

ENHANCING THE CLIMATE RATIONALE FOR GCF PROPOSALS

March 2020



Executive Summary

This briefing outlines what the climate rationale in a GCF proposal is and identifies some key elements that enhance the climate rationale. These elements include but are not limited to:

- Climate impacts to be addressed
- Vulnerabilities and risks of the climate impacts to human wellbeing
- Emission trajectories for mitigation projects
- Pathways to shift the emission trajectories for mitigation projects
- Assessment of adaptation options based on priorities
- How the proposed intervention fits into broader domestic and international policies and decision-making processes.

The Green Climate Fund (GCF) seeks to fund projects and programmes that support developing countries to address climate change and achieve a paradigm shift towards low emission and climate resilient development, considering the needs and priorities of those countries most vulnerable to climate change impacts.

Accessing the fund requires project proponents to submit a GCF project proposal that meets GCF requirements. Among those requirements are:ⁱ

- A response to the six GCF investment criteria which form the basis of the approval process that enables the Board to make funding decisions regarding project and programme funding proposals.ⁱⁱ The investment criteria are listed below with brief explanations of each criterion. A separate Climate Analytics [briefing](#) includes a more detailed discussion of the investment criteria.
- An explanation of how the proposed activities will achieve the objectives of the project and contribute to the overall aim of creating a paradigm shift towards low emission and climate resilient development. This can be done through a results management framework, which is also helpful in responding to the paradigm shift potential investment criterion.
- Promoting and mainstreaming gender in project activities, demonstrated either through the results management framework using indicators to show how the project promotes or addresses gender inclusivity, or through a gender action plan which is not mandatory but highly recommended.
- Ensuring that the project adheres to environmental and social safeguards through an assessment of the environmental and social risks associated with the project's activities. The GCF has adopted the International Finance Corporations Performance Standards as part of this effort.

How can this briefing help you?

In addition to including some key elements which are shared in another Climate Analytics [briefing](#), GCF project proposals should include a Climate Rationale as well in order to have a higher chance of being successful. Feedback from some SIDS and LDCs suggests that building a climate rationale can be challenging. This briefing aims to de-mystify the climate rationale process and provide some guidance on how to enhance the rationale.

Table of Contents

| | |
|--|----|
| Executive Summary | 2 |
| Box 1. GCF Investment Criteria..... | 4 |
| Importance of the Climate Rationale to meet GCF proposal requirements | 5 |
| Box 2. GCF Guidance for the Climate Rationale | 5 |
| The Climate Rationale | 5 |
| Common climate rationale challenges | 6 |
| Challenges in the SIDS and LDCs context | 6 |
| Key Elements for a GCF Climate Rationale | 7 |
| How to build a robust climate rationale | 7 |
| Box 3. Elements for the Climate Rationale..... | 7 |
| Box 4. Guiding questions to build the climate rationale | 7 |
| Step One: Conduct desk research/literature review on climate impacts and vulnerabilities for adaptation projects..... | 8 |
| Box 5. Climate Analytics tools..... | 8 |
| Step Two: Assess vulnerability..... | 9 |
| Box 6. PAS-PNA Project and vulnerability assessments | 10 |
| Box 7. Vulnerability Assessment stages..... | 10 |
| Step Three: Prioritization of adaptation actions | 11 |
| Box 8. Adaptation Map Tool | 11 |
| Case studies that demonstrate the need for strong climate rationales | 12 |
| CASE STUDY: Funding proposal F058: Responding to the Increasing Risk of Drought: Building Gender-responsive Resilience of the Most Vulnerable Communities | 12 |
| CASE STUDY: Funding proposal F101: Resilient rural Belize (Be-Resilient) | 14 |
| CASE STUDY: Funding proposal F112: Addressing climate vulnerability in the water sector (ACWA) | |
| 15 | |
| Resources | 16 |

Box 1. GCF Investment Criteriaⁱⁱⁱ

- 1) **Impact Potential:** Quantitative and qualitative information on the potential impact of project/programme, e.g. tonnes of CO₂e avoided or reduced, number of beneficiaries, number of people affected by climate impacts.
- 2) **Paradigm shift potential:** Potential for project to catalyse action beyond the GCF-funded project. Proponents must specify how the project or its activities can be scaled up or replicated, as well as plans for knowledge sharing and how the project contributes to national policies and strategies or regulatory frameworks. Innovative aspects of the project, e.g. promoting new business models should also be highlighted, along with how the project creates an enabling environment for further climate-related activities.
- 3) **Sustainable development potential:** Provide information on how the project aligns with the Sustainable Development Goals (SDGs), especially those which are priority for the country seeking funding. Include quantitative information, backed by solid evidence, of the social, environmental and economic benefits of the project, e.g. number of jobs created, number of women and girls benefited.
- 4) **Needs of the recipient:** Identify vulnerabilities and exposure of the target areas or populations, highlight financing barriers and need for institutional capacity building, and such information should be backed by sound evidence.
- 5) **Country ownership:** Demonstrate how the proposal aligns with national policies, strategies and/or frameworks, e.g. alignment of project activities with achievement of the NDC. Highlight stakeholder engagement with national and local stakeholders, e.g. national ministries, the Accredited Entity, the National Designated Authority, as well as civil society, academia and other stakeholders for the particular project.
- 6) **Efficiency and Effectiveness:** Explain the economic and financial viability of the project/programme by including economic and financial analyses. The proposal should also specify co-financing and/or return on investment where applicable.

Importance of the Climate Rationale to meet GCF proposal requirements

To increase chances of success, project proposals submitted to the GCF should highlight the need for climate finance and include clear explanations of how the proposed activities are climate related. Project proponents should therefore include a climate rationale in a GCF proposal, which is meant to explain, as clearly as possible, the climate impacts or risks that the proposed activities address, or how the project reduces emissions and shifts to a low emissions pathway.^{iv} The climate rationale should also describe what would occur in the absence of the project and justify why the project proponent decided to pursue the specific activities in the proposal.

The climate rationale as discussed in this briefing, can bolster responses to some of the investment criteria, for example – a strong climate rationale will enhance the response to the needs of the recipient criterion as it identifies vulnerabilities and other barriers to implementation of the proposed project. A thorough climate rationale will also contribute to the impact potential criterion as the climate rationale process often identifies information on people affected by climate impacts, from an adaptation perspective.

This briefing is targeted at Small Island Developing States (SIDS) and Least Developed Countries (LDCs) and provides guidance on how to build a robust climate rationale. It highlights some tools available to SIDS and LDCs to collect climate data and inform vulnerability assessments, both of which are crucial aspects of the climate rationale for a GCF proposal that is adaptation focused or includes adaptation activities. The focus of the briefing leans more to adaptation than mitigation as building a strong climate rationale for adaptation projects proves to be more challenging, especially in capacity constrained countries. Finally, the briefing includes some examples of GCF proposals with highly rated climate rationales, which include elements described in the briefing.

The Climate Rationale

The climate rationale in a GCF proposal provides the underpinning to ensure a specific project responds directly to climate change challenges. It gives a scientific basis for evidence-based climate decision making and relies on past and current data on the climate system as well as predictions and projections, grounding the activities/project in the best available climate data and science.^v It is meant to help those assessing GCF proposals understand how the proposed activities align with the aims of the GCF. In order to be successful, GCF proposals need a strong and robust explanation of the climate impacts and risks to be addressed, or the emissions pathways to be shifted.

The climate rationale description, as requested in the [GCF proposal template](#), requires access to sound climate science and data. Specifically, for adaptation projects, the climate rationale of a

Box 2. GCF Guidance for the Climate Rationale

Describe the climate change problem the proposal is expected to address. Describe the mitigation needs (GHG emissions profile) and/or adaptation needs (climate hazards and associated risks based on impacts, exposure, and vulnerabilities) that the proposed interventions are expected to address. Also describe the most likely scenario (prevailing conditions or other alternative) that would remain or continue in the absence of the proposed interventions. Include baseline information. The methodologies used to derive the climate rationale should be included in the feasibility study.

*Source: GCF proposal template
<https://www.greenclimate.fund/library/-/docs/list/574044>*

GCF proposal relies on clear information on climate risks, vulnerabilities and impacts and the proposal should explain how the proposed interventions will address such risks and vulnerabilities. The scientific data used to develop the climate rationale will also be valuable for informing future policies beyond the proposed intervention(s), thus enhancing country ownership - which is GCF operation's cornerstone.

Common climate rationale challenges

Challenges with separating development from adaptation have been discussed in Structured Dialogues with National Designated Authorities (NDAs) and Accredited Entities in relation to developing GCF projects and formulating the climate rationale. For example, at a GCF convened workshop on strengthening the adaptation rationale in proposals, there was a specific session dedicated to how to separate low emission climate-resilient development from traditional development.^{vi} Adaptation and development can be strongly intertwined on the ground and the same intervention or measure can contribute to both, adaptation and development. At its simplest, what distinguishes adaptation from development is that an adaptation response is clearly tied to an observed or projected impact of climate change.

However, experience of submitted funding proposals, as well as discussions in the climate finance field reveal that there can be strong interrelations, and intrinsic difficulties in distinguishing between, adaptation and development. Thus, while climate and development aspects are often strongly interlinked, highlighting the specific climate impacts that a proposed adaptation project responds to is an essential element in the development of a successful GCF proposal. Projects proponents will separately have to explain the development co-benefits of the project/programme as this is also part of the sustainable development potential investment criterion. Mitigation projects can face similar challenges with regard to clearly separating mitigation activities from development activities.

Challenges in the SIDS and LDCs context

While this briefing gives guidance on building a robust climate rationale, it recognizes that the GCF must remain aware of the challenges that developing countries face with climate science and data. In many cases, SIDS and LDCs do not have access to this data due to capacity and resource constraints, especially in the case of historical climate data. It is therefore sometimes extremely difficult for SIDS and LDCs to include the kind of scientific evidence suggested by the GCF. However, the GCF has undertaken some activities to assist countries with improving their access to climate data.

The Secretariat hosted a Technical Expert Workshop on adaptation finance, which identified areas for strengthening climate rationales and enabled in-depth technical focus on key bottlenecks including development of projects with strong climate rationale.^{vii} The report out of the Technical Expert Workshop on adaptation rationales mentioned above highlights that the GCF provides financial support for the development of National Adaptation Plans (NAPs) and/or other adaptation planning processes through which countries can develop the scientific basis of the climate adaptation rationale. It also mentions that the GCF is providing support to countries

to have better data and climate information through various strands of efforts, including investments to develop projects on climate information and data systems and infrastructure. ^{viii}

Key Elements for a GCF Climate Rationale

When considering what elements to include in a climate rationale, it is necessary to understand the GCF's aim for including a climate rationale. According to the GCF, the climate rationale aims to:^{ix}

- 1) Establish credible climate science and evidence, robust assessment of exposure, impacts, vulnerability and disaster risks in the context of adaptation as well as accurate determination of greenhouse gas emission trajectories, their sources and assessment of effective mitigation options with best practical abatement potential;
- 2) Develop a set of optimal interventions that collectively and comprehensively address underlying climate risks and maximizes sustainable development benefits, and
- 3) Integrate interventions into the broader national and international policy and decision-making processes for long-term low-emission climate resilient development to meet the commitments under the United Nations Framework Convention on Climate Change (UNFCCC) and related other global agenda.

How to build a robust climate rationale

Box 3. Elements for the Climate Rationale

- *Climate impacts to be addressed;*
- *Vulnerabilities and risks of the climate impacts to human wellbeing;*
- *Emission trajectories for mitigation projects;*
- *Pathways to shift the emission trajectories for mitigation projects;*
- *Assessment of adaptation options based on priorities;*
- *How the proposed intervention fits into broader domestic and international policies and decision-making processes.*

Source:

[https://www.greenclimate.fund/documents/20182/1270184/GCF_B.21_Inf.08 - Steps to enhance the climate rationale of GCF-supported activities.pdf/625a3b8c-d0b2-792e-b587-3ecdd2230a96](https://www.greenclimate.fund/documents/20182/1270184/GCF_B.21_Inf.08_-_Steps_to_enhance_the_climate_rationale_of_GCF-supported_activities.pdf/625a3b8c-d0b2-792e-b587-3ecdd2230a96)

Box 4. Guiding questions to build the climate rationale

- *Why is this project/programme important for the country, the population and the economy to address climate change?*
- *What types of observed changes are climate-related in the target region(s)?*
- *To what extent are these changes attributable to the impacts of climate change for the sector and the different socio-demographic groups in the target region(s)?*
- *What are the projected climate change impacts likely to occur in the intervention area and during the project (by 2030 or 2040 for example)?*
- *What interventions are proposed and taken into account to address climate change related impacts?*
- *How does the (adaptation) project/programme address sensitivity and/or adaptive capacity?*

Source: Steps to enhance the climate rationale of GCF-supported activities, The Green Climate Fund. Available here:

[https://www.greenclimate.fund/documents/20182/1087995/GCF_B.20_Inf.11 - Steps to enhance the climate rationale of GCF-supported activities.pdf/1a99d5f7-cadd-e7e8-5b4a-e7af2d7d0d29](https://www.greenclimate.fund/documents/20182/1087995/GCF_B.20_Inf.11_-_Steps_to_enhance_the_climate_rationale_of_GCF-supported_activities.pdf/1a99d5f7-cadd-e7e8-5b4a-e7af2d7d0d29)

Step One: Conduct desk research/literature review on climate impacts and vulnerabilities for adaptation projects

Conducting desk research and/or undertaking a literature review is a first step to developing a sound climate rationale. This will help project proponents understand climate impacts and vulnerabilities faced by the country or region. This research should provide existing information on climate impacts and help to clarify exactly what the proposed intervention(s) is (are) meant to address, as well as identify any gaps in data and information regarding the activity/project.

The Accredited Entity (AE) along with the National Designated Authority (NDA) play an important role in this step. Undertaking this desk research/literature review can be a joint effort between the AEs and NDAs, which includes mobilizing resources to do the research, coordinating with other government bodies and stakeholders to collect information and build a strong evidence base for the GCF proposal.

When undertaking the literature review, project proponents should look for studies with climate data trends, climate impacts, emissions trajectories and pathways, vulnerability assessments and other sound scientific studies relating to the project/activity and its target area. The recipient country may already have some very useful information in existing documents such as in NAPAs, NAPs, Nationally Determined Contributions (NDCs), National Communications (NATCOM), national climate change strategies, policy frameworks, existing studies on climate change in the country, and communications and reporting to the UNFCCC. Linking information related to the climate impacts or emissions trajectories highlighted in a proposal from these existing documents and reports will provide a foundation for building a solid climate rationale. Climate Analytics has developed several tools that could be helpful in collecting scientific information and/or climate data.

Box 5. Climate Analytics tools

For example, the [Regioclim tool](#) is an online tool that gives non-expert users simple access to regional climate projections for all African countries for five climate indicators: temperature, hot extremes, precipitation, wet extremes and 5-day wet extremes. Its key feature is the ability to access projections not just at the national but also at the province level.⁵ The Regioclim tool could give quantitative information on projected changes as a result of climate change, which will strengthen the climate rationale of projects that focus on the climate impacts which the Regioclim tool addresses. Following a similar structure, the [RegioCrop tool](#) provides access to projected regional yield changes across Africa. Further tools, including RegioWater, are under development.

Another example of climate data that can be used to strengthen the climate rationale of projects/programmes where sea level rise is an important climate impact is the Local Sea Level Rise tool produced by Climate Analytics. [Local SLR](#) allows you to see how much sea levels are projected to rise around the globe at different levels of warming. The projections are available at the local level.⁵ This information can enhance the vulnerability discussion by identifying exactly how much sea level rise is projected which can in turn inform about which areas and populations will be affected as a result. The Regioclim model, mentioned above, also offers projections to identify areas with high vulnerability to various climate impacts and can also be used to enhance the vulnerability discussion.

After this stage, project proponents should have identified key literature and data supporting the proposed activities. This information will be used to build a narrative in response to section B1 of the GCF funding proposal, i.e. a description of the climate change problem, the context and the related/proposed interventions. The literature and data should explain or support the climate change problem that the proposal is supposed to address; for example, if the proposal aims to reduce vulnerabilities in the water sector, the literature and data should identify such vulnerabilities and the proposal should explain how the proposed activities address them. Building this narrative will require some synthesis of information and clear presentation of data. For mitigation projects, data on emissions trajectories and historical emissions trends will boost the climate rationale. It is important to include or describe methodologies used in collecting data, as well as to highlight information on target areas or populations that are affected or will benefit from the interventions/activities. The information gathered in this step should be structure in a way that justifies the need for GCF funding for the specific proposal.

It is possible that this step will highlight gaps in data, scientific assessments and literature. It is important to work to fill these gaps as the climate rationale is based on robust evidence. If the feedback from the GCF suggests strong potential for the project to receive GCF funding, project proponents may wish to pursue GCF Readiness funding and the Project Preparation Fund to fill data gaps. Filling those gaps might involve conducting a vulnerability assessment for different sectors as explained in the next section. The GCF Readiness programme also funds the development of National Adaptation Plans (NAPs), which provides a good start to collecting the climate-related evidence for a GCF proposal in several ways. With regard to data and an evidence base for GCF proposals, elements of a NAP include assessments of information related to climate change impacts, vulnerability and adaptation and measures taken to address climate change. Project proponents and NDAs may wish to undergo this process using Project Preparation funds and Readiness funding in order to build an evidence base for future GCF proposals.

Step Two: Assess vulnerability

Vulnerability assessments in the context of adaptation to climate change help to identify groups, sectors and regions most susceptible to climate impacts and therefore provide important information on priority areas and the kinds of adaptation responses needed.^x The assessment will give results on exposure and sensitivity to different climate risks and also allow prioritization of interventions depending on risks and probability of impacts. The vulnerability assessment comes prior to the development of a climate change adaptation plan and/or an adaptation project.^{xi} Including results from vulnerability assessments significantly enhances the climate rationale, as such information highlights the most susceptible population groups and regions. It also provides a basis to address limitations in adaptive capacity, which is an important ingredient to successful adaptation. Vulnerability assessments are thus crucial to building a strong climate rationale, with a view to understanding socio-economic mechanisms that exacerbate climate impacts on the ground.

Climate Analytics and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), through the [Support Project for Science-based National Adaptation Planning in francophone Sub-Saharan African Least Developed Countries \(PAS-PNA\)](#), accompanies government and scientific actors in the formulation, implementation, monitoring and evaluation of the NAP process, and engages with wider stakeholders from civil society and the private sector.

Box 6. PAS-PNA Project and vulnerability assessments

The main aims of the PAS-PNA project mentioned previously are to strengthen national science-policy interfaces and increase the capacity and efficiency of science-based NAP formulation.

Climate Analytics has undertaken vulnerability studies in three Sub-Saharan LDCs, namely Benin, Burkina Faso and Senegal for different sectors (agriculture, water resources, health, coastal zone, economy), through a participatory approach and a capacity building process.

A vulnerability assessment first provides information on the exposure to a changing climate in the future in a specific region. This may include collecting information on the temperature and rainfall using climate modeling, and showing linkages to global climate change. Next, a vulnerability assessment highlights the impact of climate change on a specific sector, region and/or population. The vulnerability assessments done under the PAS-PNA project in Senegal for the agriculture sector, used crop modeling to show the decrease of the crops yields in a context of rising temperature and increased rainfall variability in a specific region.

Box 7. Vulnerability Assessment stages

The general framework for a vulnerability assessment has four stages, each of which consists of multiple steps. The following table, provides a broad overview of the framework for climate change vulnerability assessments. More information can be found here: https://www.adaptationcommunity.net/?wpfb_dl=236

Table 1: Framework for climate change vulnerability assessments

| | Stages | Steps | |
|--------------------------------------|---|--|-------------------|
| Involvement of relevant stakeholders | 1. Defining the purpose of the vulnerability assessment | Formulate questions to be answered by the assessment | Iterative Process |
| | 2. Planning the vulnerability assessment | 1. Set the boundaries of the vulnerability assessment 2. Define the general approach of the vulnerability assessment | |
| | 3. Assessing current vulnerability | 1. Assess the profile of the system of interest 2. Assess the observed climate (exposure) 3. Assess the impacts of climate stimuli on the system of interest (sensitivity) 4. Assess the responses to climate variability and extremes (adaptive capacity) 5. Assess overall current vulnerability | |
| | 4. Assessing future vulnerability | 1. Assess the future climate (future exposure) 2. Assess the future impacts on the system of interest (sensitivity) 3. Assess future socio-economic scenarios (adaptive capacity) 4. Assess the overall future vulnerability | |

The stages listed in box 7 should be linked to step 1 of this briefing, i.e. conducting a literature review and collecting data on climate impacts and vulnerabilities. Step 1 discusses using the results of existing vulnerability assessments to collect information on climate impacts, trends and how target areas/populations are affected. Such assessments should have included the steps mentioned in box 7. If there are no existing vulnerability assessments that fit the context of the proposed activities, project proponents may wish to undertake an assessment using the stages in box 7.

Stakeholder engagement should be considered as a critical aspect of steps 1 and 2. A multi-stakeholder process can support the development of the climate rationale as local stakeholders such as academics, universities, and non-governmental organizations can contribute to the desk/literature review and the vulnerability assessments in the ways described above. Engaging stakeholders during these processes also ensures well-informed decision making and can increase access to data and information necessary to build a strong climate rationale. For example, some national and local institutions may have already completed studies and papers on vulnerability to different climate change impacts or on options for reducing carbon dioxide emissions.

Step Three: Prioritization of adaptation actions

With adaptation projects, another helpful explanation to include in the climate rationale is a justification of why the project proponent chose or prioritized specific options/interventions. The prioritization builds on the assessments of projected impacts and vulnerabilities, by identifying the sectors most at risk and therefore in need of adaptation. It should also clearly show how the identified adaptation solution addresses these underlying climatic and socio-economic drivers of risk in order to reduce the observed or projected losses and damages. This justification may involve different kinds of cost analyses, e.g. [cost-benefit analysis and multi-criteria analysis](#) and an examination of the barriers to particular options and how the proposal intends to address such barriers. This explanation also requires some risk assessment/management discussion.

Project proponents may rely on information from the desk/literature review, including national documents, policies and strategies, as well as from the vulnerability assessments to guide them through prioritization of actions, as that information can help identify those sectors that are facing the highest climate risks. Climate Analytics' Adaptation Map Tool can help provide some information on available documents in this context.

Processes need to be in place to assess the various adaptation options based on the vulnerability assessments and to select the most feasible and important ones given climate impacts, risks, barriers and national priorities and policies. Such processes require capacity at the national level to identify adaptation options, weigh them against each other, prioritize the most strategic and sustainable ways forward, and then implement adaptation action.^{xii}

Box 8. Adaptation Map Tool

In the context of identifying national climate change documents, an available tool that may be useful for Caribbean SIDS and some African countries is the [Adaptation Map Tool](#) created by Climate Analytics. The tool provides an overview of adaptation actions in 11 countries in West Africa and the Member States of the Caribbean Community (CARICOM) since 2010. It is not an exhaustive list but rather a collection of documents that were used for a specific study conducted in 2018. Its main purpose is to act as a library, fostering inter-regional learning on adaptation action. The map includes national documents, e.g. policies but does not include domestically funded projects. Adaptation actions are categorized by country (regional actions are also included) and by sector. The map includes policies, strategies, programs and projects. Adaptation actions are categorized by country (regional actions are also included) and by sector.

Prioritizing options should be done in a manner that is well-informed by science and policy, stakeholder engagement and economic and vulnerability assessments. Countries seeking GCF funding should use the necessary tools to undertake this kind of prioritization. As mentioned above, the GCF has undertaken exercises and directed investments to help countries with processes like prioritization and data collection.^{xiii}

As an example, a recent Adaptation, Prioritization and Cost study conducted by Climate Analytics assessed adaptation plans, projects and policies in Caribbean SIDS to understand how available guidance on adaptation was used in the identification and prioritization of adaptation actions.^{xiv} The study found that 51% of the 89 adaptation documents assessed included some method to evaluate, prioritize or weigh costs of the adaptation actions identified in the documents. The methods ranged from cost benefit analysis, expert analysis, cost-effectiveness analysis, multi-criteria analysis to stakeholder consultations and surveys. In situations with limited data, multi-criteria analysis was found to provide a feasible methodology for prioritization.

At the end of this step, project proponents should have identified the priority adaptation actions they wish to pursue, based on the relevant analyses. Once actions have been prioritized based on cost-effectiveness and other needs, the project proponents should be able to provide a clear justification for the selected activities.

Case studies that demonstrate the need for strong climate rationales

CASE STUDY: Funding proposal F058: Responding to the Increasing Risk of Drought: Building Gender-responsive Resilience of the Most Vulnerable Communities

| Basic information about the Project | |
|--|--|
| Location: Ethiopia, Africa / LDC Type of project: Adaptation Beneficiaries (approx.): 1.32 million Accredited Entity: Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia (MOFEC) Access Modality: Direct National | Financing: Public GCF Financing: Grant \$45m Co-Financing: Government of Ethiopia, Grant \$5.0 m Total project investment: \$50m |
| Project Summary | |
| <p>On the first submission, the Secretariat did not approve this project due to a weak climate rationale and lack of a cause-effect logic of the interventions. However, after taking on board comments and recommendations from the Board, ITAP and the Secretariat, the proposal was re-submitted by a different AE (direct access entity) with improvements that resulted in a clearer climate rationale and the project was approved</p> <p>Despite recognition of Ethiopia’s high climate change vulnerability (for example, the country, especially the most vulnerable population, has already been severely impacted by unpredictable droughts) and its increased climate change adaptation needs, after the first submission, the ITAP recommended that the project not be approved.</p> <p>On first submission, The ITAP stated that the project was too broad to produce concrete adaptation results. The project presented an extensive list of activities and impacts that ranged from agricultural</p> | |

productivity, reduced deforestation, the rehabilitation of degraded lands, increased participation in community planning, growth in private sector activities to the increased availability of proper financial services, among other impacts. The ITAP pointed out that even though the project implied that an integral approach is necessary for adaptation, the project included individual activities from different sectorial ministries in the selected districts without establishing a cause-effect relationship. The ITAP believed that undertaking that many activities at the district (*woreda*) level without aggregating or prioritizing elements of change would be ineffective.

The first proposal also lacked an integral socioeconomic analysis to help proponents prioritize interventions in a holistic manner. Instead the first proposal presented scattered interventions. The ITAP's opinion of the first proposal was that the disperse activities would not achieve aggregated results that led to economic benefits for the target communities and that the activities lacked co-benefits. The disconnected nature of the activities in the first proposal lost the perspective of ecosystem-based adaptation as the activities were more related to the logic of sectoral administrative sub-districts regimes (*kebeles*). The theory of change received critiques as well and the expected long-term changes lacked a discussion of long-term impacts and sustainability after project completion.

As a result of the ITAPs assessment, the Panel recommended that the project proponents enhance climate rationale, specifically with regard to prioritizing the interventions for addressing barriers based on a multi-criteria analysis of options. In general, the ITAP indicated that disperse activities will not necessarily improve the adaptive capacity of communities to climate change, unless they are undertaken with a cause–effect relationship and aggregating impacts.

Specific recommendations by the ITAP included:

- Focus on water infrastructure and management interventions. Water-related adaptation is of critical importance in the geographic area of the project.
- Prioritize water-related activities and develop a hydrological study to justify interventions, including the management and maintenance of the aquifer and the long-term sustainability of water basins under climate change scenarios.
- Prioritize other sectoral and landscape interventions, maybe dividing the investment in different coordinated interlinked projects and further elaborating on the overall impacts of the proposed interventions.
- Prioritize technologies and solutions that will help rural communities to adapt to climate change by examining economies of scale and developing market studies that prove socioeconomic viability.

The project proponents revised the proposal taking the ITAP's recommendations into account and submitted a second proposal with narrowed and prioritized activities. The three main activities (components) in the second proposal included: solar-powered water pumping and small-scale irrigation, the rehabilitation and management of degraded lands around the water sources and creating an enabling environment by raising awareness and improving local capacity.

This project was approved recognizing the urgency of the issues on climate change and drought in Ethiopia, with the following covenant and condition:

Covenant: The AE shall ensure that the GCF proceeds from the first disbursement will be exclusively used to finance components 2 and 3 of the project.

Condition: Prior to the second disbursement, the AE shall submit to the GCF the results of a completed water-balance study.

Lessons learned

This project's approval on subsequent submission demonstrates the following:

1. Focus project interventions on addressing specific climate-related challenges
2. Undertake economic, technical and multi-criteria analyses to prioritize interventions
3. Communicate with Secretariat at an early stage and consider feedback as a good proposal requires several revisions

Funding proposal F058 documentation available at: <https://www.greenclimate.fund/projects/fp058>

CASE STUDY: Funding proposal F101: Resilient rural Belize (Be-Resilient)

Basic information about the Project

| | |
|---|--|
| Location: Belize, Latin America and the Caribbean / SIDS | Financing: Public |
| Type of project: Adaptation | GCF Financing: Grant \$6.1m, Loan \$1.9m |
| Beneficiaries (approx.): 125,296 | Co-Financing: |
| Accredited Entity: International Fund for Agricultural Development (IFAD) | International Fund for Agricultural Development Loan \$8.0 m |
| Modality: International | Government of Belize Grant \$3.2 m |
| | Project participants Equity \$800.0 k |
| | Total project investment: \$20m |

Project Summary

This project aims to increase climate resilience of smallholder farmers in Belize. The specific impacts addressed include negative consequences on agricultural yields of important commodities for the country. The project will develop climate-proof selected value chains (six vegetables, one fruit, and bee keeping) for smallholder farmers. The project will also increase access to markets through rehabilitation of critical infrastructure and work with producers' organizations and local communities to meet their needs in addressing the climate change impacts.

The project has three components. Component 1 has three outputs: development of infrastructure and production plans; strengthening of producers' organizations; and development of value chains. The project intends to use GCF funding for a climate vulnerability assessment, an analysis of value chains, and a market assessment, as well as to develop value chains, including through a matching grant fund (MGF). Component 2 aims to improve both agricultural productivity and market access through rehabilitation and provision of new roads as well as drainage and irrigation infrastructure. This intervention will use GCF funding to cover additional costs for climate proofing of infrastructure.

The budget presented details on the use of GCF funding with 30% of the total cost of roads rehabilitation and 70% of small-scale irrigation and drainage infrastructure. During the review process, the AE strengthened the climate rationale by adding a description of the additional climate proofing activities that would be carried out under for this component, which was deemed satisfactory by the Secretariat and the ITAP. Finally, component 3 includes Cross-cutting activities and project management needed to support components 1 and 2, as well as to increase awareness and encourage beneficiaries to engage and participate in the proposed project.

Additionally, the project presents a theory of change which proposes solutions to support smallholder farmers in value chain development and market access. It shows clearly how existing constraints will be addressed for smallholders and producers' organizations in building resilience to climate change. According to the Secretariat's assessment, incremental reasoning is provided in a qualitative manner, with GCF funding to be used for resilient irrigation systems, tropical greenhouses, drainage, and

climate-proofing of infrastructure; while co-financing from the IFAD will support an increase in agricultural productivity. Significant efforts were made to revise the financing structure for GCF funding, from a pure grants request to a mix of grants and concessional loans.

Lessons learned

The proposal provides evidence of climate change impacts (increased variability of precipitation patterns) related to the decline in yields and loss in agricultural production.

Lessons learned:

1. GCF funding can be used to conduct vulnerability assessments and undertake other studies that provide evidence supporting the interventions
2. Include a clear understanding of the cause-and-effect logic of how climate change will cause specific impacts (in the case of adaptation)
3. Focus on specific interventions, identify target populations and explain how the interventions benefit the target populations
4. Include national stakeholders in development of proposal.

Funding proposal F101 documentation available at: <https://www.greenclimate.fund/projects/fp101>

CASE STUDY: Funding proposal F112: Addressing climate vulnerability in the water sector (ACWA)

Basic information about the Project

| | |
|--|---|
| Location: Marshall Islands, Asia-Pacific / SIDS | Financing: Public |
| Type of project: Adaptation | GCF Financing: Grant \$18.6m |
| Beneficiaries (approx.): 70,798 | Co-Financing: |
| Accredited Entity: United Nations Development Programme (UNDP) | Government of the Marshall Islands, Grant \$6.1 m |
| Access Modality: International | Total project investment: \$24.7m |

Project Summary

This project will increase the resilience of water resources for drinking and hygiene uses in the Marshall Islands. The project primarily focuses on the improvement and expansion of rainwater harvesting systems and storage capacity to supply at least 20 litres per person per day in 77 rural communities on 23 of the outer islands and atolls of the Marshall Islands.

According to the ITAP and Secretariat assessments, this project has a clear climate rationale. The project clearly explains the existential threat of sea level rise (which increases the risk of overtopping events that destroy the islands' freshwater aquifer lenses) to the habitability of the nation's outer islands and also describes lengthening droughts that will exhaust the islands' present rainwater storage capacity. Rainwater harvesting is a necessary and cost-effective investment to ensure the continued availability of drinking water to residents of the outer islands and atolls.

The project presented scientific evidence on climate projections and indicates that both drought frequency and duration are likely to increase in the future due to climate change. Therefore, RMI must increase investments in both drought preparedness and drought response. The GCF would be financing the additional costs of adaptation that occur as a result of climate change.

The ITAP stated that the project has high crosscutting impact potential. Main social and economic co-benefits include improved health and well-being, temporary construction jobs, and development of a market for rainwater harvesting equipment and services. With a small economy like RMI's, there will also be some economic benefit from the local spending generated by the project, although this effect is temporary and should not be overstated.

The ITAP requested that the project proponent submit the rooftop and water tank volume calculations for the new communal RWH systems (which were not submitted in the initial proposal). The proponent submitted these calculations for each zone of influence. The ITAP reviewed these calculations and concluded that the design proposed is consistent with the average amount of rainfall, available rooftop surface and proposed water storage tank volume.

According to the Secretariat, the project may contribute to testing the viability and cost-effectiveness of rainwater harvesting in Pacific SIDS, many of which are low-lying territories highly vulnerable to even modest sea level rises, allowing for lessons learned.

Lessons learned

1. Include scientific evidence on climate projections
2. Layout specific negative consequences of climate impacts to be addressed
3. Communication with Secretariat can improve proposal quality

Funding proposal F112 documentation available at: <https://www.greenclimate.fund/projects/fp112>

Resources

ⁱ Fayolle, V. and Odianose, S. (2017) Green Climate Fund Proposal toolkit 2017. London: Acclimatise and Climate and Development Knowledge Network. Available here: <https://cdkn.org/wp-content/uploads/2017/06/GCF-project-development-manual.pdf>

ⁱⁱ Green Climate Fund Investment Framework. Available here: https://www.greenclimate.fund/documents/20182/24943/GCF_B.07_06_-_Investment_Framework.pdf/dfc2ffe0-abd2-43e0-ac34-74f3b69764c0

ⁱⁱⁱ GCF Investment Criteria Indicators. Available at: https://www.greenclimate.fund/documents/20182/1424894/GCF_B.22_05_-_Investment_criteria_indicators.pdf/3bd307ff-d213-266a-de74-bbb28cda2bc0

^{iv} Steps to enhance the climate rationale of GCF-supported activities (2018), The Green Climate Fund. Available here: https://www.greenclimate.fund/documents/20182/1087995/GCF_B.20_Inf.11_-_Steps_to_enhance_the_climate_rationale_of_GCF-supported_activities.pdf/1a99d5f7-cadd-e7e8-5b4a-e7af2d7d0d29

^v Ilaria Gallo, Climate Rationale: Strengthening evidence-based adaptation planning and decision making, WMO. Available here: https://www.globalsupportprogramme.org/sites/default/files/uploaded-images/climate_rationale_wmo_gallo_ilaria_1.pdf

^{vi} Green Climate Fund International Technical Workshop Adaptation Rationale for Project Pipelines and other Climate Investment. Available here: https://www.greenclimate.fund/documents/20182/1336355/2018_Adaptation_Rationale_Workshop_-_Workshop_Report.pdf/53b7d382-7b71-36f0-8c71-7db98a23e0c8

^{vii} Steps to enhance the climate rationale of GCF-supported activities (2018), The Green Climate Fund. Available here: https://www.greenclimate.fund/documents/20182/1087995/GCF_B.20_Inf.11_-_Steps_to_enhance_the_climate_rationale_of_GCF-supported_activities.pdf/1a99d5f7-cadd-e7e8-5b4a-e7af2d7d0d29

^{viii} Green Climate Fund International Technical Workshop Adaptation Rationale for Project Pipelines and other Climate Investment. Available here: https://www.greenclimate.fund/documents/20182/1336355/2018_Adaptation_Rationale_Workshop_-_Workshop_Report.pdf/53b7d382-7b71-36f0-8c71-7db98a23e0c8

Green Climate Fund project portfolio for different funding proposal documentation. Available here: <https://www.greenclimate.fund/what-we-do/projects-programmes>

^{ix} Steps to enhance the climate rationale of GCF-supported activities (2018), The Green Climate Fund. Available here: https://www.greenclimate.fund/documents/20182/1270184/GCF_B.21_Inf.08_-_Steps_to_enhance_the_climate_rationale_of_GCF-supported_activities.pdf/625a3b8c-d0b2-792e-b587-3ecdd2230a96

^x A Framework for Climate Change Vulnerability Assessments. Deutsche Gesellschaft Für Internationale Zusammenarbeit (GIZ) GmbH, India, 2014. Available at: https://www.adaptationcommunity.net/?wpfb_dl=236

^{xi} A Framework for Climate Change Vulnerability Assessments. Deutsche Gesellschaft Für Internationale Zusammenarbeit (GIZ) GmbH, India, 2014. Available at: https://www.adaptationcommunity.net/?wpfb_dl=236

^{xii} Deploying Adaptation Finance for Maximum Impact: Moving Beyond the Adaptation v. Development False Dichotomy, World Resources Institute. Available here: <https://wriorg.s3.amazonaws.com/s3fs-public/wri-commentary-adaptation-finance.pdf>

^{xiii} Green Climate Fund International Technical Workshop Adaptation Rationale for Project Pipelines and other Climate Investment. Available here: https://www.greenclimate.fund/documents/20182/1336355/2018_Adaptation_Rationale_Workshop_-_Workshop_Report.pdf/53b7d382-7b71-36f0-8c71-7db98a23e0c8

^{xiv} Thomas, Adelle & Shooya, Omagano & Rokitzki, Martin & Bertrand, Maria & Lissner, Tabea. (2019). Climate change adaptation planning in practice: insights from the Caribbean. Regional Environmental Change. 10.1007/s10113-019-01540-5.