implementing agency, project implementation units (PIUs) will be established to implement

57 Green Climate Fund. *Country Profile: Samoa.* Available at <*https://www.greenclimate.fund/countries/samoa*>
58 Green Climate Fund. *Project FP036.* Available at <*https://www.greenclimate.fund/projects/fp036*>

subprojects. The PSC will meet at least quarterly and will be chaired by the national EA. The respective national PIU will host the project steering committee and will act as the secretariat.

FP037: Integrated Flood Management to Enhance Climate Resilience of the Vaisigano River Catchment in Samoa[59]

As a SIDS in the Pacific, Samoa has been heavily impacted by increasingly severe tropical storms. In response to events such as Tropical Cyclone Evan, the GoS has adopted a programmatic approach to address the issue of climate-change-induced flooding in Samoa. As part of this programme, the proposed project will enable the GoS to reduce the impact of recurrent flood-related damage in the Vaisigano river catchment, which flows through the Apia Urban Area (AUA). Recent extreme events have resulted in approximately USD 200 million of damages occurring during each event. Climate projections for Samoa suggest that the risk of climate-induced events will increase, potentially undermining development progress in urban Apia where the majority of the population and economic activity is located.

The AE of this programme is UNDP, and the EE is the MoF of Samoa. The project was approved in December 2016 with a total investment of USD 65.7 million, and is expected to be implemented from 1 May 2017 to mid 2023. The programme's lifespan is estimated at 25 years. It is a medium-sized project, falling into category B of the E&S risk categories.

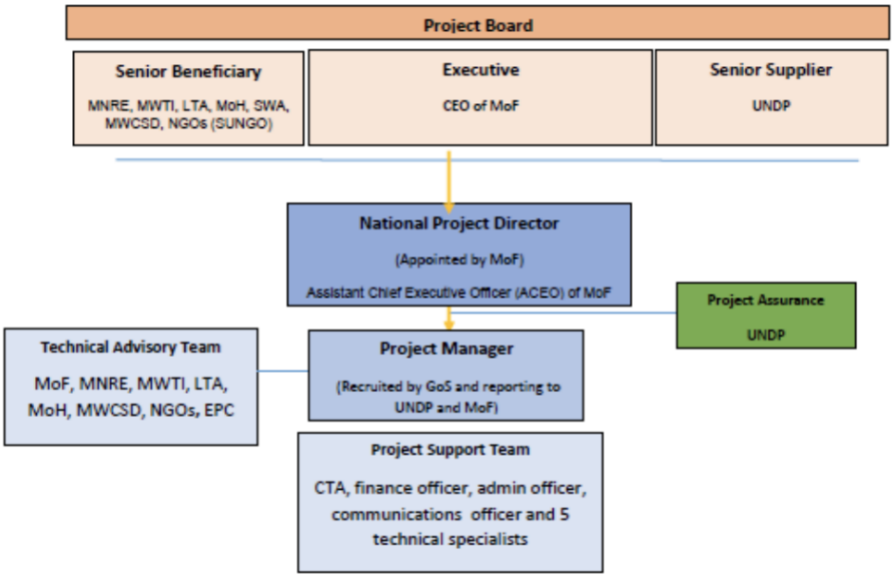

Figure A - 3. Institutional/Implementation Arrangements for FP037

Source: UNDP Funding proposal for FP037 (2016)

The EE of this project is the MoF, accountable to UNDP for managing the project, which includes the monitoring and evaluation of project interventions, achieving project outcomes, and ensuring the effective use of resources made available by UNDP. Since the MoF is also the NDA for interaction with the GCF (see section B: Climate Change Institutional and Coordination Context), this may result in a greater level of oversight and supervision.

59 Green Climate Fund. *Project FP036.* Available at <*https://www.greenclimate.fund/projects/fp037*>

Concept note: Strengthened Weather and Climate Services for Resilient Development for Pacific Islands[60]

This project aims to enhance cooperation among Pacific countries to strengthen National Meteorological and Hydrological Services (NMHSs), to develop relevant and targeted weather, climate and hydrological communication and knowledge products, and to enhance weather, climate and hydrological services governance and coordination mechanisms. This is in response to the extreme weather events predicted to occur in the South Pacific, such as tropical cyclones. Countries involved include the Cook Islands; Federated States of Micronesia; Fiji; Kiribati; Nauru; Niue; Palau; Papua New Guinea; Republic of the Marshall Islands; Samoa; Solomon Islands; Tonga; Tuvalu; and Vanuatu.

The AE of this programme is the secretariat for the Pacific Regional Environment Programme (SPREP), the NMHS and the APEC Climate Centre. The EE is also SPREP.

B. KEY FINDINGS

1. PROCESS AND OPERATIONS

KEY QUESTION 2: TO WHAT EXTENT DO GCF'S ORGANISATIONAL STRUCTURE AND PROCESSES FACILITATE EFFECTIVE AND EFFICIENT IMPLEMENTATION OF THE ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS), WHILST PROMOTING COUNTRY OWNERSHIP AND ALIGNMENT WITH THE COUNTRY'S NATIONAL CONTEXT?

2.1. Are the responsibilities for all stakeholders under the ESMS clearly defined and fit-for-purpose with regard to the ESS process?

The programmatic and cross-sectoral nature of project FP037 provides a good example for reflecting on the extent to which the implementation approaches, scope and scale of a programme/project have a direct influence on Environmental and Social Safeguards (ESS)/Environmental and Social Management System (ESMS) implementation. This includes implications on roles and responsibilities, as well as across governance and management structures throughout the lifecycle of a project/programme. In the case of the FP037 of Samoa, ESMS roles and responsibilities have permeated well beyond those established for the GCF and AEs under the GCF ES Policy. Responsibilities have therefore been shared between diverse governmental entities acting as National Implementation Partners/Agencies (NIAs) with specific responsibilities for the implementation of GCF-funded activities. This sharing of responsibilities as a result of this ESS/ESMS implementation demonstrates that such a programmatic approach is, in fact, a matter of efficiency, even when this results in governance challenges for policy design and operations, as suggested during the country mission. In the case of FP037, the MoF is NDA and EE, while individual components of the project activities and management activities are shared across the entity. In consultation with a wider group of stakeholders from the MoF, the entity representative elaborated on the general structure of UNDP-led projects in Samoa and the Pacific. The structure is twofold: a) either UNDP has a more prominent role in management and delivery of the project activities (UNDP-led) or b) UNDP engages in the project management but the activities remain with the EEs as a "government-designated project" (government-led). The PMU and MoF staff indicated

60 Green Climate Fund. (4 August 2018) *Concept Note: Strengthened Weather and Climate Services for Resilient Development for Pacific Islands.* Available at <*https://www.greenclimate.fund/documents/20182/893456/20460_-_Strengthened_Weather_and_Climate_Services_for_Resilient_Development_for_Pacific_Islands.pdf/6849261b-5333-5d92-47d9-d27214c501c3*>

that the question of "ownership" is central to this discussion on ESS implementation. In the case of the FP037, the ownership lies with MoF and the body of National Implementation Partners/Agencies (NIAs).

As EE for FP037, the MoF has the ultimate responsibility on ESS/ESMS implementation, not only as the host for the Project Management Unit but also in its strategic and supervisory role for project governance arrangements, which ultimately is fully aligned with the fit-for-purpose principle of the GCF ES Policy. While this clear allocation of responsibilities responds to the explicit transfer of ESS/ESMS responsibilities by UNDP as AE to MoF in its role as national IP/EE, the GCF specific policies were broadly unknown. It is worth noting that such a procedure for ensuring the awareness of EEs on their role, ensuring conformity with the GCF's ES Policy objectives is not captured in any of the GCF's ESMS requirements or procedures. The transfer of responsibilities refers to the role of the MoF in ensuring compliance with UNDP rules and regulations, policies and procedures, including, the ESS and other performance standards. Consultation with the stakeholders at MoF and other governmental agencies found that the UNDP ESS policy and standards were known. However, the specific knowledge of the GCF ESS policy and standards was insufficient, including the extent to which the EE is expected to possess such knowledge. A strong interest in additional information and training on the GCF policy and standards by the stakeholders, and not only on ESS compliance, also suggests a lack of communication and guidance from the GCF and AE at country and project level.

The allocation of the project – and ESS – implementation responsibilities across NIAs also responds to the fact that Samoa has well established safeguards-related processes underpinning public policy interventions, including clear procedures for public consultations and stakeholder engagement stipulated under the Land Survey and Environment Act 1989 and the Planning and Urban Management Act 2004. The application of national safeguards-relevant procedures, in a country-ownership approach to project implementation, entails, for instance, the implementation of government-led processes to obtain development consent and environmental impact assessments (EIAs) as a condition for further obtaining building permits. Obtaining such permits at the same time falls under the responsibility of the Planning and Urban Management Agency (PUMA),[61] which is part of the project's operations for river and other infrastructure works. Similarly, the Ministry of Women, Community and Social Development (MWCSD) plays a key role as the institution in charge of regulating all consultations and engagement with villagers for policy interventions. The Matai System, as the traditional indigenous and villages governance structure, is fully entrenched under the Village Fono Amendment Act, which underpins the formal set-up between government and villages and is further operationalised through the designation of female and male representatives at the village level. The MWCSD has an oversight and coordination role with village representatives, which ultimately forms the official village network representation basis for all country-led consultations.

Accordingly, each NIA – the LTA, the MWTI and the MoH – has the responsibility for complying with national regulations for obtaining development consent and conducting the EIAs, in coordination with the Project Management Unit (PMU) and the MWCSD. Interestingly, while considering that extensive and iterative consultations are required across the project's activities throughout its implementation, under FP037's governance structures the MWCSD is not considered an NIA – nor a senior beneficiary – as it is not considered to lead funding proposal outcomes implementation, and thus no specific GCF funding is allocated to support the ES-related efforts led by this institution. The same is true for PUMA which, while playing a key role under ESS/ESMS

61 Formerly under the MNRE and currently under the MWTI.

implementation at the activity level, is constrained by its current staff and budget allocation, with no budget allocation having been considered under FP037.

In terms of ensuring compliance, monitoring and reporting with regard to the GCF's ESMS, MoF as EE – through the PMU, in coordination with dedicated VCP-funded staff under the project's national implementation agencies, and supported by the safeguards and gender specialist of the PMU – is ultimately the party responsible for monitoring and reporting on ESMS implementation through annual performance reports (APRs). Monitoring and reporting on ESS and ES Policy is essentially determined by the application of the AE's safeguards procedures – in the case of FP037 in Samoa, by the UNDP Standard for Social and Environmental Safeguards (SES), its Social and Environmental Policy Screening Procedure (SESP) and the resulting Social and Environmental Management Procedure (SEMP).

In supporting the compliance, monitoring and reporting responsibilities of the EE and PMU, the PMU has recently hired a Safeguards and Gender Specialist as part of the core and cross-cutting team, to work directly with the IA. The Safeguards and Gender Specialist is part of the MoF team who coordinated this evaluation mission by the IEU. Given the nascency of this role, his involvement in project management and monitoring environmental and social safeguards and related issues was still to be discussed internally at the PMU. In consultation with the PMU, it was explained that the specialist role was to monitor and synthesize feedback relating the ESS across the different project activities and EE/IE's teams. The PMU has not systemized monitoring and reporting activities across the different project elements, including redress. Moreover, each project component relied on own institutional structures and systems, intending to discuss these during the project committee meetings.

As AE, UNDP overall has a robust quality assurance system in place, which includes inter alia its Social and Environmental Safeguards, and which looks at compliance in the design, implementation and closing stages. As for the case of FP037, UNDP as AE has overall a management and quality assurance role, fulfilled at multiple levels including through national, regional and headquarters representation, with an emphasis on milestone management and completion, as well as financial management. To fulfil such a supervisory role, UNDP allocates a Programme Officer who has the responsibility of project assurance on its behalf – including guidance on technical feasibility for the project – and thus ESMS oversight is inferred, ensuring independence from the PMU and board. In respect to FP037, the existing UNDP ESMS is used, based on the understanding that UNDP HQ ensures the alignment with GCF ESMS and ESS standards. In consultation with the UNDP country office, the general functioning of the UNDP ESMS was discussed. Discussions on UNDP's risk management and reporting system, including risk flags, were inconclusive. The country representation expressed that risk management was done in longer intervals through expert visits. The risk flag system would likely not capture any risks on an ad-hoc basis. The UNDP country representation in Samoa has no specific safeguards specialists or related personnel. The ESS management and reporting rely on the PMU and individual EEs.

As for the FP036 of Samoa, the project has been endorsed by all participating SIDS in the context of the GCF Pacific Roadmap in 2016, yet there's not enough clarity on the overall NDA role with regards to project development and implementation. The FP establishes expected governance structures for country implementation which would be further operationalised via the signature of memorandums of understanding (MOUs) with national entities, and for the case of Samoa, identifies the MoF as the EE to oversee project implementation, while the Electricity Power Corporation (EPC) has been identified as the IE, in charge of the project safeguards' document preparation and plans implementation. The project activities in Samoa were described as programme technical

assistance to the conceptualization of the proposed investments. The signature of MOUs with the national EE and IE would serve as a basis for establishing detailed proposed work, key responsibilities and implementation arrangements. Nonetheless, while the project has already submitted its first APR to the GCF, this report does not include any progress regarding coordination arrangements or implementation in Samoa. The APR refers exclusively to the implementation of the project component in the Cook Islands. KII's together with a field visit to the project site, the Alaoa dam, suggest that components described in the project documentation to be implemented in Samoa have been already taken place.

In detail, while the project's activities comprise technical assistance in Samoa, the proposed underlying mitigation and adaptation investments were summarized in FP036 as follows:

- Upscale Renewable Energy: Savaii Hydro (2MW), Savaii Wind Farm (2.75MW), rehabilitation of 2 hydropower plants damaged by Cyclone Evan (8MW)
- Adaptation: Alaoa Flood Control Dam and Hydropower (3MW)

It is to note that the FP036 was approved with specific conditions and recommendations that include: a) The project approval does not prejudge the further approval of subsequent projects proposed under the programme; and b) GCF proceeds should not be used for project preparation activities, which are not to be included in FPs.

The evaluation team held meetings with the EE, EPC. While the evaluation team was unable to schedule a meeting with the local ADB country office, the ADB country officer was in touch with the EPC representative via phone during the visit of the evaluation team. The Alaoa site was visited by the evaluation team and the local ESS specialist who is/was involved in both projects, FP036 and FP37. None the less, it was noted that FP036 comprises, besides the activities in the Cook Islands, activities in form of technical assistance at the Alaoa site, including an Environmental and Social Impact Assessment (ESIA) and other feasibility studies. Furthermore, EPC representatives noted that technical assistance, including several ESIAs and other related studies, at the Alaoa site had been completed, together with international and local consultants. At the EPC, no further studies were planned.

The identified members of the EE and IE that were participants during the country mission were not aware of the project FP036 itself, which may suggest that decisions on operation considerations could be taken at the GCF Secretariat level to strengthen communication with NDAs during implementation. An additional phone conversation between the EPC and the ADB country office found that ADB is currently working on a draft proposal for the construction of the proposed investments mentioned above and exchange with the technical experts at the GCF Secretariat had begun. ABD's country office seemed to not be aware of the current GCF project in Samoa.

The GCF Secretariat also confirmed that ADB planned to submit a standalone GCF-funded project for the Alaoa Flood Control Dam. The GCF technical specialists have been in touch with ADB and had concerns with the revised draft by ADB. Concerns were raised with respect to additional environmental and hydrological analyses of the river catchment area, according to the GCF Secretariat.

In consultation, EPC representatives and the former ESS specialist raised concerns regarding the feasibility of the proposed mitigation and adaptation investments were summarized in FP036. In particular, the representatives implied that the components in Savaii mentioned in the FP036 are overstating the real demand, as future energy demand is estimated to be far less. The technical assistance by ADB has focused on the adaptation component regarding the Alaoa Flood Control Dam and Hydropower. International consultants were visiting Samoa in the past year. Consultations

and a site visit to the Alaoa dam found that the area is used by local communities for small scale banana harvest and one previous study had indicated the possibility that a Samoan indigenous bird species use the area. The former ESS specialist of EPC, however, indicated that subsequent studies could not verify the claim.

The EE (EPC) were unaware that these activities, in particular related to feasibility and environmental safeguard studies, were part of the FP036. This raised the question to what extent multi-country projects and specific activities were communicated by the international AE to the EEs in the countries.

2.2. What support, in the form of RPSP and Project Preparation Facility (PPF) grants, has been provided to NDAs and AEs to help increase capacity to apply ES Policy/standards?

Overall, reviews of both interviews and documentation confirm that neither the NDA nor the AE was aware of the opportunities for increasing national capacities for addressing risks and enhancing social and environmental performance, via the GCF Readiness and Preparatory Support Programme (RPSP) and Project Preparation Facility (PPF) grants. Moreover, KIIs have underscored communication and coordination challenges with the GCF, including to address operational concerns or needs, as well as regarding disbursements and timeframes, reporting, and so on.

While Samoa, under the implementation of FP037, has expressed having experienced challenges for accessing to technical support and guidance from the GCF for overall implementation, they emphasized a lack of awareness or guidance regarding overall GCF ESMS processes that could increase their capacities to adequately ensure conformance with the GCF's ES Policy.

2.3. How effective is the accreditation process in terms of assessing the capacity of prospective AEs with regard to ES policy/standards?

The accreditation process allows for ESS and ESMS thematic priorities to be reconciled between the GCF and the AE – including with regard to requirements and procedures, and the systems in place to prevent, manage or mitigate potential adverse risks resulting from GCF-funded activities – by applying the harmonisation principle established in the GCF ES Policy. In the case of Samoa, while the accreditation process is regarded by the AE as a means for reinforcing its own ES policies by maximising synergies and complementarities rather than posing additional burden, in the eyes of the EE and its NIA, this, however, might not necessarily facilitate effective and efficient ESS/ESMS implementation in the context of country-specific circumstances.

The need for some sort of customisation process to enable the reconciling of the GCF and the AE's ESS/ESMS with national legislation and circumstances, has been stressed throughout interviews as an essential for ensuring country ownership and a fit-for-purpose approach to ESS implementation. For instance, this was suggested when referring to the indigenous peoples and gender policies of the GCF. Samoa was largely described by interviewees as a monoculture with strong cultural practices and traditions promoting gender equality, and thus a national interpretation of the ES policies and procedures of the GCF and AE would allow, for instance, the consideration of social safeguards and policies in the context of social inclusion and vulnerable groups, and thus look like social strata data, that is, useful for more accurate social monitoring and reporting. Similarly, most interviewees emphasised that Samoa has robust legislation and procedures in place that cover social and environmental issues, and thus while ES monitoring and reporting under the project follow UNDP SES procedures and the GCF reporting template, ultimately it is the country-led safeguards of Samoa and its overarching principles and practices that guide such programmatic interventions. In cases where substantial or procedural discrepancies arise, it would be the AE's role to flag this.

The extent to which such vertical integration of safeguards objectives, requirements and procedures with a bottom-up approach is possible, will largely depend on the level of flexibility and customisation of the GCF ES Policy in terms of transferring ES responsibilities to AEs via the accreditation process. Still, it is worth emphasizing that in contrast to narrower sectoral projects, where applying a donor's ES policies is more straightforward, implementing the ESS/ESMS of the GCF at programmatic policy level should be fully reflected in the governance and multi-level challenges at the core of cross-sectoral policy interventions.

Interestingly, customising and aligning GCF ES Policies to national or regional circumstances seems to be a default part of the accreditation process for direct access entities (DAEs), as was evident with the concept note for a regional project on resilience for the Pacific under development with SPREP. In the case of direct access entities, compared to other AEs, the ES compliance capacity seems to be more accurate, as DAEs tend to be closer to the actual implementation of GCF-funded activities, as suggested by documentary evidence and KIIs engaged in SPREP's concept note. The low level of understanding amongst interviewees when it comes to actual GCF expectations for ESS has been mentioned quite often. Similarly, risk categorisation seems to be a challenge for all sorts of AEs as it is not that straightforward, there is insufficient GCF specific guidance on risk categorisation, and it requires particular expertise in AEs to perform it.

2.4. To what extent does GCF have supervisory control and authority over AEs in the current business model, and what can be improved to ensure that the GCF ESMS can be adequately implemented in project design and implementation?

The ES Policy sets broad ES/ESMS objectives and defines the roles and specific requirements of AEs, essentially referring to the establishment and maintenance of systems for managing the risks and impacts of GCF-financed activities. In the case of FP037, potential risks and impacts have been identified in the FP and are being managed and monitored accordingly by applying the UNDP SES and SEMP established for the project, in compliance with the roles and requirements set out in the ES Policy, which mainly follow the harmonisation ESP principle.

Nonetheless, when considering the roles and responsibilities of the GCF with regard to the management of environmental and social risks throughout the life-cycle of GCF-funded activities, the processes and requirements established in the ES Policy mostly refer to the accreditation process and the design and implementation of funding proposals – at both entity and activity levels – with an emphasis on ES assessments, the definition of management plans, and monitoring and reporting on them. Yet, there's no clarity on whether the GCF through its policies and structures, has any supervisory or authority role established in its business model for ensuring the integration of environmental and social issues in the design, development, approval, implementation and review *of on-the-ground activities*, which occurs only after the FP has been approved and thus is not covered in either the SESP nor the Environmental and Social Management Plan (ESMP).

This was evident in the case of FP037 which, due to its social resilience and development rationale, has largely integrated social and environmental sustainability considerations in the design and implementation of specific project on-the-ground actions. While GCF-funded activities are broadly described at the funding proposal stage and thus are the ones considered when conducting ES assessments and management plans, social and environmental issues associated with the design of on-the-ground activities (which are evident only once project implementation has started) are not captured in planning and monitoring instruments and hence, outside the scope of the current GCF supervisory role.

FP037 is, therefore, a good example for reflecting on the extent to which ES Policy guidance on roles and requirements is complete and clear enough for its application once implementation has

started. Samoa is conducting significant on-going ES Policy-relevant efforts – such as broad and iterative consultations and stakeholder engagement regarding river works – that follow the procedures of PUMA for obtaining development consent. Similarly, the project is considering social inclusion issues and village needs when designing activities related to the diversification of livelihoods for local communities in the river catchment area. However, all these ES Policy-relevant efforts that are compatible with ES Policy principles have been seldom reported in FP037/APR (under ESMP consultation indicators or under Gender Action Plan indicators) as measures for managing potential risks identified at the approval stage. There has also not been comprehensive reporting of efforts aimed at ensuring social and environmental integration in – and the improved performance of – GCF-funded activities, and they are therefore not captured under the scope of GCF oversight as per the current business model.

2. PROJECT IMPLEMENTATION

KEY QUESTION 4: HOW EFFICIENT AND EFFECTIVE HAVE THE GCF'S ES POLICY/STANDARDS BEEN IN PREVENTING/MANAGING/MITIGATING ADVERSE ENVIRONMENTAL/SOCIAL IMPACTS AND IN IMPROVING ENVIRONMENTAL/SOCIAL BENEFITS DURING THE IMPLEMENTATION OF GCF PROJECTS? (E.G. RESULTS MANAGEMENT FRAMEWORK (RMF), ANNUAL PERFORMANCE REPORTS (APRS), INDEPENDENT REDRESS MECHANISM (IRM) DATABASE/REPORTS)

4.1. How effectively have ES policy/standards been applied in projects under implementation, to address impacts and create ES benefits? What are the differences between adaptation and mitigation?

While ES Policy principles in terms of overall thematic objectives[62] are broadly covered when applying the harmonisation principle during the accreditation process for AEs, and thus covered under ES assessments and the definition of environmental and social management plans,[63] the extent to which there are targeted procedural/requirement implications for the GCF, AE, NDA or EE to fully operationalise such principles – and whether this is actively pursued during the life cycle of project implementation – is rather ambiguous when reflecting on the FP037 of Samoa. Nevertheless, it is the GCF ES Policy *requirements* (the ones broadly reconciled at AE accreditation and funding proposal design, approval and implementation stages) that therefore rely on the capacity and expertise of the AE to ensure compliance with the ES Policy objectives.

With this in mind, in the case of Samoa, even when most interviewees were unaware of the existence of the GCF ES policy/standards as such, evidence suggests that FP037 has effectively complied with the ES Policy for addressing potential impacts. In complying with the UNDP SES procedures and through the implementation of environmental and social management plans established for the project, MoF – through the PMU and the AE – has reported accordingly under both quarterly reporting[64] and the project's APR on progress in the implementation of the projects ESMP and relevant action plans. Overall, evidence from country missions suggest efforts made to prevent and address potential adverse environmental and social impacts in compliance with the ES Policy. For instance, KIIs stressed that when it comes to infrastructure works under the Vaisigano Catchment Project (VCP), risk management responsibilities for ensuring river and EbA works do

62 For example, integration of environmental and social considerations, equality and non-discrimination, mitigation hierarchy for potential risks/impacts to be addressed, stakeholder engagement and information disclosure, gender sensitive approaches, indigenous peoples, etc.
63 Including gender and IPs action plans if applicable.
64 From the IE to the AE, as expressed by interviewees during the country mission.

not result in environmental and social impacts are being transferred by the NIA to contractors, with later monitoring performed by the PMU through its dedicated safeguards and gender staff. Stakeholder engagement and consultation efforts as per the ESMP are also reported in APRs, and these include descriptions of activities for which awareness-raising efforts or consultations have been conducted, the dates these took place and a brief explanation of associated outputs.

Overall the ESS have been implemented but some aspects remain to be improved, for instance through enhanced understanding and improved capacities in the AE and PMU regarding the scope and representation expected from consultation processes. For instance, while MWCSD (as per governmental regulations and procedures) is officially the entity in charge of facilitating/guiding consultations, SUNGO, which focuses on an advocacy role, could potentially have the institutional capacities and networks in place to support consultations, as suggested by interviewees. Nevertheless, when considering for instance that SUNGO members can apply to the EbA call and the fact that they are Board members, the organization has neither been included as village representatives for consultations conducted nor involved for Activity 2.2 design purposes.

Still, the extent to which – or how – the ES Policy has been effectively addressed to ensure co-benefits, and to improve the environmental and social performance of GCF-funded activities,[65] seems not to be all that straightforward to assess in the absence of specific monitoring and reporting on the integration of environmental and social considerations into activities, the achievement of co-benefits, or improved social or environmental outcomes. Just like in other large-scale and programmatic GCF-funded activities – namely projects and programmes – fully capturing co-benefits could be quite challenging as this will largely vary by project type (e.g. ecosystem-based solutions vs. work on road infrastructure (where direct beneficiaries could, for instance, be utilities along the road)). Interviewees, therefore, emphasised that further guidance is required on how to capture, measure and monitor co-benefits, and expressed an urgent need for clarification on, for example, what a co-benefit is and how it differs (if it does) from environmental and social improvements and considerations.

The FP037 of Samoa is an adaptation and resilience-focused project, and as such the funding proposal, APR and interviews strongly suggest a great potential for social benefits throughout the implementation of the project. FP037 has social and environmental objectives at its core, that aim to contribute to the achievement of SDG Goal 13, to take urgent action to address climate change and its *impacts*, as well as to Goal 11 for making societies *more inclusive, safe, resilient and sustainable*. Underpinned by the SDS 2016/2017–2019/20 – particularly contributing to Key Outcome 10 regarding the integration of climate and disaster priorities integrated into transport infrastructure investments planned, and to Key Outcome 14 on the integration of climate and disaster resilience planning and implementation into all sectors – FP037 aims to directly contribute to national priorities on gender and social inclusion and improved well-being, in addition to the programme's objective of enhancing social resilience. Nonetheless, no consistent set of indicators for monitoring and reporting are established, nor requested in the ES Policy.

Just to illustrate the potential of FP037 for delivering co-benefits, under Activity 2.2 working on ecosystem-based solutions to improve livelihoods in the Apia Urban Area (AUA), a PES mechanism might be established. If it is, it will most likely participate in carbon trading activities, thus entailing mitigation co-benefits for the project. Yet the extent to which such potential mitigation outcomes will be pursued actively, and further monitored and reported on, has not yet been considered.[66] Similarly, regarding activities led by the MoH to strengthen the early warning

65 As per the GCF ES Policy objectives.
66 Perhaps due to the fact that Samoa is not pursuing REDD+ policy interventions, or those of similar initiatives.

system (EWS), community consultations will be conducted to inform, for instance, sanitation feasibility studies, and these consultations entail great potential for mainstreaming social or gender issues in the design and implementation of GCF-funded activities, a means not yet regarded as a way of improving social performance.

What is more, when reflecting on the programmatic and large-scale approach of the VCP, interviewees suggest that even once project implementation has started it might still be too early to have a clear idea on specific co-benefits and whether or not they will be achieved. This is because, while funding proposals detail broad co-benefits identified based on expected outcomes and FP activities at design and approval stages, the programmatic approach of the VCP entails further design and the refining of specific interventions on the ground to ensure local needs and expectations are fully integrated into the activity's design, which in turn requires further consultations and ultimately allows for clearer identification of expected co-benefits and/or social and environmental improvements. This is the case for river walls, which while stated as an expected outcome in the FP, once implementation starts actual wall designs need to be further refined in a way that ensures access to river resources is not hindered. Ultimately, it becomes a condition for stakeholder buy-in, and for obtaining development consents as per the regulations of Samoa. The same is true for ecosystem-based solutions under Activity 2.2: while overall EbA activities have been stated for FP037, the actual design of EbA micro-businesses – and related instruments as the call for proposals and EbA alternatives considered – should factor in local needs and views (i.e. limited land space in villages or land under private ownership, soil quality, income alternatives and market feasibility) if the project aims for long-term benefits for its direct beneficiaries, and for and profitable and successful EbA businesses.

When considering that climate change priorities in Samoa, and the Pacific region, are largely determined by the socio-economic vulnerability, the need for cost-efficient and programmatic interventions, effectiveness and efficiency are essential. This ensures that investments serve multiple purposes, including the highest level possible of social and environmental performance. This, in turn, raised the following question: if GCF aims to be doing good, then where should social and environmental impact assessments stop? In terms of the current GCF business model, guidance for ES Policy and ESMS suggests that assessment stops at the funding proposal activity level, yet experience on programmatic and cross-sectoral *policy* interventions shows that *doing good* requires looking in detail at the potential impacts of the activities themselves. This is because only at this level and stage of further activity design, can one start to describe what happens beyond activities and reflect properly on what is needed to do good (i.e. focusing 'on how you do [things] besides what you do').

In the case of the subproject under FP036, the development of adequate levels and stages of consultation and stakeholder engagement have been envisaged as part of country-specific consultation plans, yet the extent to which this would enable the effective and efficient application of the ES Policy during GCF-funded activities' implementation – and moreover, the extent to which ESS application varies when applied to a technical support project – is rather complex to determine at this stage.

4.2. To what extent has the GCF IRM helped to address emerging concerns/complaints and to mitigate risks related to ES policy/standards?

Evidence suggests that the existence, objectives and operation of the GCF Independent Redress Mechanism (IRM) were broadly unfamiliar for national stakeholders interviewed during the country mission, and similarly a project-specific grievance and redress mechanism is something that appears not to have been considered in detail, in neither of the funding proposals approved for Samoa,

perhaps due to the existence of clear social safeguards and procedures in place across governmental institutions.

Interviewees conducted during the country mission largely agree that traditionally, the Government of Samoa has had an *open-door policy* when it comes to public participation. In cases of complaints and grievances, while there is no a formal system in place, the population would bring concerns directly either to the head of the relevant public institution or to PUMA, as the entity regulating environmental impact assessments (EIAs) and development consents and which often plays a mediation role when it comes to infrastructure works. To date, FP037 has not been subject to specific complaints or grievances and interviewees largely agree that building on the experience of similar policy interventions in Samoa, complaints are often misunderstandings or gaps in communication, in which case efforts on information disclosure, awareness-raising or further consultations would be conducted – in close coordination with the MWCSD – to address the official representation of local communities and villages.

For example, in the case of land and transport works and infrastructure, village leaders might agree on a proposed activity and land use but disagree with the terms for compensation applicable, as per the Land Taking Act. In such cases – and considering 80 per cent of the land in Samoa is customary – national safeguards policies and procedures are a better fit for addressing the complexities of consultations and the consent procedures required than those of the GCF or any donors. Similarly, national mechanisms and those of AEs for addressing concerns and grievances could diverge, in which case national regulations should occupy a higher position in the hierarchy. While not a complaint under FP037, the case of invasions in free land, either for settlement or livelihood purposes, serves to illustrate this point. According to national regulations, free land can be used for infrastructure works and would not be subject to compensation in the case of invasions, yet under the safeguards regulations of certain MDBs, both compensation and a resettlement plan would apply in these cases.

This having been said, and while recognising that the VCP is supported by GCF funding, it has been stressed by KIIs that – in the light of its mandate under the UNFCCC – projects of these sorts belong to Samoa through its national Government and thus national policies and regulations should be seen as the overarching ones. When it comes to addressing complaints and grievances, interviewees underscored it is the Government's role to sort them out through its respective institutions and procedures, even if they are GCF-funded, to better deal with social complexities specific to Samoa and avoid setting the precedent of donors' procedures overruling national ones.

Moreover, while as AE for FP037 the UNDP has in place its own grievance mechanism applicable for all its operations, this is most likely to be used in cases when UNDP has a direct implementation. In cases like the VCP where the Government is the EE, country-led grievance processes or practices – as described above – are most likely to be used in case of complaints, and if complaints or new risks arise they will be addressed with the Project Board in the first instance, as has occurred with major activity changes.

4.3. To what extent have AEs used their ES Policy effectively and efficiently to meet GCF ESS requirements, including for gender actions plans or other gender-related commitments?

As per FP037, UNDP as AE for the VCP has effectively applied its SES and associated procedures to meet the GCF ES Policy, in compliance with the requirements and responsibilities established in the policy itself but also resulting from the harmonization process. In turn, MoF – supported by PMU – has the responsibility for ensuring compliance with the UNDP SES objectives and requirements, which in turn are ensured, monitored and reported on, based on what has been

established in the project's environmental and social management plan by MoF in annual performance reports, as described in more detail in the above section.

Nonetheless, it is worth noting that the extent to which MoF is effectively and efficiently meeting the GCF ESS requirements – in response to the AE's transfer of responsibilities as established in the FP – is unclear and moreover unknown. Neither the EE nor other implementation partners were familiar with the GCF ESS/ESMS and derived requirements, which largely speaks to the fact that – after ESS/ESMS harmonisation during the accreditation process – AEs' safeguards and requirements are the *only* ones applicable to a project. This said, however, the extent to which a harmonisation and customisation process – to ensure alignment between the GCF ES Policy and country-specific safeguards policies and procedures and other national circumstances – should be considered during funding proposal design and approval, to ensure GCF social and environmental objectives are met in an effective and efficient manner, was a recurring issue raised by stakeholders during interviews, stressed as a means for ensuring country-ownership, environmental and social sustainability and moreover a fit-for-purpose approach.

Similarly, the extent to which efforts in place under FP037 to implement the ESMP (and thus meet UNDP and GCF safeguards requirements) are effectively and efficiently meeting the GCF ES Policy *objectives and principles* – besides a do-no-harm perspective – is rather unclear. This is because the accreditation process is relying on the structures and operations of the AEs that are in place to prevent, manage, mitigate and monitor potential risks, and the realm of *improved environmental and social outcomes* seems to be a grey area for most actors engaged in the implementation of FP037. However, this is a common issue across projects and countries.

While the limited knowledge regarding GCF requirements for national stakeholders applies for gender issues and the GCF Gender Policy, gender and social inclusion is overall mainstreamed in FP037 in response to national policies. Gender issues, according to some interviewees, become more evident only when implementation starts, and thus progress made under FP037 provides insightful evidence on processes and structures that enable a more comprehensive integration, monitoring and reporting of social and overall safeguards considerations for improved performance in meeting the GCF ES Policy objectives. On the one hand, interviewees broadly agree that a *targeted* GCF gender policy might not be optimal in the case of Samoa as a country that has a strong tradition of social inclusion which aims, among other things, for gender equality. It would, therefore, be more appropriate to have a more inclusive social policy that encompasses all social issues such as gender, IPs, vulnerable groups, and others, emphasizing the need for alignment between GCF ESS and the national circumstances, ultimately complementing the harmonisation of accreditation.

On the other hand, by building on the SDS vision of Samoa for *accelerating sustainable development and broadening opportunities for all*, social inclusion in terms of *men, women, youth, elderly and people living with a disability* is the emphasis of actions under the Gender Action Plan (GAP), rather than just focusing on women *only*. Active efforts to implement the GAP are led – or guided – by the MWCSD and focus on: equitable participation of in all types of consultations; inclusion of gender considerations into analysis and activities related to the EWS, for example, and; considering vulnerable groups' needs in the development of analysis and awareness-raising material. This said, when it comes to reporting, the APR of FP037 is quite insightful as it provides a big picture on how roles and responsibilities in applying the ESS can be allocated within the project's governance structure. This governance structure, in a country-ownership and fit-for-purpose approach, described the roles of relevant institutions responsible and accountable for conducting gender-related actions – including in the allocated budget – very much in line with institutional mandates for the implementation of national safeguards-relevant policies.

4.4. To what extent has the GCF and/or AE monitored the social and environmental risks and benefits of the projects?

As described in more detail under Question 4.1, as per the accreditation process, monitoring and reporting on the application of its ESS is the AE's responsibility. In the case of FP037 in Samoa, it is MoF as EE that is responsible for monitoring and reporting on the application of the UNDP SES in terms of the transfer of responsibilities in the funding proposal. Such monitoring and reporting regarding environmental and social safeguards' application throughout the implementation of GCF-funded activities are thus at the moment limited to reporting on progress in implementing the Environmental and Social Management Plan (ESMP). For the APR template, stakeholder engagement and consultations may be reported under the ESMP or the Gender Action Plan, or both, and when it comes to indicators, most rely on "evidence" or participation numbers "disaggregated by sex", which hinders the possibility of more accurate monitoring and reporting on actual social or gender improvements associated to the implementation of activities, even when these issues might be at the very core of activities design and implementation on the ground.

In this context, the APR is the instrument through which the EE reports on efforts to prevent and address potential adverse environmental and social impacts identified during the Social and Environmental Policy Screening Procedure (SESP), and which is guided and supervised by the Project Management Unit's (PMU) safeguards and gender expert. Therefore, reporting on environmental and social risks, throughout the implementation of GCF-funded activities, is largely a report on progress in ESMP implementation and applicable policies action plans, and in the case of FP037, on the Gender Action Plan. Even when all reporting for the GCF is done under the APR, ESMS and other policies' action plans are rather stand-alone reporting sections which result in a challenge for integrated reporting on ES related management efforts. Better integration between policies in terms of processes and monitoring may, therefore, result in more efficiency.

Issues regarding stakeholder engagement and consultations, while entailing a great potential for ensuring improved social performance and the overall sustainability of GCF-funded activities, are often reported in terms of participation or gender-disaggregated indicators, which hinders the possibility for more comprehensive monitoring of social benefits. Moreover, the extent to which other social and environmental issues not captured in the ESMP are being monitored and reported – for instance on environmental and social improvements – is rather unclear.

As mentioned before, the lack of monitoring and reporting on social improvements seems largely to correspond to the absence of guidance from both the GCF or AEs on what sort of monitoring and reporting is expected, as well as to the structures and procedures in place to guide EEs to do so, more than it illustrates a lack of information, capacities or willingness from EEs to report on this. This was emphasised by several interviewees when referring to potential gender and social inclusion improvements, currently only captured in funding proposals under co-benefits. When discussing further with interviewees the extent to which more comprehensive monitoring on social changes was feasible, it was mentioned that improved social and gender inclusion could be measured against social development indicators. This is the case for gender co-benefits resulting from energy efficiency activities when considering the increase of small businesses led by women as a proxy indicator, which may result from improved access to energy. Nonetheless, based on the consultations and the countries' institutional environment, whether establishing a baseline on women-led businesses or targeted gender efforts, monitoring and reporting are, in fact, feasible and straightforward. The evaluation team found that issues related to financial implications, requiring clear budget allocation for monitoring and reporting, were raised but not further assessed in detail given the scope of this evaluation.

3. LIKELY RESULTS AND IMPACTS OF GCF INVESTMENTS

KEY QUESTION 5: TO WHAT EXTENT HAVE THE GCF'S ES POLICY/STANDARDS HELPED TO STRENGTHEN THE CAPACITY OF AES (INTERNATIONAL AND COUNTRY LEVEL) NDAS AND EXECUTING ENTITIES (EES) TO MANAGE/MITIGATE SOCIAL AND ENVIRONMENTAL RISKS AND TO IMPROVE ENVIRONMENTAL/SOCIAL BENEFITS?

5.1. To what extent have the capacities of AEs, NDAs and EEs been strengthened in terms of preventing/managing/mitigating adverse environmental/social impacts and in improving environmental/social benefits?

The funding of the GCF entails great potential for achieving the paradigm shift stated in its governing instrument, by building on the programmatic and large-scale approach of funded activities, as in the case of FP037 in Samoa. In contrast to traditional piecemeal sectoral and short-term interventions, GCF funded activities in the Vaisigano River Catchment area directly support more programmatic efforts to streamline climate change adaptation and resilience priorities and actions, across sectoral planning and governmental institutions, with the SDS as the overall umbrella promoting more holistic public policies and aiming to address long-term climate risks. In turn, such a programmatic and cross-sectoral approach for implementing GCF-funded activities has great potential for strengthening national capacities to address social and environmental impacts – while enhancing the social and environmental performance of policy interventions – and for comprehensively monitoring them.

In the case of FP037, having gone through the ESS/ESMS harmonisation process as part of the agency's accreditation, the current SES of UNDP and its derived screening and management procedures have been automatically applied to inform the assessment, prevention, management, monitoring and reporting of potential environmental and social risks. This said, while MoF – in its EE role, not necessarily as NDA – and the GoS have suggested the use of UNDP policies and procedures, the process of navigating through (and ensuring compliance with) UNDP operational policies and procedures and strengthening national capacities regarding GCF operational policies, has been identified as a challenge for the PIU in the FP037 APR.

Consultations and stakeholder engagement, including with governmental institutions, NGOs and CBOs, have been stressed in FP037 as playing a key role in strengthening national institutional capacities in the long run for climate-resilient policies and interventions at the interphase of infrastructure, transport, energy, health, risk and climate adaptation policies. Likewise, the large body of knowledge to be developed under GCF-funded activities is envisioned as having great potential for promoting more sustained climate-resilient solutions not only in Samoa but in the Pacific, providing lessons learned and best practices for more comprehensive, programmatic and integrated flood management. Nonetheless, it may seem as if operationalising GCF ES Policy principles – such as integration of environmental and social sustainability, and stakeholder engagement – through specific ES/ESMS procedures and requirements at multiple levels, could play an essential role in strengthening the capacities of AEs, NDAs and EEs to ensure improved environmental and social performance from GCF-funded activities in a more systematic way.

While not captured in any project document as either a co-benefit or an active effort to enable the integration of social considerations into GCF-funded activity design and implementation, the VCP is supporting a comprehensive land survey in the context of the dam in Output 2. This constitutes an essential condition for land tenure classification, and moreover enables adequate consultations and ultimately the acquisition of development consents. Similarly, extensive country-led efforts to address, manage and monitor potential risks at the on-the-ground level are not currently captured

under any of the monitoring and reporting instruments mentioned. This is the case for the role of PUMA in facilitating and monitoring compensation or management measures resulting from consultation processes, toward obtaining development consents or EIAs. The same is true for iterative consultations undertaken with the MWCSD, which could play an interesting role in promoting social improvements as these processes can provide a more comprehensive understanding of communities' needs, and moreover provide a means of strengthening governance, as yet absent from all project reporting instruments under both the AE and the GCF.

With respect to FP036, Pacific Islands Renewable Energy Investment Program, a regional and multi-country, little can be said about the capacity of the international AE in handling monitoring and reporting requirements of the GCF. The Annual Progress Report (APR) has been submitted but only refers to the main project site in the Cook Islands, by the time of writing this report. The APR does not capture any progress and failure that could be reported from other locations besides the Cook Islands. The programme under FP036 covers seven Small Island Developing States (SIDS) which are some of the some of the world's smallest, most isolated economies. They are the Cook Islands, Tonga, Republic of Marshall Islands, Federated States of Micronesia, Papua New Guinea, Nauru and Samoa. Consultations found that multi-country projects may lack specific information on the status of each component in each of the target countries. Further, it may be difficult to apply the APR template effectively to capture the developments and potential challenges for each component across different countries.

5.2. To what extent has the GCF contributed to the improved and strengthened capacity of AEs, NDAs and EEs in terms of monitoring social and environmental risks and benefits?

As a result of the harmonisation process at the accreditation stage, the extent to which the GCF has contributed to improving AE capacity to monitor social and environmental risks and benefits will largely vary depending on the current ES/safeguards policies and procedures of each AE, in whether they are robust enough or whether there are areas for improvement identified during accreditation.

In the case of FP037, the monitoring of social and environmental risks is determined by the monitoring and reporting procedures of the UNDP SES and ESMP, and it is the MoF,[67] through the PMU, that is responsible for overall project monitoring and reporting. This is done by reporting on implementation against progress indicators, implementation challenges and financial status, while there is not much in terms of process regarding social, environmental and gender issues besides those indicators established under either the ESMS or the Gender Action Plan, as described in more detail under key questions 4.3 and 4.4. Quarterly reports from the PMU to the AE serve as the basis for APRs to the GCF however, given that each has different rationales and structures, rather than facilitating or improving monitoring and reporting capacities of EEs, multiple reporting tools and requirements might in fact pose an additional burden for national teams.

Mid-term reviews applicable for FP037 under the AE's procedures represent an opportunity for the revision inter alia of environmental and social aspects against assumptions established in the design and monitoring frameworks. The extent to which this can result in revised management frameworks, and thus strengthened monitoring and reporting, is not clear.

On the other hand, the FP037 APR reporting does include information on potential social and environmental improvements under its Sustainable Development Potential section. One such example is progress on activities aiming to strengthen local capacities to pursue ecosystem-based adaptation resilient micro-businesses as a means of restoring upstream catchment areas, which has great potential for bringing long-term positive social and environmental impacts beyond increased

[67] In its role as EE, not as NDA.

social resilience to flood-related disasters. It is also envisaged that this activity will promote gender equality as it aims – from an early design stage – to integrate the specific needs of women and other vulnerable groups, including youth. Nonetheless, the extent to which monitoring of potential co-benefits or improvements is, in fact, feasible is not quite clear, and at the moment reporting consists of narrative information linked to potential co-benefits expected from project implementation, with no baselines or tracking systems in place for measuring outcomes on environmental and social improvements. This, in turn, might be a reflection of limited guidance and absence of specific requirements on this permeating from the ES Policy and other relevant GCF operational instruments, such as the FP and APR templates themselves, and the need for building institutional capacities to better capture co-benefits and ES improvements, either by the GCF or the AE, has been mentioned during country interviews.

Ultimately, building on the general agreement that there is a need for a greater level of customisation of the GCF ES Policy – and associated requirements and procedures – to national contexts and circumstances beyond the AE's accreditation, such vertical integration in a bottom-up approach (through country assessments, for example) has been suggested as a means not only of achieving the ESP objectives effectively and efficiently, but moreover of enabling countries to enforce their existing safeguards policies and management structures and further strengthen them if needed. The latter would thus seem a straightforward way of ensuring that the GCF ESMS is, in fact, fit-for-purpose and that it responds to country ownership. In line with this, Direct Access Accreditation (DAA) would appear to be a good alternative for overcoming ES alignment complexities. Concerning the need for customisation, while acknowledging the importance of relying on national safeguards, procedures and practices as a means to ensure social inclusion in a culturally appropriate manner, one interviewee, however, emphasised the need for genuine partnerships and a certain level of independence in monitoring efforts. Doing so would allow for a better understanding of the extent to which GCF-funded activities – supporting governmental policy interventions – are, in fact, improving livelihoods, for instance when promoting *green businesses*.

Along the same lines, in terms of the support required to strengthen capacities at an institutional level – either as NDAs, AEs or EEs – with regard to ESS/ESMS implementation, interviewees have underlined the need for technical and financial support for processes and systems implementation and for staffing, as well as for learning exchanges (e.g. South-South cooperation).

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APPENDIX B. LIST OF DOCUMENTS CONSULTED

Economic Policy and Planning Division, Ministry of Finance. (2016, December). *Strategy for the Development of Samoa 2016/17 - 2019/20.* Available at <*http://extwprlegs1.fao.org/docs/pdf/sao165879.pdf*>

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Ministry of National Resources and Environment. (2017). *National Environmental Sector Plan 2017 - 2021.* Available at <*https://www.sprep.org/attachments/VirLib/Samoa/nesp-samoa-2017.pdf*>

Ministry of National Resources and Environment. (2007). *National Policy of Combating Climate Change.* Available at <*https://policy.asiapacificenergy.org/node/738* >

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Government of Samoa. (2009). *Samoa's Second National Communication to the UNFCCC.* Available at <*https://unfccc.int/resource/docs/natc/samnc2.pdf*>

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Green Climate Fund. (24 November 2016). *Funding Proposal FP036: Pacific Islands Renewable Energy Investment Program.* CLP Internal Files

Green Climate Fund. (24 November 2016). *Funding Proposal FP037: Integrated Flood Management to Enhance Climate Resilience of the Vaisigano River Catchment in Samoa.* CLP Internal Files

APPENDIX C. AGENDA OF COUNTRY CASE STUDY

22-26 July 2019

TIME		MEETING
22 Jul		
09:30-10:30	CBS Bld., Level 3 (Conference room)	Kick-off meeting
11:00-12:00	TATTE Bld.	Ministry of Natural Resources and Environment
01:00-02:00	LTA Vaitele Office	Land Transport Authority
02:30-03:30	MOH HQ, Motootua	Ministry of Health
23 Jul		
09:30-10:30	UNDP Office, Tuanaimato	UNDP
11:00-12:00	TATTE Bld.	Ministry of Works Transport and Infrastructure
01:00-02:00	TATTE Bld.	Electric Power Cooperation (FP036)
02:30-03:30	Tooa Salamasina Bld., Sogi	Ministry of Women Community and Social Development
03:40-05:00	SUNGO Vaitele Office	SUNGO
24 Jul		Site visit
25 Jul		Follow up meetings
26 Jul		Follow up meetings

SRI LANKA COUNTRY CASE STUDY REPORT

CONTENTS

A. BACKGROUND AND CONTEXT

1. CLIMATE CHANGE POLICY AND STRATEGIC CONTEXT

Sri Lanka has a number of key climate change policies which support mitigation and adaptation efforts. These interlink with Sri Lanka's existing policies relating to conservation, biodiversity and forests.

a. National climate change policies

National Climate Change Policy[68] was adopted in 2012. The National Climate Change Policy sets out the key goals and considerations for Sri Lanka's stakeholders when it comes to adaptation and mitigation. It aims to make communities periodically aware of the vulnerability of Sri Lanka to climate change, take adaptive measures and mitigate emissions, whilst promoting sustainable consumption and production.

National REDD+ Framework and Action Plan[69] (NRIFAP): This identifies a number of policy areas which require new actions by Sri Lanka, focused on both land-use planning and forest protection for the period of 2018-2022.

National Action Plan for Haritha Lanka Programme[70] in 2009: This plan was designed in to encourage the sustainable development of Sri Lanka. It includes ten broad missions relating to environmental problems, the most relevant one being "meeting the challenges of climate change."

Technology Needs Assessment and Technology Action Plans for Climate Change for Mitigation[71] in 2014: This policy aims to assess and identify technologies that will both reduce GHG emissions and contribute to Sri Lanka's economic development.

National Energy Policy was released in 2008.[72] This coordinates the electrification of Sri Lanka as well as setting out targets and policies relating to the use of renewable energy sources such as hydropower, solar and wind.

b. Other relevant policy and strategy documents

Climate change sector vulnerability profiles.[73] These are sector-specific analyses of the potential impacts of climate change. The sectors include water, agriculture and fisheries, health, biodiversity, and urban development and settlements.

68 Sri Lanka, Climate Change Secretariat (2012). *National Climate Change Policy of Sri Lanka.* Available at *http://www.climatechange.lk/CCS%20Policy/Climate_Change_Policy_English.pdf. Accessed on* 7 August 2019.
69 Sri Lanka, Ministry of Mahaweli Development and Environment (2017). *National REDD+ Framework and Action Plan.* Available at *https://www.unredd.net/documents/un-redd-partner-countries-181/national-redd-strategies-1025/16263-national-redd-investment-framework-and-action-plan-nrifap-12.html?path=un-redd-partner-countries-181/national-redd-strategies-1025. Accessed on* 7 August 2019.
70 Sri Lanka, National Council for Sustainable Development (2009). *National Action Plan for Haritha Lanka Programme.* Available at *http://mmde.gov.lk/web/pdf/Harita_Lanka_Book_small.pdf. Accessed on 7 August 2019.*
71 Sri Lanka, Climate Change Secretariat (2014). *Technology Needs Assessment and Technology Action Plans for Climate Change for Mitigation.* Available on *http://www.climatechange.lk/Publications_2016/Mitigation%20Book.pdf. Accessed on 7 August 2019.*
72 Sri Lanka, Ministry of Power and Energy (2008). *National Energy Policy & Strategies of Sri Lanka.* Available at *http://powermin.gov.lk/english/wp-content/uploads/documents/national_energy_policy.pdf. Accessed on 13 August 2019.*
73 Sri Lanka, Ministry of Environment (2011). *Climate Change Vulnerability Data Book.* Available at *http://www.climatechange.lk/adaptation/Files/Final_Climate_Change_Vulnerability_Databook.pdf. Accessed on 13 August 2019.*

There is additionally the **National Policy on Wildlife**[74] approved in 1990 and developed further since with the latest revision occurring in 2000. This policy sets out the conservation policy for Sri Lanka as well as the sustainable resource use of natural assets.

The National Biodiversity Strategy and Action Plan[75] (2016-2022): Sets out the action plan to achieve goals relating to the sustainable management of biodiversity. This includes strategies to minimize the impact of anthropogenic climate change on ecosystems, such as coral.

Sri Lanka's Nationally Determined Contribution (NDC)[76] uses the base year of 2010 based on the business-as-usual model for the period 2021-2030. The NDC covers four areas; mitigation, adaptation, loss and damage and the means of implementation. Sri Lanka is aiming for a 20% reduction in GHGs in the energy sector (4% unconditionally, 16% conditionally) and 10% in transport, industry, forests and waste (3% unconditionally, 7% conditionally) by 2030.

Sri Lanka had a **National Adaptation Strategy**[77] developed in 2010 which lasted until 2016. This was subsequently superseded by the current NAP.

National Adaptation Plan (NAP)[78], developed to cover 2016-2025. It identifies nine vulnerable sectors; food security, water, coastal sector, health, human settlements, biodiversity, tourism and recreation, export development, industry, energy, and transportation. There are sectoral action plans for each of these, as well as cross-cutting interventions related to national needs of adaptation.

The National Transport Policy was designed in 2009, setting out sustainable transport priorities. This has been developed into the **Urban Transport Master Plan 2032.**

Technology needs assessment and technology action plans for climate change for adaptation was set out in 2015.[79] This policy aims to assess and identify technologies that will both adapt to climate change and contribute to Sri Lanka's economic development. It is the partner document to the assessment on mitigation.

2. CLIMATE CHANGE INSTITUTIONAL AND COORDINATION CONTEXT

Sri Lanka has a number of institutions which engage with and coordinate the implementation and development of climate change policies. A number of key institutions are listed below.

The **Ministry of Mahaweli Development and Environment** (MMDE) in Sri Lanka is the national focal point to the United Nations Framework Convention on Climate Change (UNFCCC). It is also the National Designated Authority (NDA) for the Green Climate Fund (GCF).

74 Sri Lanka, Department of Wildlife Conservation (2000). *National Policy on Wildlife Conservation.* Available at *http://www.dwc.gov.lk/?page_id=79. Accessed on 13 August 2019.*
75 Sri Lanka, Biodiversity Secretariat (2016). *National Biodiversity Strategic Action Plan 2016-2022.* Available at *https://www.cbd.int/doc/world/lk/lk-nbsap-v2-en.pdf. Accessed on 13 August 2019.*
76 Sri Lanka, Ministry of Mahaweli Development and Environment (2016). *Nationally Determined Contributions.* Available at *https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Sri%20Lanka%20First/NDCs%20of%20Sri%20Lanka.pdf. Accessed on 13 August 2019.*
77 Sri Lanka, Climate Change Secretariat (2010). *National Climate Change Adaptation Strategy for Sri Lanka 2011 to 2016.* Available at *https://www.climatechange.lk/adaptation/Files/Strategy_Booklet-Final_for_Print_Low_res(1).pdf. Accessed on 7 August 2019.*
78 Sri Lanka, Ministry of Mahaweli Development and Environment (2016). *National Adaptation Plan for Climate Change Impacts in Sri Lanka 2016-2025.* Available at *https://www4.unfccc.int/sites/NAPC/Documents%20NAP/National%20Reports/National%20Adaptation%20Plan%20of%20Sri%20Lanka.pdf. Accessed on 7 August 2019.*
79 Sri Lanka, Climate Change Secretariat (2014). *Technology Needs Assessment and Technology Action Plans for Climate Change Adaptation.* Available at *http://www.climatechange.lk/Publications_2016/Adaptation%20Book.pdf. Accessed on 7 August 2019.*

The Climate Change Secretariat (CCS) is the main institution in Sri Lanka that coordinates climate change-related matters in the country. It is one of the divisions established under the Ministry of Environment and currently under the MMDE. CCS was established in 2008, and now it is a fully-fledged division under the Ministry and headed by a Director. CCS is the national focal point on climate change-related matters and is leading the process of mainstreaming climate change into other development areas. It also takes the leadership in liaison with other stakeholders from public, private and civil society.

The main objectives of the CCS include providing a platform to address climate change issues at the national level, undertaking climate change responses including policy and programme development, liaising with sectorial agencies at national and sub-national levels to identify priorities and develop policy implementation mechanisms, facilitating research and distribution of research results to trigger policy reforms and actions, establishing a mechanism to monitor the impacts of national responses to climate change. The CCS also acts as Secretariat for the Designated National Authority for the approval of Clean Development Mechanism project.

The **Biodiversity Division** of the MMDE oversees and develops a number of Sri Lanka's national policies in relation to conservation and the promotion of biodiversity.

The **Forest Resources Division** within the MMDE takes care of the implementation and development of forestry policies and forest conservation for sustainable development.

The Ministry of Tourism Development, Wildlife and Christian Religious Affairs includes within it a **Sustainable Development Division.** This department coordinates the sustainable development needs of Sri Lanka, and functions as the central agency to liaise with sectoral agencies to implement national policies.

The Ministry of Power, Energy and Business Development oversees electrification of the nation as well as the development and introduction of new sustainable energy sources to the grid. They develop relevant renewable energy policies. The institutional responsibility to implement renewable energy strategies lies with the **Public Utilities Commission of Sri Lanka** and the **Energy Conservation Fund.**

The Ministry of Agriculture, Rural Economic Affairs, Livestock Development, Irrigation and Fisheries & Aquatic Resources Development. This Ministry oversees a number of climate change relevant institutions, most importantly overseeing rural economic development.

3. GCF PORTFOLIO AND INSTITUTIONAL ARRANGEMENTS

Sri Lanka has one GCF-approved project, with the approved funding of USD 38.1 million. The requested readiness funding is USD 3,902,317, or which USD 919,649 is for NDA Readiness and USD 2,982,668 is for NAP Readiness.

The project under implementation is FP016 "*Strengthening the resilience of smallholder farmers in the Dry Zone to climate variability and extreme events through an integrated approach to water management*". This consists of upgrading and enhancing the resilience of village irrigation systems and scaling up climate-resilient farming. Furthermore, the project aims to enhance climate-resilient, decentralized water supply and management solutions to provide access to safe clean drinking water. The project also aims to strengthen weather/climate and hydrological observing and forecasting, allowing smallholder farmers to have the adaptive capacity in relation to droughts and floods.

These goals are achieved through a number of activities such as the capacity building of local officials and community organizations, upgrades to irrigation systems, targeted enterprise development for women, and disseminating weather advisories to local farmers.

The project is expected to have two million beneficiaries, from a USD 52.1 million total investment. The project has an estimated lifespan of 7 years.[80]

For the existing project, the Accredited Entity (AE) is the United Nations Development Programme (UNDP), with the Executing Entity (EE) being the MMDE.

Sri Lanka has a single concept proposal "National REDD+ Investment Framework and Action Plan (NRIFAP)"[81] with the UNDP acting as the AE. The project would support Sri Lanka in its efforts to implement and achieve the goals within the NRIFAP.

B. KEY FINDINGS

1. PROCESS AND OPERATIONS

KEY QUESTION 2: TO WHAT EXTENT DO GCF'S ORGANISATIONAL STRUCTURE AND PROCESSES FACILITATE EFFECTIVE AND EFFICIENT IMPLEMENTATION OF THE ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS), WHILST PROMOTING COUNTRY OWNERSHIP AND ALIGNMENT WITH THE COUNTRY'S NATIONAL CONTEXT?

2.1. Are the responsibilities for all stakeholders under the ESMS clearly defined and fit-for-purpose with regard to the ESS process?

This question was directed to three entities: NDA (in its role as the focal point for GCF activity in Sri Lanka), UNDP (in its role as the AE responsible for the FP016 implementation in Sri Lanka) and International Union for Conservation of Nature (IUCN) (AE responsible for two projects in the pipeline, including one which is due to go to the GCF Board later this year).

The NDA was asked whether stakeholder responsibilities under the ESMS were clearly defined. The NDA was clear that its role is to assist with the development of project proposals, to coordinate with AEs, and to encourage potential DAEs to put forward accreditation proposals. With regard to the UNDP project, the NDA chaired a Working Committee during proposal development, and was responsible for providing the No-Objection-Letter. The NDA representatives had no real understanding of the GCF safeguards, although they were aware that safeguards are the responsibility of the AE. There was a concern that no guidance on safeguards had been provided to the NDA by the GCF, however, there was inherent trust that UNDP had an accredited safeguards system in place.

UNDP national staff were very familiar with the agency's Social and Environmental Standards, and with the different roles required of stakeholders. The project itself was carefully developed over a considerable period of time. It was based on an earlier GEF-funded adaptation project, which applied climate change adaptation measures in district planning for several districts facing droughts, floods, and landslides. As the drought has developed, project planning has shifted in focus to the vulnerabilities of the Dry Zone. Consultations began in 2015 with the President's Secretariat and MMDE do focus on rehabilitation of the ancient cascade irrigation system. This was twinned with

[80] Green Climate Fund (2016). *FP016: Strengthening the resilience of smallholder farmers in the Dry Zone to climate variability and extreme events through an integrated approach to water management*. Available at *https://www.greenclimate.fund/projects/fp016. Accessed on 7 August 2019.*
[81] Retrieved 7 August 2019 from *https://www.greenclimate.fund/countries/sri-lanka*

the issue of providing clean drinking water to deprived villages, as part of holistic and integrated water management. Based on previous experience, UNDP decided to contract civil society organizations (CSOs) to design and implement the community mobilization aspect of the project.

A design team, headed by MMDE and with representatives from sector ministries such as water, irrigation, and agrarian development, worked for five months to prepare the concept note (CN). This team was then transformed into the Technical Committee, which has stayed in place during the implementation of the project.

UNDP indicated that other than through GCF feedback on the CN and FP, there was no communication with the safeguards team at GCF HQ. The Sri Lankan UNDP team did not have direct contact with the GCF on safeguard issues, although they were aware that GCF had technical experts who screen proposals. Most of the contact between UNDP and the GCF was undertaken by UNDP's regional office.

The Project Management Unit (PMU) for the UNDP project used the UNDP social and environmental screening procedure, and, as a moderate risk project, the Unit was required to develop an Environmental and Social Management Plan (ESMP). The PMU was aware of parallel Sri Lankan environmental approval procedures, but the project was not "prescribed" under Central Environmental Authority regulations, and so did not require the production of local environmental management plans. However, during the implementation of the project, there was a realization that archaeological assessments needed to be conducted.

One concern expressed by the PMU was that the GCF's management system is not very flexible, post-approval. It was suggested that GCF should recognize that unforeseen issues can sometimes present themselves during project implementation, and that guidance is required on adaptive management policies.

The third entity that this evaluation question is directed to is IUCN, which is the AE responsible for two projects in the pipeline. One proposal (Project 20240: Strengthening climate resilience for subsistence farmers) is making good progress and is in the process of being cleared by the NDA. A GCF review is due in August, and it is hoped that the USD 48million project will go to the GCF Board in November. This project is based on earlier successful projects implemented by IUCN. The IUCN representative describes the safeguards approach as a "mix of GCF and IUCN safeguards". IUCN produced an Environmental and Social Management Framework for this proposal, based on IUCN safeguard procedures. While the IUCN country office had very considerable involvement in the development of the proposal, the responsibility for safeguards works sat with the GCF/GEF IUCN focal point based in Nairobi.

2.2. What support, in the form of RPSP and Project Preparation Facility (PPF) grants, has been provided to NDAs and AEs to help increase capacity to apply ES Policy/standards?

As per the discussions with national stakeholders during the country mission, no GCF support in the way of RPSP or PPF grants geared towards the strengthening of capacity to apply ES standards at the moment has been identified.

2.3. How effective is the accreditation process in terms of assessing the capacity of prospective AEs with regard to ES policy/standards?

The mission team met the two Sri Lankan candidates for accreditation: the South Asia Cooperative Environment Program (SACEP) and the Development Finance Corporation of Ceylon Bank (DFCC). SACEP is a regional organization and is applying for accreditation as Regional Direct Access. At the time of writing, SACEP has requested an online accreditation system account, which

has not yet been received. DFCC is a private bank applying as a DAE, and is at pre-stage 1 … having first applied in December 2017.

DFCC indicated that it started applying for accreditation 3 years ago. GCF requested a variety of documents. The bank is now 55 years old, and it is difficult for it to retrieve some documents. In addition, there is some information that cannot be disclosed, because of confidentiality agreements between the bank and its customers.

DFCC believes that, given its status as a private bank, it has advantages when it comes to approaching private funds to support climate change projects. It also believes that it is more flexible than AEs, which are often bureaucratic and cumbersome. DFCC is concerned that AEs "give money to the government", whereas it can mobilize finance more practically. Besides, many AEs apply for GCF funds but are not based in Sri Lanka, so do not have the same level of local knowledge and experience.

All 18 Sri Lankan banks have signed up to the Sustainable Banking Initiative. This voluntary system commits the banks to a set of 11 "Principles". The Sri Lankan Central Bank has also adopted a Roadmap for Sustainable Finance, which all 18 banks must follow. While the Principles do not mirror the International Financial Corporation (IFC) Performance Standards, there are elements of similarity. The DFCC indicated that it will be prepared to undertake the development of a safeguard system based on GCF's Interim standards. An example was given of support provided by the Asian Development Bank to develop an ESMS to enable the DFCC to come into compliance, and so gain access to new lines of credit.

DFCC did indicate that it has concerns about the confidentiality of documentation submitted to GCF. Confidential information is still available on the GCF website, and this makes the bank feel uncomfortable. DFCC representatives would like to see GCF improve the system to ensure that confidential information is not made public.

2.4. To what extent does GCF have supervisory control and authority over AEs in the current business model, and what can be improved to ensure that the GCF ESMS can be adequately implemented in project design and implementation?

As previously mentioned, at the moment, the only project under implementation is being driven by UNDP as its AE. Additionally, there are two other projects in the pipeline to be implemented by IUCN. Regarding the project that is already under implementation, interviews conducted with NDA, AE and EE suggested no awareness with regards to a particular GCF supervisory role beyond those conditions established as per accreditation process so the country mission was not able to address this question directly.

2. PROJECT DESIGN AND APPROVAL

KEY QUESTION 3. TO WHAT EXTENT HAS THE GCF ESMS BEEN EFFICIENTLY AND EFFECTIVELY INCORPORATED IN PROJECT DESIGN AND APPROVAL?

While Key Question 3 was not included under the country case study protocol document, the country mission addressed these questions during interviews, so the analysis is presented here.

3.1 How effectively is the ESMS applied to concept notes and funding proposals? What are the differences between the Simplified Approval Process (SAP) and the Project Approval Process (PAP)? What are the differences between public and private sector operations?

The mission team met with four CSOs that had been involved with the development of the UNDP's CN and FP. They indicated that, during participation in project design, they learned about UNDP's Social and Environmental Standards (SES), and were involved in the review of the ESMP. The Red Cross representative indicated that her agency also applied their own gender and 'do-no-harm' policies.

Some of the CSOs were involved in project design, which is relatively unusual in Sri Lanka. Others only became involved during project implementation. The strong involvement of CSOs in this project is apparently a result of previous experience that UNDP has had in project design. In addition, the Chief Technical Advisor to the project comes from a CSO background.

UNDP selected CSOs in a competitive bidding process. The CSO assignment is to empower and educate people and to coordinate government agencies and facilitate activities with the PMU. One of their responsibilities are per their terms of reference is to ensure that activities are in line with safeguards standards and requirements.

CSOs indicated concerns about the fact that the NDA is also the EE on the UNDP project. This was considered to be a conflict of interest. It was explicitly stated that some aspects of the participatory approach to project implementation, which involved extensive negotiation and involvement of beneficiary villages, was not easily accepted by the MMDE.

3.2. How effectively and efficiently has the ESMS been applied in the approval process and Funded Activity Agreements (FAAs), and to what extent do projects seek to achieve co-benefits?

The mission took note of the preparation by UNDP of an ESMP to apply to specific project activities that will be implemented as part of the overall project that may have significant environmental or social risks. This was prepared in compliance with UNDP's Social and Environmental Standards. It was reviewed by the GCF Secretariat according to GCF's ESMS requirements. The FAA includes such covenants as are normal to ensure that the Environmental and Social Management Framework is implemented during the lifetime of the project.

It appears that sensitivity to ESS issues is well integrated into the project, for example, in relation to the possible environmental risks arising from the disposal of silt from rehabilitated "tanks"[82]. The process for dealing with social issues also appears to have been well designed and implemented. For example, a number of tanks that have fallen into disrepair have been encroached upon by villagers, who are illegally growing crops within the boundaries of the tanks. The CSOs who are responsible for community mobilization have developed a "participatory boundary demarcation" programme, where villagers work in concert with the CSOs and government agencies to determine both legal tank boundaries and 'socially determined' boundaries.

The CSOs are also responsible for establishing participatory monitoring groups, that deal with both environmental monitoring and grievance redress. The latter is guided by UNDP. The grievance redress system works under Sri Lankan law. Cases are dealt with and mediated at the community level. Only two cases have been reported, and these were dealt with at the community level. No evidence was provided as to whether local people are aware of the separate UNDP and GCF redress mechanisms.

[82] A tank is a reservoir, constructed along traditional lines, as part of the ancient cascade irrigation system.

3. PROJECT IMPLEMENTATION

KEY QUESTION 4: HOW EFFICIENT AND EFFECTIVE HAVE THE GCF'S ES POLICY/STANDARDS BEEN IN PREVENTING/MANAGING/MITIGATING ADVERSE ENVIRONMENTAL/SOCIAL IMPACTS AND IN IMPROVING ENVIRONMENTAL/SOCIAL BENEFITS DURING THE IMPLEMENTATION OF GCF PROJECTS? (E.G. RESULTS MANAGEMENT FRAMEWORK (RMF), ANNUAL PERFORMANCE REPORTS (APRS), INDEPENDENT REDRESS MECHANISM (IRM) DATABASE/REPORTS)

The only project under implementation in Sri Lanka is FP016. As indicated above, the project has applied UNDP's SES. Meetings with the PMU indicated that the ESMP guides environmental management during implementation. The contractors for tank rehabilitation are provided with copies of the ESMP, and are required to develop their own contractor ESMPs. This is a seven-year project, with strong government and beneficiary ownership, and so is given a high priority by the government.

An interviewed expert in irrigation and water sector indicated that he was asked on many occasions to comment on how irrigation systems worked in the past. This information was integrated into the ESMP. One of the only significant environmental risks is the disposal of desilting materials. A decision was made to use removed silt to reinforce tank bunds, thereby alleviating the need to transport and dump the material. The involvement of technical specialists resulted in the concept of "partial desilting", where enough silt is left in the bottom of a rehabilitated tank to ensure that seepage to groundwater is kept to a minimum. The ESMP also recognized that ongoing performance of the tanks will require careful catchment management, to ensure that "re-silting" does not occur. As a consequence, beneficiary communities have been engaged in tree and vegetation planting upstream of the tanks.

For the other component of the UNDP project (component 2 – drinking water), the ESMP includes management commitments relating to groundwater quality, rainwater collection, and tank extraction. These need to be complied with. Communities make a 10% contribution for water supply. One co-benefit has been the development of rainwater collection technology supplied by local contractors.

It is clear that the UNDP's SES has influenced the establishment of a project grievance mechanism. This has been used to deal with issues relating to encroachment, where some villagers have cultivated abandoned tanks. The community mobilization component of the project has had to work with encroachers to make them understand that they do not have rights to cultivate within tank reservation areas. Up to now, no compensation has been provided, as the encroachers in question have another land that they can cultivate. The project is still in its early days. It may be that compensation issues become more important as the project progresses. The APR should enable this issue to be tracked.

Implementation of the ESMP has also led to the recognition of potential problems that need to be planned for, including responsibility for the ongoing maintenance of the tanks once the project has finished, and rehabilitation of the upstream catchments to ensure that re-silting does not occur.

4. LIKELY RESULTS AND IMPACTS OF GCF INVESTMENTS

KEY QUESTION 5: TO WHAT EXTENT HAVE THE GCF'S ES POLICY/STANDARDS HELPED TO STRENGTHEN THE CAPACITY OF AES (INTERNATIONAL AND COUNTRY LEVEL) NDAS AND EXECUTING ENTITIES (EES) TO MANAGE/MITIGATE SOCIAL AND ENVIRONMENTAL RISKS AND TO IMPROVE ENVIRONMENTAL/SOCIAL BENEFITS?

5.1. To what extent have the capacities of AEs, NDAs and EEs been strengthened in terms of preventing/managing/mitigating adverse environmental/social impacts and in improving environmental/social benefits?

5.2. To what extent has the GCF contributed to the improved and strengthened capacity of AEs, NDAs and EEs in terms of monitoring social and environmental risks and benefits?

A Readiness and Preparatory Support Programme has been approved but has yet to be implemented. As a consequence, the only focus on capacity development has been the design and implementation of FP016. This appears, however, to have had a considerable impact on the capacity of the EE to undertake safeguards work through the PMU. The PMU has a dedicated environmental safeguards staff, which takes its monitoring and reporting responsibilities seriously.

KEY FINDINGS

This was an extensive country mission, that met with over 100 stakeholders. The following key findings are relevant:

- Knowledge of the GCF safeguards procedure is negligible, for all stakeholders, including the NDA, AE, EE and even CSOs. However, this may not be a significant issue, as stakeholder awareness of the primary due diligence responsibilities of the AE is high;
- The NDA needs more guidance from GCF about the role that it should play in ensuring that AE safeguard procedures are adhered to;
- The NDA plays an important role in facilitating access to GCF in Sri Lanka and is especially active in working with commercial banks to accredit as Direct Access;
- Stakeholders indicated some conflict of interest concerns about the NDA also being an EE;
- Unforeseen issues during project implementation require the GCF to be more flexible. GCF should develop guidance on adaptive management policy; and
- The one project under implementation is successful, in part because of its extensive community mobilization component using contracted CSOs, and also because the PMU has a full-time dedicated environmental specialist on staff.

APPENDIX A. LIST OF STAKEHOLDERS CONSULTED

The mission took place from the 23rd to the 30th July, 2019. It was hosted by the NDA in collaboration with the UNDP Country Office, which is the AE for the only implemented project in Sri Lanka.

Also, there are three Funding Proposals in the pipeline, notably:

- Building climate change mitigation and climate-resilient coastal communities and ecosystems in Asia (IUCN)
- Strengthening climate resilience for subsistence farmers (IUCN)
- Green Bond cornerstone fund (IFC)

Two agencies are seeking accreditation:

- South Asia Cooperative Environment Program (SACEP)
- Development Finance Corporation of Ceylon Bank (DFCC)

In addition, the UN REDD Programme has developed a detailed CN associated with the implementation of National REDD+ Investment Framework and Action Plan (NRIFAP). The table below outlines the schedule of meetings held.

It is worth noting that the mission had extensive engagement with UNDP, its project partners and the Executing Agency – the Mahaweli Authority of Sri Lanka – including a field visit to one of the districts where implementation has begun – Anuradhapura. Logistics for Day II to Day IV were efficiently organized by UNDP.

A. NDA/Executing Entities (EEs)

Mr Anura Dissanayake

Secretary, Ministry of Mahaweli Development and Environment

+94 11 2034121/ 2676844

No. 416/C/1, “Sobadam Piyasa” Robert Gunawardhana Mawatha Battaramulla, Sri Lanka

sec@mahaweli.gov.lk

Mr R.D.S. Jayathunga

Director, Climate Change Secretariat

Date: July 23rd and July 29th

B. Accredited Entities

UNDP

Keshini Wijesundera (Officer in Charge)

Keshini.wijesundra@undp.org

Sureka Perera (Programme Quality and Design Analyst)

Sureka.perera@undp.org

Sujeewa Ratanayake (Procurement Associate)

Sujeewa.ratanayake@undp.org

Chief Technical Advisor, Buddika Hapuarachichi. *Buddika.hapuarachichi@undp.org*

9 project staff

Date: July 23rd

Place: UN Compound

Dr Ananda Mallawatantri

Country Representative, IUCN

Ananda.mallawatrantri@iucn.org

Date: July 30

Place: IUCN Country Office

C. CSOs

Ford Foundation

Sri Lanka Red Cross

British Practical Action

Janathakshan GTE ltd

Date: July 24th and 25th

Place: Mahaweli Authority

D. Others

Meeting with UNDP project implementing partners

19 interviewees (3 women)

UNDP representative

National Water Supply and Drainage Board (FP component 2),

Department of National Community Water Supply (FP component 2),

Irrigation Department (FP component 3),

Provincial Department of Irrigation (North),

Specialist in Irrigation sector / technical advisory committee member of the project.

Date: July 24th

Place: Mahaweli Authority

Potential Direct Access Entities

Nalin Karunatileka: Vice President, DFCC Bank Plc, *nalin.karunatileka@dfccbank.com*, +94-(0)777795799

Senaka Jayasinghe: Assistant Vice President, Sustainability Unit, DFCC Bank Plc, *denaka.jayasinghe@dfccbank.com*, +94-(0)776572259

W.K. Rathnadeera: Senior Programme Officer, South Asia Co-operative Environment Programme (SACEP), *rathnadeera.wk@sacep.org*, +94-(0)716436307

Priyankari Alexander: Programme Officer, South Asia Co-operative Environment Programme (SACEP), *priankari.alexander@sacep.org*, +94-112552761

Date: July 22nd

Place: MMDE

Village meeting

Village meeting with approximately 50 project beneficiaries

Date: July 25th

Place: Anuradhapura

NAME OF THE PERSON	AFFILIATION	COUNTRY
A. Rupawathana	Water Supply and Sanitation Improvement Project	Sri Lanka
Ananda Mallawatantri	IUCN	Sri Lanka
Anura Dissanayake	Ministry of Mahaweli Development and Environment	Sri Lanka
Asitha Weradewya	Janathakshan	Sri Lanka
Asoka Ajantha	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
B.M.H. Banoarayayaka	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
C. Jennings	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
C.L.K. Wakkumbura	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
Cefati Imbulana	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
Chantima Cooray	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
D.M. Aryerathra	N/A	Sri Lanka
D.M.R. Wijesundera	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
Dakshini Perera	Ministry of Mahaweli Development and Environment	Sri Lanka
Deepa Liyanage	Ministry of Mahaweli Development and Environment	Sri Lanka
G.D.G. Harjchanh	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
H.M.R. Ranjith Herath	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
Herath Manthrithilake	IWMI	Sri Lanka
Himali De Costa	Ministry of Mahaweli Development and Environment	Sri Lanka
Hiranth rerera	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
Janaka Hemathilaka	Janathakshan	Sri Lanka

NAME OF THE PERSON	AFFILIATION	COUNTRY
Janaka Rathnayake	Ministry of Mahaweli Development and Environment	Sri Lanka
K.M.A. Kulathumge	DO	Sri Lanka
K.R.M.D. Fehrnando	DNCWS	Sri Lanka
Kamishka Dihishan	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
Kasan Madushanka	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
Lpmuwui Subouylu	Water Supply and Sanitation Improvement Project	Sri Lanka
M.H.A. Haseeh	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
Nalin Karunatileka	DFCC Bank PLC.	Sri Lanka
P.B. Dharmasens	ESEWP/MWSIP	Sri Lanka
Prabuth Withwane	DAD	Sri Lanka
R.D.S. Jayathunga	Ministry of Mahaweli Development and Environment	Sri Lanka
R.M.B. Rajakasnna	Ministry of Irrigation	Sri Lanka
R.P.G. Podinenis	Asjssui	Sri Lanka
Rohini Singarayer	World Food Programme	Sri Lanka
Senaka Jayasinghe	DFCC Bank PLC.	Sri Lanka
Upali Imbulana	United Nations Development Programme	Sri Lanka
Vijaya Singh	United Nations Development Programme	Sri Lanka
A. Rupawathana	Water Supply and Sanitation Improvement Project	Sri Lanka
Ananda Mallawatantri	IUCN	Sri Lanka
Anura Dissanayake	Ministry of Mahaweli Development and Environment	Sri Lanka
Asitha Weradewya	Janathakshan	Sri Lanka
Asoka Ajantha	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
B.M.H. Banoarayayaka	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
C. Jennings	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
C.L.K. Wakkumbura	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
Cefati Imbulana	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka

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Chantima Cooray	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
D.M. Aryerathra	N/A	Sri Lanka
D.M.R. Wijesundera	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
Dakshini Perera	Ministry of Mahaweli Development and Environment	Sri Lanka
Deepa Liyanage	Ministry of Mahaweli Development and Environment	Sri Lanka
G.D.G. Harjchanh	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
H.M.R. Ranjith Herath	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
Herath Manthrithilake	IWMI	Sri Lanka
Himali De Costa	Ministry of Mahaweli Development and Environment	Sri Lanka
Hiranth rerera	Ministry of Mahaweli Development and Environment, CRIWM	Sri Lanka
Janaka Hemathilaka	Janathakshan	Sri Lanka
Janaka Rathnayake	Ministry of Mahaweli Development and Environment	Sri Lanka
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K.R.M.D. Fehrnando	DNCWS	Sri Lanka
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Prabuth Withwane	DAD	Sri Lanka
R.D.S. Jayathunga	Ministry of Mahaweli Development and Environment	Sri Lanka
R.M.B. Rajakasnna	Ministry of Irrigation	Sri Lanka
R.P.G. Podinenis	Asjssui	Sri Lanka

ANNEX B. LIST OF DOCUMENTS CONSULTED

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ANNEX C. AGENDA OF COUNTRY VISIT

TIME		MEETING	LOCATION
DAY I	Afternoon	Joint meeting with SACEP, DFCC, IFC	Ministry of Mahaweli Development & Environment
DAY II	0845 – 0930	Meeting with the Secretary, MMDE	Ministry of Mahaweli Development & Environment
	0930. – 1100	Meeting with the UNDP project Design Team	Ministry of Mahaweli Development & Environment
	1200 – 1330	Discussion on UNDP Safeguard policies and quality assurance role	UN Compound
	1430 - 1600	Meeting with the Project Implementation Team for FP16	Project Office
DAY III	0930 - 1100	Technical discussion on safeguard application on the project's key intervention areas- drinking water and irrigation sectors (beneficiary selection, economic displacement, contractor engagement etc.)	Mahaweli Authority
	1115 - 1215	Discussion with Civil Society Organizations engaged in community mobilization and grievance redress mechanism in the project districts/ locations	Mahaweli Authority
	1430	Departure for field	
DAY IV	All day	Field Visit to three project sites associated with FP 16. At each site, discussions were held with village representatives, contractors, and government partners. One large village meeting held at one of the project sites.	Project sites around Anuradhapura
DAY V	1230 - 1330	Meeting with Dr R.D.S. Jayathunga. Director of the Climate Change Department of MMDE, and NDA focal point	MMDE
DAY VI	1530 - 1630	Meeting with Dr Ananda Mallawatantri. Country Director, IUCN	IUCN

ZAMBIA COUNTRY CASE STUDY REPORT

CONTENTS

A. BACKGROUND AND CONTEXT

1. CLIMATE CHANGE POLICY AND STRATEGIC CONTEXT

Zambia has identified climate change as one of the most pressing issues impacting its socio-economic development, with climate change having adverse impacts on food and water security, water quality, energy, and the sustainable livelihoods of rural communities. It has been estimated that Climate Change could carry a USD 4,330-5,440 million GDP loss in Zambia over the coming decades. As Zambia is a minimal contributor to global GHG emissions, it is prioritising adaptation strategies for the purpose of enhancing resilience across key sectors.

a. National climate change policies

Already prior to 2016, attempts to mitigate climate change in Zambia were undertaken in an ad-hoc manner with policies touching upon different aspects related to climate change. The main policies with this regards were the National Policy on Environment (NPE, 2007); the National Climate Change Response Strategy (NCCRS, 2010); National Forestry Policy of 2014; National Energy Policy of 2008, The National Agriculture Policy of 2014 and Transport Policy of 2002; National Strategy for Reducing Emissions from Deforestation and Forest Degradation (REDD+, 2015); Second National Biodiversity Strategy and Action Plan (NBSAP2); the National Adaptation Plan of Action on Climate Change (NAPA, 2007); Technology Needs Assessment (TNA, 2013); Nationally Appropriate Mitigation Actions (NAMAs, 2014); Second National Communication (SNC, 2015). Later in 2016, an overarching National Policy on Climate Change (NPCC) was launched. Its objective was 'to provide a framework for coordinating climate change programmes in order to ensure climate resilient and low carbon development pathways for sustainable development towards the attainment of Zambia's Vision 2030'.

National Climate Change Response Strategy 2010

This strategy was developed to facilitate a coordinated response to climate change issues in the country. This strategy was designed under the vision of a "Prosperous Climate Change Resilient Economy" and with the mission to "ensure that the most vulnerable sectors of the economy are climate proofed, and sustainable development achieved through the promotion of low carbon development pathways". To operationalize this mission the strategy focused on specific relevant sectors such as land use, water, health and social infrastructure, physical infrastructure, transport, energy and mining. Hence the policy tried to be all-encompassing and was designed to mainstream climate change in all sectors of the economy.

National Policy on Climate Change 2016

Zambia's National Policy on Climate Change establishes that all climate change actions shall be environmentally sustainable and positively contribute to national economic growth and social development objectives, including poverty alleviation, access to natural resources and basic amenities, gender equality and equity and infrastructure development. Furthermore, climate change interventions shall promote and fulfil relevant international obligations as enshrined in various Multilateral Environmental Agreements (MEAs) on Climate Change. The policy also highlights that developmental efforts shall contribute to building resilience to climate change.

Touching particularly upon climate change response measures and actions, the policy suggests that these shall be taken in collectively and inclusive manner, employing a consultative and multi-stakeholder approach with special consideration for vulnerable groups. Furthermore, such actions shall take into account the important role ecosystems play in addressing the impacts of climate

change and always recognizing the complementarity of adaptation, disaster risk reduction and mitigation.

The range of measures and actions outlined in the policy document, include research and development, education and public awareness, adaptation, mitigation, capacity building, gender, and encouraging green investments in Zambia.

Zambia has enacted other policies that are including provisions on climate resilience such as Zambia's National Disaster Management Policy, National Agricultural Policy, and National Irrigation Plan.

b. Other relevant policy and strategy documents

Intended Nationally Determined Contributions (NDCs)

Regarding Zambia's 2015 responsibilities, its National Determined Contributions (NDC) has been designed to include both adaptation and mitigation components. If implemented successfully, will result in an estimated total emission reduction of 38,000GgCO2eq which translates to 47% (internationally supported efforts) against 2010 as a base year. These results will be subject to the availability of international support in form of finance, technology and capacity building. The budget for implementation is estimated to be 50 Billion USD by 2030, with USD 35 billion of this from external sources. Its mitigation component is comprised of three key programs: Sustainable Forest Management, Sustainable Agriculture, and Renewable Energy and Energy Efficiency. Likewise, its adaptation component also consists of three key programs, which engage closely with mitigation measures: Adaptation of strategic productive systems (agriculture, forests, wildlife and water); Adaptation of strategic infrastructure and health systems; and Enhanced capacity building, research, technology transfer and finance. Within these programs, Zambia acknowledges the importance of developing and strengthening Monitoring Reporting and Verification (MRV) processes, in order to track the progress of these mechanisms. Furthermore, Zambia's Seventh National Development Plan (SeNDP, 2017-2021), will be implemented taking into consideration the needs to adapt and mitigate climate change.

National Adaptation Plans (NAPs)

In terms of policies already in action, the Zambian Government ratified the Kyoto Protocol in 2006, and produced a National Adaptation Plan of Action (NAPA) in 2007, which as of 2015 had recommended ten projects which were funded by various government ministries. Another National Adaptation Plan (NAP) process began in 2014, and is currently being supported by the UNFAO NAP-Ag Programmed, which is focusing on: strengthening capacity in the agricultural sectors, including on climate scenarios, cost-benefit analysis, and gender-sensitive adaptation options and value chains; increasing the sensitivity of stakeholders, and creating a road map to integrate agricultural concerns into the NAP; the generation of relevant case studies and research; and undertaking knowledge sharing and outreach.

2. CLIMATE CHANGE INSTITUTIONAL AND COORDINATION CONTEXT

The institutional context of Zambia for issues related to Climate Change encompasses a wide range of actors. Its UNFCCC National Focal Point is shared by the **Ministry of Lands, Natural Resources and Environmental Protection and the Ministry of Foreign Affairs**. The Zambian NPCC is led by a Council of Ministers, who are advised by the Steering Committee of Permanent Secretaries, who are drawn from the ministries responsible for: National Development Planning, Local Government, Health, Energy, Agriculture, Environment and Natural Resources,

Communications, Mineral Development, Information and Broadcasting, Works and Supply, Home Affairs, Disaster Management and Mitigation, and Gender.

The implementation of much of the NPCC is the responsibility of the Ministry of Lands, Natural Resources and Environmental Protection (MLNREP), with resource mobilization being the responsibility of the Ministry of Finance (MoF), and the Disaster Management and Mitigation Unit holding further responsibilities. Furthermore, the 2016 NPCC calls for a Climate Change Department to be founded, to take over from the Interim Climate Change Secretariat, and to be a constituent part of the Ministry for Environment and Natural Resources. It further recommends engagement with statutory bodies, local authorities; traditional leaders and local communities; Civil Society Organisations (CSO); the media; the private sector; academia; and Cooperating Partners (CP) as stakeholders. The National Planning Department in the Ministry of Finance is further responsible for coordinating Zambia's engagement with the Sustainable Development Goals (SDGs).

On the other hand, as previously mentioned, Zambia's National Designated Authority is the National Planning Department, which sits under the **Ministry of National Development Planning**. Zambia's NDA is operationalized through the NDA Project Office. This office's **National Coordinator** report to the Director of National Planning. Furthermore, the country has established an **NDA Technical Committee**. This committee is composed of all stakeholder institutions working on climate change related issues. The committee assesses projects proposals that later on would be handed to the AEs.

Within the GCF Readiness Proposal, a number of key governmental and non-governmental organizations are named as stakeholders to be engaged with climate change policy. This list of engaged stakeholders includes the Ministry of National Development Planning (MNDP), Ministry of Finance (MoF), Ministry of Lands Natural Resources and Environmental Protection (MLNREP), Ministry of Agriculture (MoA), Ministry of Fisheries and Livestock (MoFL), Ministry of Mines (MoM), Ministry of Energy and Water Development (MEWD), Ministry of Transport and Communications (MTC), Ministry of Works and Supply (MWS), Ministry of Community Development (MCD), Ministry of Gender (MoG), Disaster Management and Mitigation Unit (DMMU), Zambia Meteorological Department, Interim Inter-ministerial Climate Change Secretariat (IICCS), Zambia Environmental Management Agency (ZEMA), Water Resources Management Agency (WARMA), Zambia Civil Society Climate Change Network (ZCSCCN), Jesuits Centre for Theological Reflection (JCTR), Zambia Electricity Supply Company (ZESCO) Limited, Zambia Development Agency (ZDA), University of Zambia (UNZA), Zambia Agency for Persons with Disabilities (ZAPD), Zambia National Women's Lobby (ZNWL), Bank of Zambia (BoZ). The Readiness Proposal further suggests engagement with Civil Society Organisations (CSOs), Non-governmental Organisations (NGOs) and Faith Based Organisations (FBOs) in the development and implementation of policy.

Zambia has already previous experience engaging in international climate finance related schemes. For example, about USD 76.5 million has been accessed from the Strategic Climate Fund (SCF) under the Climate Investment Fund (CIF) for the Pilot Program on Climate Resilience (PPCR), and close to USD18, 200,000 from the Least Developed Countries Fund (LCDF). Furthermore, Zambia has also accessed USD 4,500,000 from the United Nations Programme on Reducing Emissions from Deforestation and Forest Degradation (UN-REDD Programme), USD 3,000,000 from the Germany's International Climate Initiative (IKI), and USD 30, 000 from Japan's Fast Start Finance.

3. GCF PORTFOLIO AND INSTITUTIONAL ARRANGEMENTS

The National Development Planning Department of the Ministry of Finance was the National Designated Authority (NDA) from Zambia to the GCF in August 2014; the department has since been moved to the remit of the Ministry of National Development Planning. It plays the key role of "clearing house or entity" for climate change projects to be funded from GCF in Zambia, and is implementing capacity building activities with the support of GCF Readiness Programme grants. Zambia has nominated National Implementing Entities (NIEs) and establishing a National Climate Change Fund (NCCF). Accredited entities (AEs) operating in Zambia include the World Bank, the African Development Bank (AfDB), the United Nations Environment Programme (UNEP) and the United Nations Development Programme (UNDP).

FP072: Strengthening climate resilience of agricultural livelihoods in Agro-Ecological Regions I and II in Zambia

The AE for this project is the UNDP, and its EE is the MoA. It was approved in March 2018 for an implementation period of 7 years, and a total project investment of USD 137.3m. This is a Risk Category B, Medium Adaptation-focused project which aims to provide increased access to climate information services, support for climate-resilient agricultural inputs and practices, sustainable water management, and alternative livelihoods to smallholder farmers in two agro-ecological regions covering the five provinces of Eastern, Lusaka, Muchinga, Southern and Western.

FP080: the Zambia Renewable Energy Financing Framework

The AE and EE for this project is the AfDB. It was approved in March 2018 for an implementation period of five years, and a total project investment of USD 154m. It has an estimated lifespan on 23 years. This is a Risk Category B, Medium Mitigation-focused project which aims to support the Government of Zambia's Renewable Energy Feed-in Tariff (REFIT) policy to develop 100 MW of renewable projects, mostly solar power, through long-tenor project loans, and provide technical assistance to build capacity for rural electrification, currently at 4 percent, and help local financial institutions carry out renewables and project finance.

Concept Note: Staple Crops processing Zone (SCPZ) Promoting sustainable agricultural value chains

Proposed by the AE AfDB, this project would benefit a number of African nations, Zambia included. It encompasses both mitigation and adaptation measures through transferring agriculture production in regions experiencing high deforestation, poor agricultural yields and climate change exacerbated poverty.

Concept Note: Increasing Agricultural and Ecosystem Resilience through Ecosystem based Adaptation Agroforestry

Proposed by the AE UNEP, this project would also benefit a number of African nations, Zambia included. It encompasses a number of small, cross-cutting projects, the objectives of which are to increase the agricultural and ecosystem resilience of 1,125,000 vulnerable small-scale farm households, covering an area of approximately 1,000,000 hectares, and to enhance carbon sinks across 8 counties through Ecosystem-based Adaptation. Specifically, the project will make use of locally-appropriate agroforestry systems ("EverGreen Agriculture"), a highly cost- effective intervention.

B. KEY FINDINGS

1. PROCESS AND OPERATIONS

KEY QUESTION 2: TO WHAT EXTENT DO GCF'S ORGANISATIONAL STRUCTURE AND PROCESSES FACILITATE EFFECTIVE AND EFFICIENT IMPLEMENTATION OF THE ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM (ESMS), WHILST PROMOTING COUNTRY OWNERSHIP AND ALIGNMENT WITH THE COUNTRY'S NATIONAL CONTEXT?

2.1. Are the responsibilities for all stakeholders under the ESMS clearly defined and fit-for-purpose with regard to the ESS process?

The mission engaged with the NDA (established within the Ministry of National Development Planning) about its role and how the GCF could support it further to strengthen and expand its role. Its role in supporting the GCF ESS system was one component of this engagement.

The key points discussed at the wrap-up meeting were:

- The NDA is the mainstay of the GCF relationship with the country. So how can GCF enhance the NDA's role to enable it to, for example, engage with CSOs, monitor existing projects, support candidate AEs. It was recognised that there are a variety of expectations by different stakeholders;
- The question was raised as to how can the NDA ensure better CNs come before the technical committee;
- It was noted that some clients do not have adequate capacity and so need guidance but does the NDA have the necessary capacity to provide it. The potential for support under the Readiness programme for capacity development for the NDA to improve its own capacity and that of technical committee; also, there is the potential for AE support; as well as improved pipeline development;
- The question was raised as to whether the NDA has adequate knowledge of ESS to advise clients and could benefit from support from GCF;
- It was noted that there is a challenge for the NDA to find suitable AEs to take on good project concepts;
- It was agreed that there is a need to focus on potential for NDA to facilitate candidate AEs in the accreditation process, including in the area of ESS policy and capacity. This would require more guidance from GCF on policies and requirements;
- There was concern about what was the NDA's post approval role with AEs: what was the mandate and what capacity and resources are needed.

The mission also had extensive discussions with UNDP about its role in carrying out its responsibilities under the GCF ESS policy and ESMS. UNDP had strong views about its experience of working under the GCF ESMS requirements. The following is a summary of the wrap-up meeting conclusions:

- UNDP expressed a strong view that GCF ESS requirements are redundant in the case of UNDP as its own ESS system has been accredited and is broadly equivalent and significantly raise transaction costs in project preparation;
- UNDP argued that that GCF should not review ESMP/ESMFs but trust the UNDP to follow its own ESS policy;

- UNDP raised concerns about the value of GCF comments on ESMP/ESMF in relation to the GCF's ESS requirements;
- There was also a question about whether ESS standards in their current form were appropriate for this type of project – programmatic, small scale activities, community based;
- There was frustration about the timeliness of GCF comments, for example on the APR.

The mission also met with FAO and WFP which are both GCF AEs and are partners with UNDP for the GCF project. As such, they are familiar with the GCF ESS requirements, have their own ESS policy and standards and were involved with the ESS element of the project preparation. In the case of FAO, they expressed the opinion that the GCF ESS requirements might not be well suited to a project such as this, owing to the scale and nature of the project activities.

Finally, the mission engaged with the EE, the Ministry of Agriculture, and one of its partners, the Water Resources Management Authority. The Ministry expressed some frustration about a lack of direct communication with GCF about GCF's requirements, including ESS. It holds the view that GCF's main communication is with UNDP HQ and raised the question as to what extent the UNDP CO is well briefed on the GCF ESS requirements. Also, it has a concern that UNDP may be inclined to take on some of the project implementation responsibilities, although there was no suggestion that would affect the ESS activities. The Ministry did not comment on whether it shared these views with the NDA.

2.3. How effective is the accreditation process in terms of assessing the capacity of prospective AEs with regard to ES policy/standards?

The mission met the three current candidate DAEs:

- The Ministry of Finance
- The Development Bank of Zambia
- Zanaco – a Zambian commercial bank

The aforementioned three institutions have quite different characteristics, capacities and track record in relation to GCF Accreditation criteria, including the ESS requirements. A government entity, not normally responsible for implementing projects, and drawing its policy commitments relevant to ESS requirement from other parts of the government, does not fit the normal model of an AE. A state owned development bank is more aligned with the GCF AE model but is likely to lack the internal capacity and track record to fulfil the accreditation requirements fully. A local commercial bank with limited if any project finance activities is likely to be highly challenged to meet the typical AE model, including the ESS requirements.

Each institution expressed frustration with the Accreditation process. They felt the process was unduly onerous. In each case, it is over a year since launching their application but none have progressed beyond Stage 1. In one case, the first response of the GCF Secretariat was 70 pages long. All highlighted the lack of guidance from GCF on how they can respond to the GCF ESS requirements given their specific institutional identity. It was noted that IP requirements were not relevant to the Zambian context and their approach to Labour requirements was to comply with national legislation. It also appears that little if any dialogue has taken place with the Secretariat to facilitate the process so that their application can respond to GCF requirements in a manner that fits their institutional identity.

In one case, the Development Bank of Zambia highlighted that they had benefitted to some degree from the process so far. They had identified gaps in their ESS policy and capacity and embarked on measures to address them, by means of technical assistance under a World Bank project currently

underway. All candidates noted the efforts of the NDA to provide some assistance including facilitating dialogue with DAEs from other countries. However, the candidates, when asked, noted that there had been little specific focus in discussions with the NDA on any possible opportunity of assistance via the Readiness programme. Essentially, they did not know much about the readiness programme.

2. PROJECT DESIGN AND APPROVAL

KEY QUESTION 3. TO WHAT EXTENT HAS THE GCF ESMS BEEN EFFICIENTLY AND EFFECTIVELY INCORPORATED IN PROJECT DESIGN AND APPROVAL?

3.1 How effectively is the ESMS applied to concept notes and funding proposals? What are the differences between the Simplified Approval Process (SAP) and the Project Approval Process (PAP)? What are the differences between public and private sector operations?

3.2. How effectively and efficiently has the ESMS been applied in the approval process and Funded Activity Agreements (FAAs), and to what extent do projects seek to achieve co-benefits?

While Key Question 3 was not included under the Country Case Study Protocol document, following to the information provided during the country mission, it was decided to address both questions under Key Question 3 accordingly and in an integrated manner.

The mission has taken note of the preparation by UNDP of an ESMF to apply to specific project activities that will be implemented as part of the overall project that may have significant environmental or social risks. This was prepared in compliance with UNDP's Social and Environmental Standards. The FAA includes such covenants as are normal to ensure that the ESMF is implemented during the lifetime of the project.

Based on limited evidence from the mission, it appears that sensitivity to ESS issues is well integrated into the project, for example in relation to the possible environmental risks arising from alternative production to be adopted by beneficiary farmers, such as goat production. It is also evident that community level ESS committees are being established within communities that are beneficiaries of the project – responsible for monitoring and reporting on any incidence of environmental or social impacts affecting local communities arising from project activities.

The mission has also noted that the African Development Bank has prepared an ESMF in compliance with its Integrated Safeguards System to establish the procedures by which ESIAs/ESMPs will be prepared for the individual renewable energy investments once they are identified and prepared for funding approval. These will then be presented to the Bank's Board for approval. This ESMF has been reviewed by the GCF Secretariat according to its ESMS requirements. The IEU mission was unable to interview the African Development Bank further about the process of meeting the GCF's ESS requirements and no further information was available.

The mission met with a number of CSOs with a range of programmes and activities focused on the need to engage with community organisations about vulnerabilities to climate change and need for greater capacity and empowerment to facilitate their contribution to current and future GCF projects. In one case, the Zambia Institute for Environmental Management reported that it had commented on the ESMF for the UNDP project, with a focus on community engagement.

3. PROJECT IMPLEMENTATION

KEY QUESTION 4: HOW EFFICIENT AND EFFECTIVE HAVE THE GCF'S ES POLICY/STANDARDS BEEN IN PREVENTING/MANAGING/MITIGATING ADVERSE ENVIRONMENTAL/SOCIAL IMPACTS AND IN IMPROVING ENVIRONMENTAL/SOCIAL BENEFITS DURING THE IMPLEMENTATION OF GCF PROJECTS? (E.G. RESULTS MANAGEMENT FRAMEWORK (RMF), ANNUAL PERFORMANCE REPORTS (APRS), INDEPENDENT REDRESS MECHANISM (IRM) DATABASE/REPORTS)

The mission was unable to address this question owing to the very limited period that the project has been under implementation.

The project has submitted one APR which indicated that there was very little to report on the implementation of the ESMF as project activities had not been launched which were likely have a significant environmental or social risk. Nevertheless, UNDP expressed its frustration with the GCF Secretariat's comments on the ESS content in the APR, and especially their timeliness.

4. LIKELY RESULTS AND IMPACTS OF GCF INVESTMENTS

KEY QUESTION 5: TO WHAT EXTENT HAVE THE GCF'S ES POLICY/STANDARDS HELPED TO STRENGTHEN THE CAPACITY OF AES (INTERNATIONAL AND COUNTRY LEVEL) NDAS AND EXECUTING ENTITIES (EES) TO MANAGE/MITIGATE SOCIAL AND ENVIRONMENTAL RISKS AND TO IMPROVE ENVIRONMENTAL/SOCIAL BENEFITS?

5.1. To what extent have the capacities of AEs, NDAs and EEs been strengthened in terms of preventing/managing/mitigating adverse environmental/social impacts and in improving environmental/social benefits?

5.2. To what extent has the GCF contributed to the improved and strengthened capacity of AEs, NDAs and EEs in terms of monitoring social and environmental risks and benefits?

Regarding Key Question 5 for the case of Zambia it was not possible to assess to what extent had the GCF Environmental Safeguards standards and policy have contributed to strengthening the capacity of the AE, NDA or EE at the national level to manage/mitigate social and environmental risks and in improving environmental/social benefits, as the project has been under implementation for a very short period of time.

APPENDIX A. LIST OF STAKEHOLDERS CONSULTED

The mission by Dr Jyotsna Puri, head GCF Independent Evaluation Unit, and Dr John Horberry, Consultant, took place from the 15th to the 20th July 2019. It was hosted by the National Designated Authority (NDA) in collaboration with the United Nations Development Programme (UNDP) Country Office. Only one GCF funded project is under implementation*: FP072: Strengthening climate resilience of agricultural livelihoods in Agro-Ecological Regions I and II in Zambia – UNDP*. Another project is awaiting an agreed FAA before getting under way: *FP080: Zambia Renewable Energy Financing Framework – African Development Bank*.

The mission had extensive engagement with UNDP, its project partners and the Executing Agency – Ministry of Agriculture – including a field visit to one of the districts where implementation has begun – Chongwe District.

However, the mission was unable to engage adequately with the African Development Bank country office, although there had been discussions before the mission with the project Task Manager at African Development Bank HQ.

Additionally, the mission engaged with three candidate DAEs and a number of CSOs.

Executing entities (EEs)

Name of Interviewee(s): Rasford Kalamatila

Institution: Ministry of Agriculture

Position: Chief Agricultural Engineer

United Nations Development Programme (UNDP) Country Office

Israel Dessalegne, Acting Resident Representative

Benjamin Larroquette, Regional Technical Advisor Climate Change Adaptation (Addis Ababa)

Winnie Musonda, Assistant Resident Representative

Rosaline Sinemani, Acting Deputy Resident Representative

Eric Chipeta UNDP Programme Analyst, Energy and Environment

Maziko Phiri GCF/ United Nations Development Programme, Project Manager

National Designated Authority (NDA)/UNDP Start-up Meeting at the Ministry of National Development Planning

Francis Mpambe, National Designated Authority, National Coordinator, Ministry of National Development Planning

Eric Chipeta, United Nations Development Programme, Programme, Analyst, Energy and Environment

Maziko Phiri, GCF/ United Nations Development Programme, Project Manager

Rasford Kalamatila, Ministry of Agriculture

Ntazi Sinyangwe, National Designated Authority Monitoring & Evaluation specialist, Ministry of National Development Planning

Mildred Mulenga, National Designated Authority Public Relations Officer, Ministry of National Development Planning

Project partners

Food and Agriculture Organisation (Partner in GCF/UNDP Project)

Misael Kokwe, Technical Coordinator

Geoffrey Chomba, Assistant Food and Agriculture Organisation Representative

World Food Programme (Partner in GCF/UNDP Project)

Emmanuel Gondwe

Stanley Ndholu

Water Resources Management Authority (WARMA) (Partner with Min of Agriculture)

Lemmy Namayanga, Director Water Resources

Frank Nyoni, Project Focal Point for GCF/UNDP project

Representative of Zambia Meteorological Department

Candidate DAEs, CSOs and other stakeholders

Ministry of Finance- Candidate DAE

Nkumbu Zyambo

Ireen Fwalamaya

Chisanga Lusumpa

Zanaco- Candidate DAE

Andrew Muyaba

Muna Mulunda

Development Bank of Zambia-Candidate DAE

Mwembe Sichula

Samantha Okpara

Moses Msiska

Zambia Institute of Environmental Management

Morgan Katati

Non-Governmental Gender Organisations Coordination Council

Engwase Mwale

Emelda Banda

Groups Focused Consultations

Field Phiri

Henry Mulenga

Community Market for Conservation COMACO
Dale Lewis

Zambia Climate Change Network
Monica Chundama, Chairperson
Steven Nyirenda, National Coordinator

Field Visit. Chongwe District
Robster Mwanza, District Commissioner

African Development Bank
Kenan Lungu, Project Coordinator. Renewable Energy

APPENDIX B. LIST OF DOCUMENTS CONSULTED

Green Climate Fund (October 2015) 'Readiness Proposal with the Ministry of Finance for the Republic of Zambia'

Green Climate Fund (February 2017) 'Republic of Zambia Country Programme'

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