Funding Proposal

FP 061: Integrated physical adaptation and community resilience through an enhanced direct access pilot in the public, private, and civil society sectors of three Eastern Caribbean small island developing states

Antigua and Barbuda, Dominica, Grenada| Department of Environment, Ministry of Health and Environment, Government of Antigua and Barbuda (DOE_ATG) | Decision B.19/12

16 March 2018

GREEN CLIMATE FUND

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Funding Proposal

Version 1.1

The Green Climate Fund (GCF) is seeking high-quality funding proposals.

Accredited entities are expected to develop their funding proposals, in close consultation with the relevant national designated authority, with due consideration of the GCF's Investment Framework and Results Management Framework. The funding proposals should demonstrate how the proposed projects or programmes will perform against the investment criteria and achieve part or all of the strategic impact results.

Project/Programme Title:	Integrated physical adaptation and community resilience through an enhanced direct access pilot in the public, private, and civil society sectors of three Eastern Caribbean small island developing states
Country/Region:	Eastern Caribbean
Accredited Entity:	Department of Environment, Antigua and Barbuda
Date of Submission:	31 July 2016

GREEN CLIMATE FUND

Contents

Note to accredited entities on the use of the funding proposal template
- Sections **A, B, D, E** and **H** of the funding proposal require detailed inputs from the accredited entity. For all other sections, including the Appraisal Summary in section F, accredited entities have discretion in how they wish to present the information. Accredited entities can either directly incorporate information into this proposal, or provide summary information in the proposal with cross-reference to other project documents such as project appraisal document. - The total number of pages for the funding proposal (excluding annexes) is expected not to exceed 50.

Please submit the completed form to:

fundingproposal@gcfund.org

Please use the following name convention for the file name:
"[FP]-[Agency Short Name]-[Date]-[Serial Number]"

A.1. Brief Project / Programme Information	
A.1.1. Project / programme title	**Integrated physical adaptation and community resilience through an enhanced direct access pilot in the public, private, and civil society sectors of three Eastern Caribbean small island developing states**
A.1.2. Project or programme	Project
A.1.3. Country (ies) / region	**Antigua and Barbuda, Dominica and Grenada – members of the Organization of Eastern Caribbean States (OECS)**
A.1.4. National designated authority (ies)	**Antigua and Barbuda NDA** Ministry of Finance Kevin Silston Deputy Financial Secretary Parliament Drive, St. John's, Antigua Tel.: +1 268 Email: kevin.silston@gmail.com Department of Environment Ministry of Health and the Environment Her Excellency Ambassador Diann Black-Layne Director of the Department of Environment and Ambassador for Climate Change #1 Victoria Park Botanical Gardens, Factory Rd., St. John's, Antigua W.I. Tel.: +1 268 462 4625 Fax: +1 268 462 6265 Email: antiguabarbudaenvironmentdivision@gmail.com Email: dcblack11@gmail.com **Dominica NDA** Ministry of Finance Mr. Samuel Carrette Chief Development Planner 5th Floor, Financial Centre Kennedy Avenue, Roseau, Commonwealth of Dominica Tel.: +1 767 266 3221; +1 767 266 3561 Fax: +1 767 448 0054 E-mail: carrettes@dominica.gov.dm E-mail: finsecfinance@gominica.gov.dm **Grenada NDA** Ministry of Economic Development, Planning, Trade, Cooperatives and International Business Mr. Timothy Antoine Permanent Secretary Financial Complex, Carenage St. George's, Grenada Tel.: +1 473 440 2928; +1 473 440 2731; +1 473 440 2732 Fax: +1 473 440 4115 E-mail: psfinancegrenada@gmail.com
A.1.5. Accredited entity	**Department of Environment, Ministry of Health and the Environment, Antigua and Barbuda**
A.1.5.a. Access modality	☒ Direct ☐ International
A.1.6. Executing entity / beneficiary	Executing Entities: ✓ Department of Environment, Antigua and Barbuda ✓ Ministry with responsibility for Environment, Grenada ✓ Ministry with responsibility for Environment, Dominica

		In addition to the executing entities, a number of potential service providers have been identified at this stage (see Table 4). Beneficiaries: Vulnerable populations in Antigua and Barbuda, Dominica and Grenada
A.1.7. Project size category (Total investment, million USD)		☐ Micro (≤10) ☐ Small (10<x≤50) ☐ Medium (50<x≤250) ☐ Large (>250)
A.1.8. Mitigation / adaptation focus		☐ Mitigation ☒ Adaptation ☐ Cross-cutting
A.1.9. Date of submission		Initial submission: 31 July 2016 Second submission: 17 July 2017 Third submission: 15 September 2017
A.1.10. Project contact details	Contact person, position	Ms. Joan Carrott Permanent Secretary Ministry of Health and the Environment High Street, St. John's, Antigua Ms. Lia Nicholson Project Consultant Project Management Unit (PMU) Department of the Environment Factory Road St. John's, Antigua
	Organization	Department of Environment Ministry of Health and the Environment
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	Telephone number	Tel.: +1 268 462 4625 Fax: +1 268 462 6265
	Mailing address	#1 Victoria Park Botanical Gardens, Factory Rd., St. John's, Antigua W.I.

A.1.11. Results areas *(mark all that apply)*

Reduced emissions from:

- ☐ Energy access and power generation
  (E.g. on-grid, micro-grid or off-grid solar, wind, geothermal, etc.)
- ☐ Low emission transport
  (E.g. high-speed rail, rapid bus system, etc.)
- ☐ Buildings, cities and industries and appliances
  (E.g. new and retrofitted energy-efficient buildings, energy-efficient equipment for companies and supply chain management, etc.)
- ☐ Forestry and land use
  (E.g. forest conservation and management, agroforestry, agricultural irrigation, water treatment and management, etc.)

Increased resilience of:

- ☒ Most vulnerable people and communities
  (E.g. mitigation of operational risk associated with climate change – diversification of supply sources and supply chain management, relocation of manufacturing facilities and warehouses, etc.)

☐	Health and well-being, and food and water security (E.g. climate resilient crops, efficient irrigation systems, etc.)
☒	Infrastructure and built environment (E.g. sea walls, resilient road networks, etc.)
☒	Ecosystem and ecosystem services (E.g. ecosystem conservation and management, ecotourism, etc.)

A.2. Project / Programme Executive Summary (max 300 words)

Please provide a brief description of the proposed project/programme, including the objectives and primary measurable benefits (see investment criteria in section E). The detailed description can be elaborated in section C.

GCF's Request for Proposals for Piloting Enhanced Direct Access

In 2016, the Green Climate Fund announced a pilot initiative for Enhancing Direct Access with the objective of the pilot to allow the GCF to effectively operationalization its enhance direct access modality at the sub-national, national and regional levels with different types of public and private entities.

This includes devolved decision-making and stronger local multi-stakeholder engagement. The pilot phase will offer the GCF an opportunity to gain experience and additional insights through such an approach, with a view to establishing EDA as a standard operational modality of the Fund.

This project is in response to the request for proposals (RfP) issued by the GCF in July 2016, and is designed to meet the stated objectives of the RFP, namely: to enhance country ownership of projects and programmes by devolving decision making at country level, thereby allowing greater involvement and input from impacted stakeholders. Unlike the traditional direct access modality, there will be no submission of individual projects or programmes to the Fund because decision-making for the funding of specific pilot activities will be devolved to the country level.[1]

A table of how this EDA proposal meets the criteria set out in the GCF Enhancing Direct Access (EDA) Request for Proposals is provided in *Annex 2. Alignment of the Enhancing Direct Access proposal for the Eastern Caribbean against GCF Request for Proposals criteria*.

Integrated physical adaptation and community resilience through an enhanced direct access pilot in the public, private, and civil society sectors of three Eastern Caribbean small island developing states

The proposed project is designed to enhance country ownership of adaptation in three small island states by devolving decision making to the country and community level, thereby allowing greater involvement and input from communities vulnerable to climate change. The problem that this project seeks to address is that the Eastern Caribbean pilot countries of Antigua and Barbuda, Dominica and Grenada are suffering from loss of property, life and well-being due to climate variability and climate-induced extremes. Climate change is already leading to increased frequency and intensity of extreme weather events. Over the past 50 years, approximately US$3 billion in losses are attributed to the consequences of natural hazards in the Eastern Caribbean alone. If this trend continues, the Eastern Caribbean sub-region will face potential losses of US$350-870 million per year[2].

In September 2017, according to preliminary estimates, Antigua and Barbuda has experienced damages totaling over USD 102 million; changes in flow (losses) over USD 20 million; and its estimated recovery needs are USD 152.5 million (12% of Gross Domestic Product). The housing sector accounted for half of all damages and recovery needs. For Dominica, estimates of the total damage of Hurricane Maria could reach in excess of 200 percent of GDP or approximately US$1.3 billion. Dominica's GDP in 2016 is USD 525 million. Dominica is among the lowest GDP per capita ranking in the Caribbean region with GDP per capita of US$6,460.

[1] GCF EDA Request for Proposals: http://www.greenclimate.fund/documents/20182/318991/2016_EDA_RFP.pdf/406a5b0b-c4f9-4784-813a-ef90a966f3c6 Accessed 4 September 2017
[2] http://www.climateinvestmentfunds.org/ Accessed 4 September 2017

Climate trends for the Eastern Caribbean sub-region are: between 1 and 4°C warmer by the end of the century; average annual rainfall is projected to decrease by the end of the century, however rainfall variability is projected to increase, with more intense downpours and extended drought conditions; and hurricane intensity is likely to increase, with estimates of 5 – 15% increased intensity[3].

The resulting fiscal losses from recurrent disasters, coupled with the ongoing effects of climate change, have greatly contributed to unsustainable budgetary deficits and imposed significant negative constraints to economic growth. The Eastern Caribbean pilot countries are vulnerable to climate change because the adaptation infrastructural works, which require large up-front overhead costs, cannot be downscaled in proportion to population size of these small islands. This is a major socioeconomic reality that confronts small islands, notwithstanding the benefits of adaptation. Moreover, the relative impact of an extreme event such as a hurricane affects most of island's territory and has a disproportionate impact on gross domestic product, compared to a larger country where an individual event generally affects a small proportion of its total territory and its GDP[4].

The result is relatively higher adaptation and disaster risk reduction costs per capita in countries with small populations and areas—especially those that are also geographically isolated, have a poor resource base, and have high transport costs.

Project Objectives and Strategy

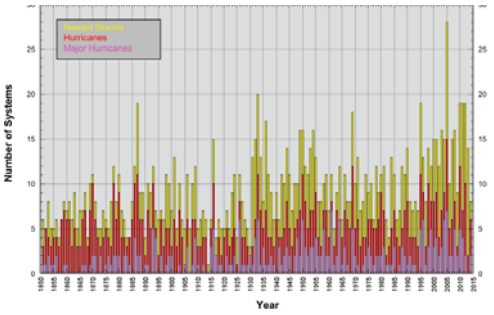
The objective of this project is to strengthen institutional capacities and increase the resilience of at least 5% of the population in the Eastern Caribbean pilot countries to climate variability and change, of which 50% are women, through adaptation in infrastructure, strengthened buildings, and enhanced ecosystem services.

The outputs of the project are:

***Output 1**: Enhanced capacity for climate adaptation planning, implementation, and monitoring and evaluation via direct access*. This will operationalize and strengthen direct access modalities in each of the small island pilot countries to strengthen financial institutions, promote openness, transparency and country ownership of climate adaptation actions across sectors and scales (national, community and individual)

***Output 2**: Governments implement concrete adaptation measures using ecosystem-based approaches where appropriate.* This will demonstrate enhanced direct access in the public sector through an on-granting mechanism that aligns GCF-financed concrete local area adaptation projects to climate-proof ongoing investments and co-financing from the Government

Steady increase in Atlantic storm count (1850 – 2014)



Key information

% of pop. with increased resilience:	5 %
% female:	50 %
# new entities accredited:	3
# strengthened financing mechanisms:	6
GCF contribution (million USD):	20
Financial instrument:	Grant

Counterpart, leveraged financing and in-kind support:	(million USD)
Government co-financing	6
Civil society organizations	1.5
Private sector (households, MSMEs)	11
Total	**18.5**

IPCC Climate Projections for the Eastern Caribbean (by end of century):

- Increase in hurricane intensity between 5% and 15%
- Temperature rise of between 1 and 4°C
- Average annual rainfall could decrease by by up to 40%
- Increased rainfall variability, more extremes (flood and drought)
- 1 meter sea level rise

Key timelines

April 2016:	First EDA consultations
July 2016:	Concept submission to GCF
February 2017:	Baseline studies completed
July 2017:	Full proposal submission to GCF

[3] CARIBSAVE, 2015. National Vulnerability Impact and Adaptation Analysis for Antigua and Barbuda. Prepared with funding from UN Environment-ROLAC.
[4] IPCC, 2007. AR5 WGII Chapter 29 (Small Island Developing States)

Output 3*: Community resilience to climate impacts is enhanced through tangible adaptation benefits*. This will demonstrate enhanced direct access for CSOs and NGOs through an on-granting mechanism for adaptation in community buildings that promotes resilience to droughts, floods and hurricanes

Output 4*: Privately owned physical assets of vulnerable populations are more resilient to climate variability and change through concessional microfinancing.* This will demonstrate enhanced direct access in the private sector through a concessional on-lending revolving loans programme for adaptation in buildings (homes and small businesses)

The most prevalent barriers identified in the baseline studies were:

#1: Adaptation that 'leaves no one behind'. Low-income households and vulnerable groups suffer disproportionately from climate impacts; access to finance is difficult; volatile asset value due to climate extremes and unaffordable insurance.

#2: Financing for adaptation in public, private and civil society sectors. Lack of capacity and institutional structures to directly access international climate change financing; lack of predictability and timeliness in the delivery of climate finance; disbursement rates as low as 10% of approved climate finance in pilot SIDS.

#3: High per capita losses and costs of climate recovery. Adaptation that involves infrastructural works requires large up-front costs, which in the case of SIDS can't be downscaled in proportion to the population size.

This project is designed to address barriers to climate action in the country context of the pilot SIDS. The proposal presents an opportunity for the direct access accredited entity to work with in Antigua and Barbuda, Dominica and Grenada to move beyond the financing of individual climate change projects towards a more comprehensive, stakeholder driven and programmatic approach to projected climate impacts, which is based on transparent criteria and strengthening of financial institutions to support implementation of national priorities that are aligned with the GCF's investment criteria and results management framework, the Paris Agreement and the UNFCCC.

The private sector targeted in this proposal are homeowners and small business owners whose property and assets are exposed to climate risks. This group has difficulty accessing credit at affordable rates to prepare for climate variability and change, are generally indebted due to past losses and damages, and suffer from high costs of electricity and water. As a result of these multiple threats, this target group is at risk of falling below the poverty line due to a natural disaster or slow onset climate impacts.

EDA as a Foundation for Transformational Change

The OECS region is striving to transform its planning and housing systems in order to build resilience to climate change. The goal of promoting transformative change and paradigm shift in the case of this EDA proposal is defined as: "institutionalizing transparent decision-making and financing mechanisms that will increase the amount of funding reaching the bottom of the pyramid to allow for rapid uptake of complementary and transformative adaptation actions that will advance the global goal of the Paris Agreement, in a manner that respects and supports stakeholders' capacity for change". The transparent decision-making and financing mechanisms supported by the EDA will support a paradigm shift by channeling climate finance, acting as a link between international climate finance flows and domestic policies and priorities, leveraging private sector involvement in climate activities, and increasing domestic coordination of financial flows for climate and environment, including from complementary domestic sources.

The primary measurable benefits for the US$20 million EDA project that will contribute to transformative change are:

1. Accreditation of 3 direct access entities in the Eastern Caribbean, including for on-lending accreditation
2. 6 transparent sustainable financing mechanisms for supporting adaptation in the OECS sub-region meet GCF criteria
3. At least 5% of the total population in the three pilot countries benefits directly from EDA activities, of which 50% is female (direct beneficiaries include those under Output 3 (on-granting) and Output 4 (on-lending))
4. 90% of beneficiaries believe project-related decision making is inclusive and responsive, by sex, age, disability and population group

5. Local knowledge products and public awareness products for a wide audience reach over 50,000 people
6. At least 100 people are trained to identify, prioritize, implement, monitor and evaluate adaptation strategies and measures
7. 300 vulnerable households and 100 businesses use Fund-supported microfinancing to respond to climate variability and projected climate change, of which approximately 40% are female-headed

Alignment with GCF Investment Criteria

Impact potential	Approximately 13,200 direct project beneficiaries, totaling 5% of the population of the three pilot SIDS, will benefit from increased resilience to projected climate impacts.
Paradigm shift	The Enhancing Direct Access proposal will contribute to conditions for effective and sustained participation in climate resilient development that go beyond the life of the project, with new and strengthened transparent sustainable financing mechanisms that can build confidence of the GCF and the population to program other GCF instruments.
Sustainable development	Currently, 10% of the population in the target SIDS are at risk of falling below the poverty line due to an extreme climate event. The EDA proposal will contribute to overall national and regional efforts to reduce economic losses due to climate impacts for beneficiaries.

Needs of recipient

	Antigua Barbuda	Dominica	Grenada
Size of Economy (USD)	1.45 billion	550 million	1.016 billion
Central Gov't debt (% GDP)	1.2 billion (83%)	352 million (64%)	900 million (88%)
Climate/disaster recovery as % of World Bank loan portfolio	N/A	72%	47%

data.worldbank.org

Country ownership	The EDA proposal has strong country ownership, which benefitted from GCF Readiness support. Ministers, NDAs, civil society and key stakeholders have been active in developing this country-driven proposal, coordinated by the Department of Environment in Antigua & Barbuda. DOE was accredited to the GCF in October 2017.
Efficiency and effectiveness	The proposal uses an innovative approach of the Revolving Fund to maximize impact and co-financing of a grant. The grant is necessary to pass on concessional and risky lending to vulnerable populations for whom repayment, even concessionary, may be difficult.

Figure 1. A snapshot of how EDA proposal responds to and is aligned with the GCF's Investment Criteria

The EDA project will achieve the primary measurable benefits with the requested USD 20 million in grants for the three pilot countries. The budget is transparently allocated with each country receiving the same amount of funding (USD 6 million per country), and within this amount, the sectoral budgets are broken down as follows: Governments 3 M, NGOs 1 M, and private sector 2 M. The project includes provisions for transparent budget line reallocation in consultation with the GCF under extreme circumstances, should one of the SIDS be unable to programme their allocation of resources under the project.

The project is anticipated to benefit from US$18.5 million in co-financing, in-kind support and leveraged funds. With USD 2 million to support capacity building of transparent decision-making processes, monitoring and evaluation, gender mainstreaming and other policy-level interventions, the remaining USD 18 million will be directly available to beneficiaries – a total of USD 6 million per pilot country.

The EDA project will use grants initially to reach the most vulnerable persons who are struggling in the current financing climate. Subsequent EDA submission intends to use instruments such as reimbursable grants, equity, concessional loans and guarantees. The use of grants in this first EDA is consistent with the risks in working with a new Fund such as the GCF, with a new modality that is being piloted via this RFP. If successful, the lessons learned will build confidence in the partnership between the Fund and the Direct Access entities within the region, promoting access to other financing instruments of the GCF.

A.3. Project/Programme Milestone	
Expected approval from accredited entity's Board (if applicable)	March 2017 (completed)
Expected financial close (if applicable)	dd/mm/yyyy
Estimated implementation start and end date	Project Inception: March – September 2018 Start: October 2018; End: November 2022
Project/programme lifespan	4 years

B.1. Description of Financial Elements of the Project / Programme

Please provide:

- *an integrated financial model in Section I (Annexes) that includes a projection covering the period from financial closing through final maturity of the proposed GCF financing with detailed assumptions and rationale; and a sensitivity analysis of critical elements of the project/programme*

- *a description of how the choice of financial instrument(s) will overcome barriers and achieve project objectives, and leverage public and/or private finance*

a breakdown of cost estimates for total project costs and GCF financing by sub-component in local and foreign currency and a currency hedging mechanism:
For example, under the component of drilling activity for a geothermal exploration project, sub-components would include civil engineering works, drilling services, drilling equipment and inspection test.

Rationale for grant financial instrument

This project's choice of financial instrument, a full grant request, is necessary for the project to overcome barriers confronting small island states and achieve the project's objectives to build resilience in vulnerable populations. The project is designed to maximize the impact of the grant financing through a Revolving Fund for enhancing direct access in the private sector. The private sector targeted in this proposal are homeowners and small business owners whose property and assets are exposed to climate risks, and who require upfront financing to implement cost-effective measures to protect their property from climate extremes.

The Revolving Fund, an unsecured, concessionary debt fund targeting vulnerable populations, is a quasi-debt/quasi-grant facility. The debt structure of the facility is primarily driven by the creation of new concessional financing by the recycling of the principal repayments of initial concessional financing through amortization – this process is known as the "revolver". The "grant" funding occurs through discretionary financing forgiveness and payment flexibility to certain categories of borrowers for whom repayment, even at concessionary rates may be difficult, instead of pursuing legal recourse against such defaulted borrowers.

The Revolving Fund will not be increasing its capital base through interest income returns. At the time of a natural shock such as post-disaster recovery, the Revolving Fund can aggressively "kick-in" with flexible payment structures and funding to home and business owners. The Revolving Fund will complement debt from the private sector, such as local banks. In the hierarchy of human needs, a climate resilient building to live and conduct business is a basic need; once this is met through the Revolving Fund, beneficiaries will be in a better position to increase productivity and borrow from local banks. For more information, see *Section E.6. Efficiency and effectiveness.*

Market demand for concessional loan financing – home and business owners

The market demand for the Revolving Fund loan in the three EDA countries is estimated at USD 213 million, which exceeds the USD 6 million that will be available in the EDA project. The analysis is provided in *Section C.5. Market Overview*.

Rationale for co-financing

Across sectors, the project is estimated to achieve US$18.5 million of counterpart financing and in-kind support, pending the further definition of interventions during implementation. This project is expected to leverage over US$11 million of private sector financing through repayments in the Revolving Fund structure in Output 4 over the course of 10 years. Civil society organizations will contribute an estimated US$1.5 million of their own financing and in-kind support to the interventions under Output 3. Governments are expected to provide counterpart and in-kind support of US$6 million for Output 1 and Output 2. For more information, see *Section E.6. Efficiency and effectiveness.*

The ability of the Governments and stakeholders to meet co-financing commitments depends on the exposure of the islands to extreme climate impacts. Natural disaster shocks in the Eastern Caribbean have resulted in lower growth scenarios and higher debt paths[5]. Each of the pilot countries have experienced devastating hurricanes, which have resulted in economic shocks, increased debt, and resulted in constrained fiscal space and debt restructuring programmes. In September 2017 alone, the Eastern Caribbean islands are estimated to have suffered losses of up to 200% GDP due to Category 5 hurricanes.

The Ministers of Environment in the participating countries at their annual meeting of the OECS Council of Ministers of Environmental Sustainability on 28 April 2017 in Grenada, "*endorsed* the recommendation that Member States urgently make available, to the extent possible, the necessary human resource, financial and material investments to effectively secure access to climate finance", including commitments from the three Governments to support this pilot Enhancing Direct Access modality[6].

[5] IMF, 2016. Grenada Debt Sustainability Analysis https://www.imf.org/external/pubs/ft/dsa/pdf/2016/dsacr16133.pdf Accessed 7 September 2017
[6] *Decision 2/COMES4*. 4th Meeting of the Council of Ministers of Environmental Sustainability, Grenada, April 27 – 28, 2017

Project Budget

Output	Sub-component (if applicable)	Activities	Amount (for entire project)	Currency	Amount (for entire project)	Local currency (ECD – Eastern Caribbean dollar)	GCF funding amount	Currency of disbursement to recipient
Output 1. Enhanced capacity for climate adaptation planning, implementation, and monitoring and evaluation via direct access	Sub-component 1.1 Capacity building to strengthen financial institutions, devolve decision-making, stakeholder engagement for transparency, and sustainable procurement	Activity 1.1. Appoint implementation, oversight and transparency mechanisms with adequate capacity Activity 1.2. Design a Sustainable Procurement system for construction supplies in pilot countries Activity 1.3. Support accreditation of direct access entities in the Eastern Caribbean	0.5	million USD ($)		1.355	0.5	million USD ($)
	Sub-component 1.2 Monitoring, evaluation and promoting learning	Activity 1.4. Facilitate effective monitoring and evaluation, and lessons learned consistent with an enhanced direct access approach	0.5	million USD ($)		1.355	0.5	million USD ($)
Output 2. Governments implement concrete adaptation measures using ecosystem-based approaches where appropriate	Sub-component 2.1 Public sector adaptation in Antigua and Barbuda, Dominica and Grenada	Activity 2.1. Competitively solicit priority interventions for adaptation in the public sector Activity 2.2. Undertake due diligence and studies on public sector adaptation interventions as needed	9	million USD ($)		24.39	9	million USD ($)

		Activity 2.3. Implement pilot approaches for adaptation in public infrastructure						
Output 3. Community resilience to climate impacts is enhanced through tangible adaptation benefits	Sub-component 3.1 Small grant facility for community adaptation in Antigua and Barbuda, Dominica and Grenada	Activity 3.1. Select community adaptation projects through a competitive small grants facility Activity 3.2. Communities implement adaptation projects with tangible benefits	3	million USD ($)		8.13	3	million USD ($)
Output 4. Privately owned physical assets of vulnerable populations are more resilient to climate variability and change through concessional microfinancing	Sub-component 4.1 Revolving Loans for adaptation in private buildings in Antigua and Barbuda, Dominica and Grenada	Activity 4.1. Launch the private sector Revolving Fund for adaptation in buildings Activity 4.2. Finance adaptation in buildings and manage repayments	6	million USD ($)		16.26	6	million USD ($)
Output 5. Project management	Sub-component 5.1 Project management consistent with an EDA programmatic approach		1.0	million USD ($)		2.71	1.0	million USD ($)
Total project financing			20	million USD ($)		54.2		

** Please expand the table if needed.*

A breakdown of cost/budget by expenditure type (project staff and consultants, travel, goods, works, services, etc.) and disbursement schedule in project/programme confirmation (term sheet) is included in section I, Annexes.

B.2. Project Financing Information

	Financial Instrument	Amount	Currency	Tenor	Pricing
(a) Total project financing	**(a) = (b) + (c)**	.....20.....	million USD ($)		
(b) GCF financing to recipient	(i) Senior Loans (ii) Subordinated Loans (iii) Equity (iv) Guarantees (v) Reimbursable grants * (vi) Grants *	....20.....	Options Options Options Options Options million USD ($)	(4) years	( ) % ( ) % ( ) % IRR
	** Please provide economic and financial justification in section F.1 for the concessionality that GCF is expected to provide, particularly in the case of grants. Please specify difference in tenor and price between GCF financing and that of accredited entities. Please note that the level of concessionality should correspond to the level of the project/programme's expected performance against the investment criteria indicated in section E.*				
	Total requested (i+ii+iii+iv+v+vi)	.....20.....	million USD ($)		

	Financial Instrument	Amount	Currency	Name of Institution	Tenor	Pricing	Seniority
(c) Co-financing to recipient	Options Options Options Options	....	Options Options Options Options	....	( ) years ( ) years	( ) % ( ) % ( ) % IRR	Options Options Options Options
	Lead financing institution:						
	** Please provide a confirmation letter or a letter of commitment in section I issued by the co-financing institution.*						
(d) Financial terms between GCF and AE (if applicable)	*N/A*						

B.3. Financial Markets Overview (not applicable)

Please fill out applicable sub-sections and provide additional information if necessary, as these requirements may vary depending on the nature of the project / programme.

C.1. Strategic Context

Please describe relevant national, sub-national, regional, global, political, and/or economic factors that help to contextualize the proposal, including existing national and sector policies and strategies.

Climate change is a serious and substantial threat to the economies of Caribbean nations, the livelihoods of communities and the environments and infrastructure across the region. The Eastern Caribbean SIDS targeted in this project are highly vulnerable to climate change: they are small and remote (<120,000 people per country), have a limited natural resource base (<800 km^2 total land mass), limited human capacity and technical capability, and fragile ecosystems. The Eastern Caribbean is already experiencing the effects of climate variability and change through damage from severe weather systems and other extreme events, as well as more subtle changes in temperature and rainfall patterns. Climate change effects are evident in the decline of some coastal tourism resources, but also in the socioeconomic sectors which support tourism, such as agriculture, water resources, health and biodiversity[7]. These effects will be magnified under projected climate scenarios for the sub-region.

Climate trends in the Eastern Caribbean include increased temperature, rainfall extremes (both drought and high intensity downpours) and more severe hurricanes. The Hadley Centre PRECIS (Providing Regional Climates for Impact Studies) regional model has 25-km resolution for the Caribbean region. PRECIS results for the Eastern Caribbean using SRES A2 (higher emissions) and B2 (lower emissions) scenarios are[8]:

1. Between 1 and 4°C warmer by the end of the century – the rate of increase in air temperature in the Caribbean during the 20th century exceeded the global average[9]
2. Average annual rainfall is projected to decrease by the end of the century
3. Rainfall variability is projected to increase, with more intense downpours and extended drought conditions
4. Hurricane intensity is likely to increase; increases in hurricane frequency are uncertain

Higher Temperatures: Health impacts, Risks and Adaptations measures

Recent epidemics in Latin America and the Caribbean underscore the risks of higher temperatures to human health, as transmission rates of vector-borne viruses are likely to increase under higher temperatures. Epidemiological research has linked dengue fever transmission to temperature, where warmer temperatures can shorten incubation periods from 12 days at 30°C to only 7 days at 32 – 35°C[10]. Chikungunya – a viral disease transmitted to humans by infected mosquitoes – spread rapidly across the Caribbean in 2013 and 2014. The Zika virus has already spread to Antigua and Barbuda and other Caribbean countries[11]. In addition, the IPCC's Chapter 29 on small islands found that in the Caribbean, the essential malaria transmission conditions now exist based on trends in the last 10 years[12].

[7] Simpson, M. C., Clarke, J. F., Scott, D. J., New, M., Karmalkar, A., Day, O. J., Taylor, M., Gossling, S., Wilson, M., Chadee, D., Stager, H., Waithe, R., Stewart, A., Georges, J., Hutchinson, N., Fields, N., Sim, R., Rutty, M., Matthews, L., and Charles, S. (2012). CARIBSAVE Climate Change Risk Atlas (CCCRA) - Antigua and Barbuda. DFID, AusAID and The CARIBSAVE Partnership, Barbados, West Indies.
[8] ECLAC, 2010. Regional Climate Modelling in the Caribbean: The PRECIS-Caribbean Initiative. Economic Commission for Latin America and the Caribbean, April.
[9] IPCC, 2007. AR5 WGII Chapter 29 (SIDS)
[10] ECLAC, 2010. Regional Climate Modelling in the Caribbean: The PRECIS-Caribbean Initiative. Economic Commission for Latin America and the Caribbean, April.
[11] Center for Disease Control and Prevention: Zika Travel Information. http://wwwnc.cdc.gov/travel/page/zika-information Accessed April 9, 2016.
[12] IPCC, 2007. AR5 WGII Chapter 29 (SIDS), p. 1625.

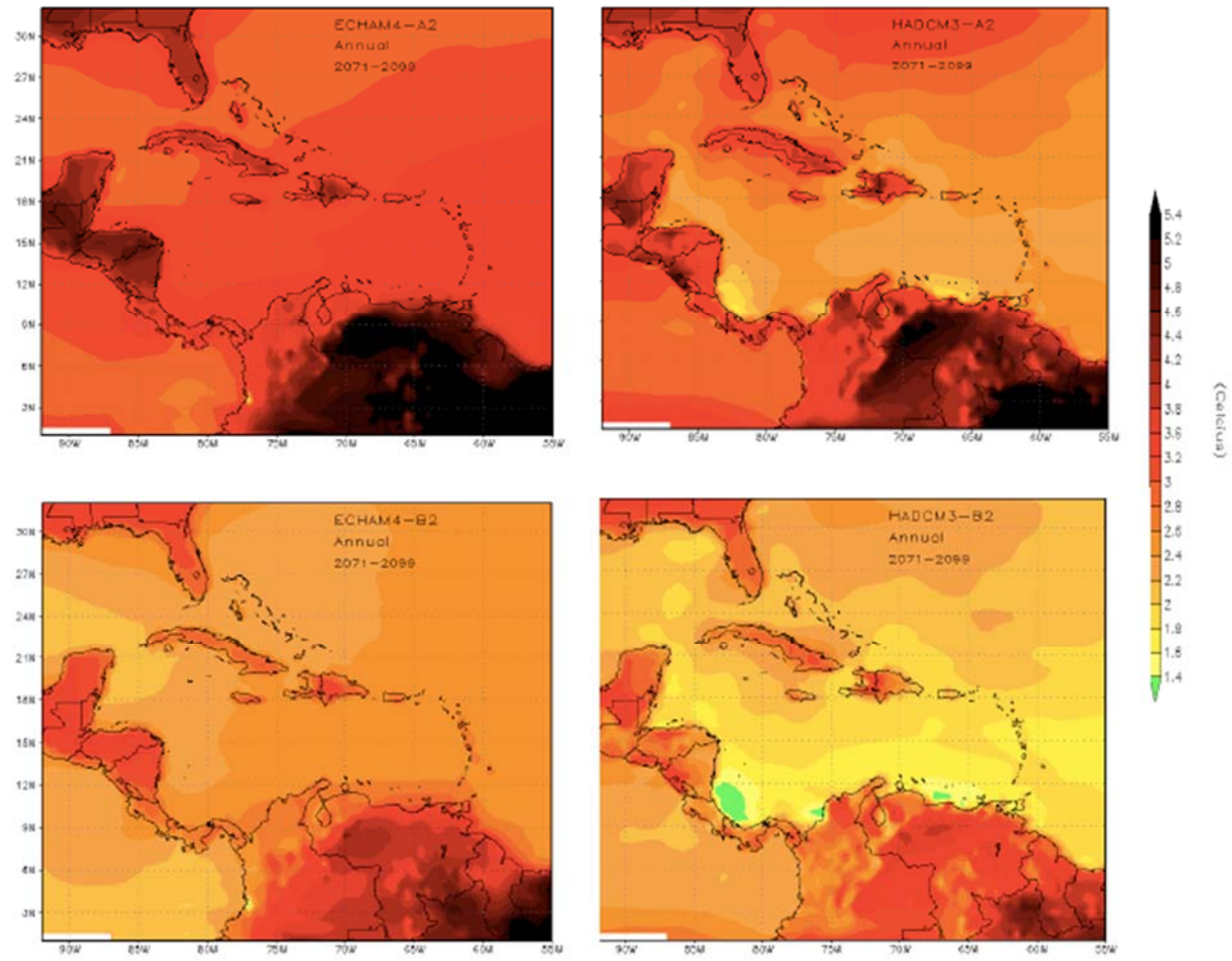


Figure 2. PRECIS regional climate model projected changes in the annual mean surface temperature for 2071-2099 (compared to 1961-1989) for high (top) and low emissions (bottom) scenarios for the Caribbean (ECLAC 2010)

Extreme Rainfall: The Dual Impacts of Drought and Flooding

Climate risk is not only associated with changes in mean values, but also (and perhaps more importantly) with changes in extremes. Due to the significant economic costs of flooding, increasingly studies across the Caribbean are focusing on projected rainfall extremes[13].

Drought leads to water shortages and poor sanitation practices at home, which have health impacts. Recent changes in the epidemiology of leptospirosis – a potentially fatal bacterial disease that affects humans and animals – have been detected, likely linked to factors in ambient temperature and changes in precipitation, and water availability[14]. Recent drought has caused the Government of Antigua and Barbuda to decide to increase desalination capacity to meet 100% of national needs.

[13] ECLAC 2010: PRECIS regional climate model
[14] Russell 2009 in IPCC AR5 WGII Chapter 29 (SIDS), p. 1624.

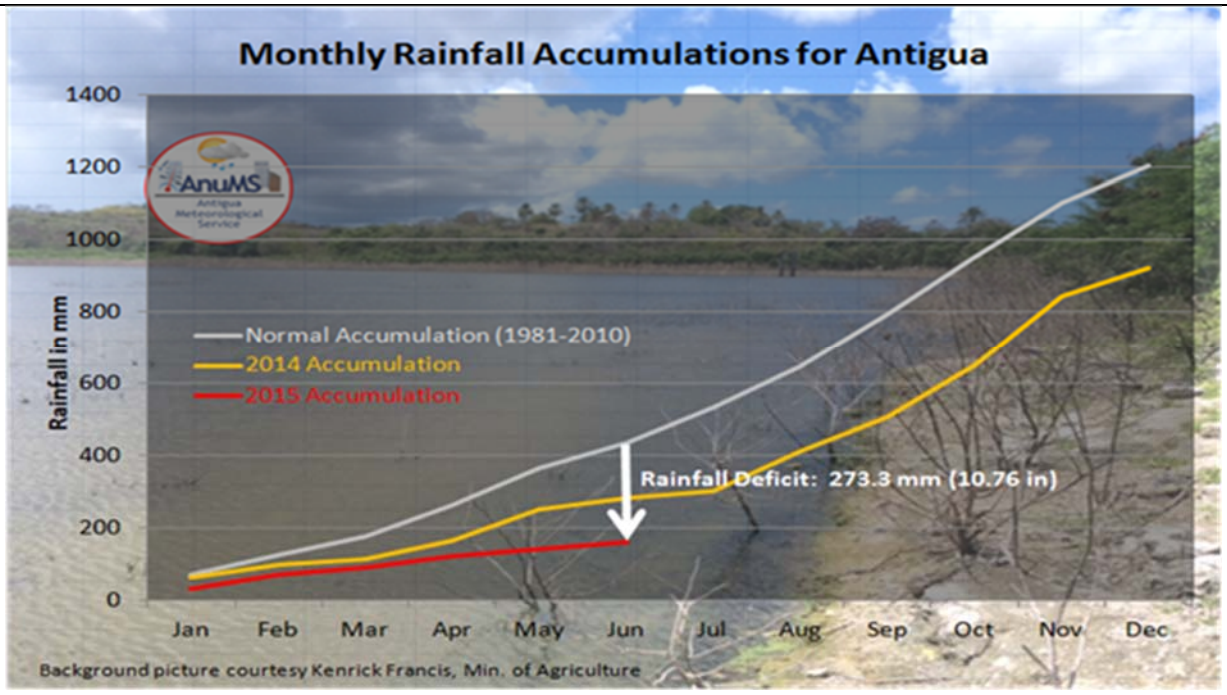


Figure 3. Extreme drought is projected to intensive for the Eastern Caribbean. Source: Antigua and Barbuda's Third National Communications to the UNFCC

The most recent drought in the Caribbean also impacted livestock populations and resultant value of meat production. As explained by in a weekly column on Veterinary issues, "at the Government Pound at Paynters says he is down to his last 100 bales of hay…Last year he made 15,000 bales of hay. This year he only managed 4,000."[15] The drought was not limited to Antigua and Barbuda; the Caribbean Disaster Emergency Management Agency (CDEMA) had to place Antigua and Barbuda, Barbados, Dominica, northern Guyana, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Trinidad and Tobago and northern Suriname on drought warning because the below-normal rainfall recorded during the previous dry and wet seasons, which resulted in a number of countries experiencing water shortages in 2015. CDEMA announced that 2015 was the driest year on record for the Eastern Caribbean and that the drought situation in 2015-16 is similar to major drought of 2009-2010.[16]

Table 1. Impact of Drought (2013-4) on meat production in Antigua and Barbuda (in Lbs.)

Year	***Pork***	***Beef***	***Lamb***	***Goat***	***TOTAL***
2010	121,165	325,500	42,665	14,245	***503,575***
2011	164,689	336,000	25,515	7,140	***533,344***
2012	146,737	343,350	23,275	3,045	***516,407***
2013	90,977	267,750	12,478	5,040	***376,245***
2014	81,554	203,350	13,720	3,885	***302,509***

As a result of the predominance of coastal cities and the vulnerability to climate change and natural disasters, households and in particular low-income residents are exposed to risks of climate variability. This situation has contributed to a housing deficit of quality and quantity across the Caribbean.[17] In Grenada, for example, 28,000 houses or 89% of the country's housing stock of 31,122 houses were damaged by Hurricane Ivan. Near 10,000 houses, or 30%, were so damaged that they required complete replacement. Approximately 22,000 or 70% required repairs. The cost of damage to the housing sector was estimated at $EC 1.38 million.

Hurricanes: high costs for small islands

Hurricanes are causing disproportionate economic losses in the economies of the Eastern Caribbean.

Rainfall ahead of the hurricane caused several landslides in Dominica as water levels across the island began to rise by the afternoon of September 18.[18] Maria made landfall at 21:15 AST that day (1:15 UTC, September 19) as a Category 5 hurricane with maximum sustained winds of 160 mph (260 km/h). These winds, the most extreme to ever impact the island,[19] battered the roof of practically every home—including the official residence of Prime Minister Roosevelt Skerrit, who required rescue when his home began to flood.[20] Downing all cellular, radio and internet services, Maria effectively cut Dominica off from the outside world; the situation there remained unclear for a couple of days after the hurricane's passage.[21,22] Skerrit called the devastation "mind boggling" before going offline, and indicated immediate priority was to rescue survivors rather than assess damage. Initial ham radio reports from the capital of Roseau on September 19 indicated "total devastation," with half the city flooded, cars stranded, and stretches of residential area "flattened".[23]

Figure 4. Roads in the capital of Roseau littered with structural debris, damaged vegetation and downed power lines.

The infrastructure of Roseau was left in ruins; practically every power pole and line was downed, and the main road was reduced to fragments of flooded asphalt. The winds stripped the public library of its roof panels and demolished all but one wall of the Baptist church.[24] To the south of Roseau, riverside flooding and numerous landslides impacted the town of Pointe Michel, destroying about 80% of its structures and causing most of the deaths in the country.[25,26] Outside the capital area, the worst of the destruction was concentrated around the east coast and rural areas, where collapsed roads and bridges isolated many villages. The port and fishing town of Marigot, Saint Andrew Parish, was 80% damaged.[27] Settlements in Saint David Parish, such as Castle Bruce, Good Hope and Grand Fond, had been practically eradicated; many homes hung off cliffs or decoupled from their foundations. In Rosalie, rushing waters gushed over the village's

[15] Francis, Fiona (2015, July 27) Vet Watch "SOS: Goats and Sheep", The Daily Observer; pp 20-21, Vol. 22 No. 172.
[16] http://www.jamaicaobserver.com/news/CEDMA-places-several-Caribbean-countries-on-drought-warnings
[17] McHardy, 2016. The state of housing in six Caribbean countries. Inter-American Development Bank
[18] Center of Hurricane Maria to move across Dominica tonight. Dominica News Online. September 18, 2017. Retrieved September 18, 2017. http://dominicanewsonline.com/news/homepage/news/center-of-hurricane-maria-to-move-across-dominica-tonight/
[19] Yuliya Talmazan (September 22, 2017). "Hurricane Maria Damages Dominica's Main Hospital, Leaves 'War Zone' Conditions". Retrieved September 26, 2017. http://abcnews.go.com/International/merciless-hurricane-maria-pummels-dominica-takes-aim-puerto/story?id=49944250
[20] Paul, Pritha (19 September 2017). "Hurricane Maria, Now Category 5, Blows Away Roof Of Dominica PM's House". International Business Times. Retrieved 18 September 2017. http://www.ibtimes.com/hurricane-maria-now-category-5-blows-away-roof-dominica-pms-house-2591299
[21] Austin Ramzy (19 September 2017). "Hurricane Maria Does 'Mind Boggling' Damage to Dominica, Leader Says". New York Times. Retrieved 19 September 2017. https://www.nytimes.com/2017/09/19/world/americas/hurricane-maria-caribbean.html
[22] "Concerns over Dominica communication blackout". St. Lucia Times. 19 September 2017. Retrieved 19 September 2017. https://stluciatimes.com/2017/09/19/concerns-dominica-communication-blackout
[23] "Radio Amateur on St. Lucia relays reports of hurricane devastation on Dominica". St. Lucia News Online. 19 September 2017. Retrieved 19 September 2017. https://www.stlucianewsonline.com/radio-amateur-on-st-lucia-relays-reports-of-hurricane-devastation-on-dominica/
[24] Barbara Marcolini (September 22, 2017). "A Walk Through Dominica, Hours After Hurricane Maria". Retrieved September 27, 2017. https://www.nytimes.com/video/world/americas/100000005450694/dominica-hurricane-maria.html
[25] Tropical Cyclone Maria: Damage Assessment in Pointe Michel, Saint Luke Parish, Dominica. UNITAR's Operational Satellite Applications Programme (Map). United Nations Institute for Teaching and Learning. September 25, 2017. Retrieved September 27, 2017. https://unitar.org/unosat/node/44/2681
[26] "Death toll rises in Dominica". Antigua Observer. September 26, 2017. Retrieved September 27, 2017. https://antiguaobserver.com/death-toll-rises-in-dominica/
[27] Tropical Cyclone Maria: Damage Assessment in Marigot, Saint Andrew Parish, Dominica. UNITAR's Operational Satellite Applications Programme (Map). United Nations Institute for Teaching and Learning. September 26, 2017. Retrieved September 27, 2017. https://unitar.org/unosat/node/44/2684

bridge and damaged facilities in its bay area. Throughout Saint Patrick Parish, the extreme winds ripped through roofs and scorched the vegetation. Buildings in Grand Bay, the parish's main settlement, experienced total roof failure or were otherwise structurally compromised. Many houses in La Plaine caved in or slid into rivers, and its single bridge was broken.[28]

Figure 5. Devastation caused by the impacts of Hurricane Marian on the island of Dominica, September 2017. Initial national damage is estimated as 200% of GDP.

Overall, the hurricane damaged the roofs of as much as 98% of the island's buildings, including those serving as shelters; half of the houses had their frames destroyed. Its ferocious winds defoliated nearly all vegetation, splintering or uprooting thousands of trees and decimating the island's lush rainforests.[29] The agricultural sector, a vital source of income for the country, was completely wiped out: 100% of banana and tuber plantations was lost, as well as vast amounts of livestock and farm equipment. In Maria's wake, Dominica's population suffered from an island-wide water shortage due to uprooted pipes. The Caribbean Disaster Emergency Management Agency (CDEMA) estimates that the hurricane has caused "billions of dollars" worth of damage.[30] As of October 1, there are 30 fatalities confirmed across the island,[31] with more than 50 reported missing.[32]

[28] Hurricane Maria: Situation Report #1 (PDF) (Report). Caribbean Disaster Emergency Management Agency. September 20, 2017. Retrieved September 27, 2017. https://cdn.prezly.com/3d/dea9209ed311e78b2bef8ae45cc8c5/CDEMA-Situation-Report-_1---Hurricane-Maria-FINAL.pdf
[29] Claire Phipps (September 21, 2017). "Hurricane Maria: Dominica 'in daze' after storm leaves island cut off from world". The Guardian. Associated Press & Reuters. Retrieved September 27, 2017. https://www.theguardian.com/world/2017/sep/21/dominica-daze-hurricane-maria-island-caribbean-rescue
[30] "CDEMA - Caribbean Disaster Emergency Management Agency". https://www.facebook.com/cdemacu1/videos/1968258416782805/
[31] Miller, Amy. "Woman tells how she survived Hurricane Maria, evacuated home". The Washington Times. The Associated Press. Retrieved 1 October 2017. https://www.washingtontimes.com/news/2017/oct/1/woman-tells-how-she-survived-hurricane-maria-evacu/
[32] "Hurricane Maria: the slow road to rebuilding stricken Dominica – in pictures". ReliefWeb. The Guardian. September 30, 2017. Retrieved October 1, 2017. https://reliefweb.int/report/dominica/hurricane-maria-slow-road-rebuilding-stricken-dominica-pictures

Case study 1: Dominica's development has been set back decades due to Hurricane Maria

For Dominica, earlier estimates indicate that the total damage could reach in excess of 200 percent of GDP or approximately US$1.3 billion. Dominica's GDP in 2016 is USD 525 million. Dominica is among the lowest ranking in the Caribbean region with a GDP per capita of US $6,460. (Source: World Bank)

The most catastrophic impacts may have been in countries and communities with very low insurance coverage, which is why Maria's insured losses across the Caribbean will be significantly lower than overall economic damages of between US$30 and $60 billion.

Aftermath of Hurricane Maria in Dominica

Through the Caribbean Catastrophe Risk Insurance Facility (CCRIF), Dominica received approximately US$19.2 million in emergency funds (less than 0.01% of estimated damages). On 29 September, UN and partners launched a Flash Appeal for $31.1 million to support relief and early recovery efforts in Dominica until the end of 2017. The UN has allocated US$3 million from the Central Emergency Response Fund (CERF) to address the urgent needs of Dominica's people. The World Bank is working towards providing a financial package of about $100 million for Dominica, including accessing the IDA crisis response window. To date, Dominica has borrowed USD 70 million from the World Bank, of which approximately 70% (USD 50 million) has been for climate resilience and disaster recovery[33].

Climate projections for hurricanes

Historical observations of hurricane activity in the Atlantic basin from 1850 – 2014 indicate increasing trends of hurricane activity (see figure above). Climate models project that maximum wind speed of the strongest hurricanes is likely to increase between 5% (low scenario) and 15% (high scenario), which would increase loss of life and other economic losses[34]. Hydro-meteorological hazards pose perhaps the greatest risk to Antigua and Barbuda, and historic disaster records demonstrate that hurricanes and tropical storms are the highest-cost hazards in terms of loss of life and economic losses.

[33] World Bank Aggregate Reports. Accessed October 2017 http://go.worldbank.org/9SBBWN1IG0
[34] CARIBSAVE, 2015. National Vulnerability Impact Analysis for Antigua and Barbuda

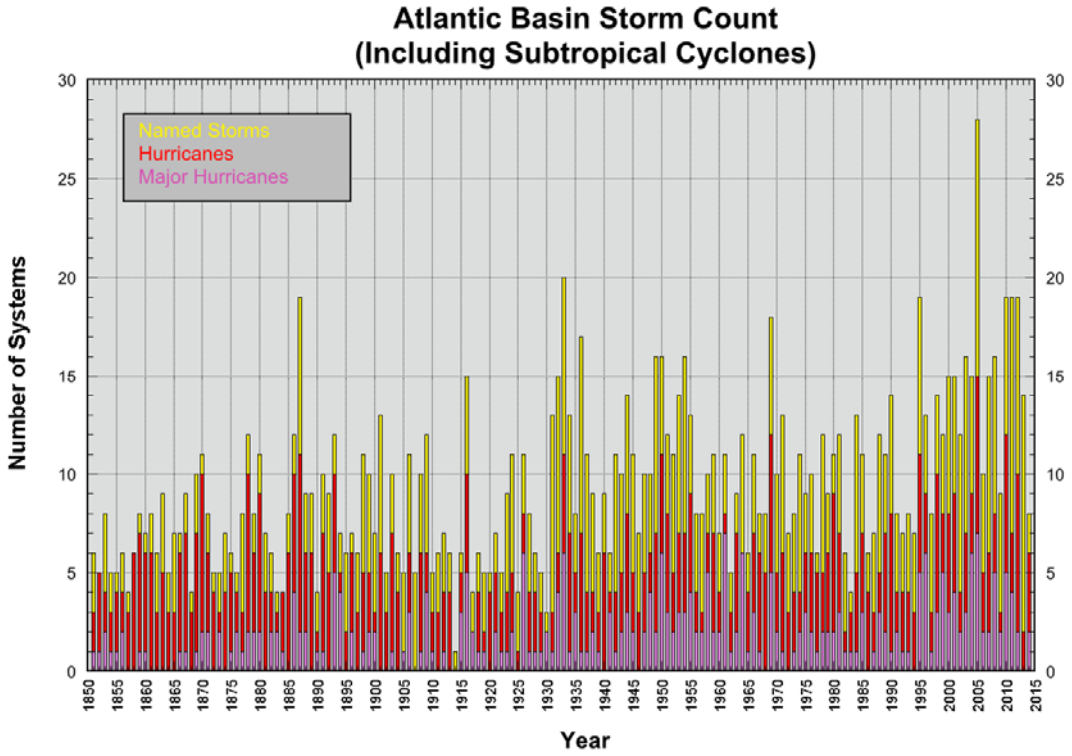


Figure 6. Bars depict number of named systems (yellow), hurricanes (red), and category 3 or greater (purple) in the Atlantic basin from 1850 – 2014 (source: NOAA National Hurricane Center http://www.nhc.noaa.gov/climo/)

Sea Level Rise and Projected Coastal Impacts

Many of the key critical facilities within the OECS are located along the coast. This also includes significant human settlement. According to the Quantification and Magnitude of Losses and Damages Resulting from the Impacts of Climate Change: Modelling the Transformational Impacts and Costs of Sea Level Rise in the Caribbean (Full Report) produced by Caribsave and the United Nations Development Programme (UNDP) in 2010, the impacts of 1m SLR on the CARICOM nations would displace an estimated 110,000 people in the CARICOM nations. Nations with substantive populations affected by a 1m SLR include St. Kitts and Nevis (2%) and Antigua and Barbuda (3%)[35].

Tourism and agriculture revealed key vulnerabilities for some nations. Considering its very close proximity to the coast, it is not surprising that tourism was by far the most vulnerable major economic sector. This is a key finding, as tourism is a major part of the economies of Caribbean nations and has been overlooked in most previous assessments of the impacts of SLR on national economies. The World Travel and Tourism Council (WTTC) estimates that tourism represents 15% of GDP and 13% of employment (approximately 2 million jobs) in the Caribbean, and the importance of tourism for individual island economies can be much higher (GDP in 2002): Antigua and Barbuda 72%, St. Lucia 51%, The Bahamas 46%, Barbados 37%, St. Vincent and the Grenadines 29%, Jamaica 27%, St. Kitts and Nevis 25%, Belize and Grenada 23%, Dominica 22%. Of the 673 major resorts in the CARICOM countries inventoried for the analysis, 149 are at risk to 1m SLR. Beaches are critical assets for tourism in the Caribbean and a much greater proportion would be lost to inundation and accelerated erosion well before resort infrastructure was damaged.

[35] Simpson, et al., 2010. Quantification and Magnitude of Losses and Damages Resulting from the Impacts of Climate Change: Modelling the Transformational Impacts and Costs of Sea Level Rise in the Caribbean, United Nations Development Programme (UNDP), Barbados, West Indies.

Major resort properties were at significant risk to 1m SLR in various countries, notably, Belize (73%), St. Kitts and Nevis (64%), Haiti (46%), Bahamas (36%) and Trinidad & Tobago (33%). Such impacts would transform coastal tourism in the region, with implications for property values, insurance costs, destination competitiveness, marketing and wider issues of local employment and economic well-being for thousands of employees. In some cases, impacts to particularly high-profile tourism properties would have a disproportionately large economic impact.

Table 2. Summary of global sea level rise projections for the 21st Century

	2050*	2100		
		Low Range	Central Estimate	High Range
Continuation of current trend (3.4mm/yr)	13.6 cm	-	30.6 cm	-
IPCC AR4 (2007)	8.9 cm to 23.8 cm	18 cm	-	59 cm
Rahmstorf (2007)	17cm to 32 cm	50 cm	90 cm	140 cm
Horton et al. (2008)	~ 30 cm		100 cm	
Vermeer and Rahmstorf (2009)	~40 cm	75 cm	124 cm	180 cm
Grinstead et al. (2009)	-	40 cm	125 cm	215 cm
Jevrejeva et al (2010)	-	60 cm	120 cm	175 cm

*Where not specified, interpreted from original sources.

Also of importance to tourism, but also the wider economy in each nation, is the vulnerability of key transportation infrastructure. SLR of 1m inundated a total of 21 out of 64 airports within CARICOM. The vulnerability of airports was highest in Grenada, where the runway area will become completely inundated. More than 550km of roads were projected to be inundated by 1m SLR in CARICOM nations. The road networks were at greatest risk in The Bahamas (14%), Dominica (14%) and Guyana (12%). Seaports would also be affected, with the surrounding port lands of 35 out of 44 ports in CARICOM inundated by 1m SLR unless protected by coastal structures.[36]

Strategic approach of the Enhanced Direct Access project and the role of the OECS

The negative impacts of climate change have resulted in scarce financing normally allocated to achieve economic growth, poverty reduction and sustainable development agendas are allocated to fight drought, extreme rainfall, more frequent hurricanes and explosion of vectors and pests in the Pilot states. Antigua and Barbuda, Dominica and Grenada are responding to the multi-faceted challenges posed by climate change. The islands have all ratified the Paris Agreement, submitted their respective Nationally Determined Contributions (NDCs), and have been undertaking national policy and planning.[37] Furthermore, the islands are part of the economic union of the Organization of Eastern Caribbean States (OECS), and have signed the St. George's Declaration which includes an action plan for climate change.

Working together as part of this project proposal, the OECS and the selection of the three pilot countries is an optimal grouping to enhance climate finance at a scaled-up sub-regional level given the following:

- Shared geographical characteristics that have led to common climate vulnerabilities across the island states, where experience and expertise in one island can be more readily applied in other island states
- Small populations with limited governance and technical capacity, where sub-regional scaling of functions such as fiduciary and oversight can be more cost effectively managed that at the individual nation level with populations of ~100,000
- The OECS has a strong legal governance arrangement under the Revised Treaty of Basseterre, which re-enforces the Organisation of Eastern Caribbean States Economic Union. This Union convenes regional meetings of the Ministers of the Environment and at the Head of State levels on issues confronting the region.

[36] Simpson, et al., 2010. Quantification and Magnitude of Losses and Damages Resulting from the Impacts of Climate Change: Modelling the Transformational Impacts and Costs of Sea Level Rise in the Caribbean, United Nations Development Programme (UNDP), Barbados, West Indies.
[37] Dominica developed its Low Carbon Climate Resilient Development Strategy in 2012 which was the first Nationally Appropriate Mitigation Action (NAMA) registered amongst CARICOM states.

- The OECS sub-regional has a long history of regional approaches. This will be first time that this approach will include the enhancing of the capacities of the countries within the sub-region to achieve direct access to international donors.

The OECS Commission has a good track record of implementing projects in the OECS and will play a key role in the project through the role of independent monitoring and evaluation of the impact of the projects within each of the pilot countries.

Baselines

During the proposal development phase, each of the countries prepared their own baseline assessments. The results are included in the Appendices, and the baseline results are presented below. In general, several key adaptation policies and planning are in place in each island state. For example, each SIDS has communicated their priorities to the UNFCCC through their respective National Communications and the Nationally Determined Contributions. Grenada has produced its National Adaptation Plan (NAP), and Antigua and Barbuda and Dominica are currently submitting NAP Readiness proposals to the GCF. However, capacity to access financing to implement adaptation is a barrier in each of the pilot countries, and in particular direct access financing for vulnerable populations. This is a political and reputational risk since the pilot SIDS have invested in years of consultation and policies with a view to "unlocking" adaptation financing, which has not yet been forthcoming. The EDA proposal will build on the baselines outlined below to efficiently devolve decision-making and promote country ownership of adaptation.

Baseline for Antigua and Barbuda

The Government of Antigua and Barbuda (GOAB) undertook national planning and consultations to develop the **Medium-Term Development Strategy in 2015**. This strategy was designed to contribute to the Sustainable Development Goals (SDGs) and includes climate change principles. One of the four dimensions in the Medium-Term Development Strategy for 2020 includes as a core programme of action, "Disaster Risk Management and Climate Change Resilience," which strives to minimize the economic toll that disasters take on the economy, by reducing adverse direct and indirect impacts, facilitating more efficient recovery and generally reducing the diversion of resources that would have otherwise advanced economic development. The EDA will reduce economic losses due to climate extremes in the building sector.

In 2002, a **Policy Framework for Integrated Adaptation Planning and Management in Antigua and Barbuda** was developed, however not adopted as a policy although the framework guided subsequent approaches. Several vulnerability and adaptation assessments were conducted between 2014 and 2016: **National Adaptation Plan and Strategy for the Water Sector** was developed in 2014; a **National Vulnerability Analysis for Antigua and Barbuda** was finalized by CARIBSAVE in 2015; and in 2016, Antigua and Barbuda communicated its **Nationally Determined Contribution (NDC)** goals to the UNFCCC, which included specific adaptation targets. Antigua and Barbuda has submitted its application to the GCF for Readiness support to develop a **National Adaptation Plan (NAP)**. These policies and studies will inform the selection of transparent criteria to evaluate EDA activities, and EDA activities will provide case studies and lessons learned to inform policies under development, such as the NAP.

Comprehensive legislation was passed by Parliament in 2015 with the **Environmental Protection and Management Act** (EPMA, 2015), which use the OECS Model Legislation crafted per the St. George's Declaration for Environmental Sustainability. The EPMA, 2015 legally established the **Sustainable Island Resource Financing Fund** (SIRF Fund), which is a funding mechanism to implement the Act that sits with the Department of Environment. The goal of the SIRF Fund is to catalyze both domestic and international resources for environmental management, including climate change. The SIRF Fund is integral to the EDA project as it is a Special Fund under the Finance and Administration Act, and the SIRF Fund is the mechanism through which the Department of Environment can manage on-granting and on-lending within the OECS economic union.

Baseline for Dominica

The **Climate Change, Environment and Natural Resource Management Bill 2016** was developed to establish the enabling framework to facilitate the transition to low-carbon climate resilient development as provided in Dominica's Low Carbon Climate Resilient Strategy (2012). Mention is made of "fostering improved collaboration in the area of climate

change adaptation and disaster risk management". It is stipulated that the National Climate Change Committee will "co-ordinate the periodic review and revision of Dominica's Low Carbon Climate Resilient Strategy (2012) and Climate Change Adaptation Policy (2002) and monitor the implementation of the directives of the policy as well as coordinate the evaluation and deployment of appropriate technologies in support of climate change adaptation and mitigation options". The Bill also seeks to "establish the policy, legal and institutional framework to facilitate the integration of climate change adaptation and mitigation into the environmental impact assessment process". The EDA project will build the capacity of the National Climate Change Committee, the Department of Climate Change, Environment and Development and support the operationalization of the Climate Change Trust Fund that will be legislated under the 2016 Bill.

In 2015, the **National Land Use Policy** was approved by Cabinet. The National Land Use Policy "sets the foundation for all land use decisions and describes how best to manage development to improve quality of life for Dominicans, through economic and social development, protecting human health and safety, and conserving the natural environment".

In 2012, the Cabinet-approved **Low-Carbon Climate Resilient Development Strategy** and compendium Strategic Programme for Climate Resilience (SPCR) were developed through an extensive consultative process that was supported under the Pilot Program for Climate Resilience (PPCR) funded under the Climate Investment Funds (CIF). The Strategy provides an overview of the country circumstances, the development context and identifies climate change vulnerabilities in key sectors, for specifically vulnerable groups, for the private sector, important eco-systems and natural resources. The Disaster Vulnerability Reduction Project is as a direct result of the SPCR.

Currently the Third National Communication is in progress. Through this, the **2002 National Climate Change Adaptation Policy** will be revised into a Climate Change Policy and Action Plan. This will guide the development of Dominica's **National Adaptation Plan (NAP)** and will include mitigation and cross-cutting issues. The above policies and studies will inform the selection of transparent criteria to evaluate EDA activities, and EDA activities will provide case studies and lessons learned to inform policies under development.

Baseline for Grenada

The Government of Grenada signed on to the **Paris Climate Change Agreement** in September of 2015 and ratified the agreement in April of 2016. The **National Climate Change Policy**, together with the National Adaption Plan (NAP) and the National Determined Contribution (NDC), serves to link various efforts such as the **National Sustainable Development Plan 2030**, the **National Growth and Poverty Reduction Strategy**, and the **National Environment Management Strategy and Action Plan,** amongst others, to: 1) provide a framework for climate mainstreaming, 2) establish implementation and resource mobilization mechanisms, and 3) prioritize activities from already existing sectoral and local plans with climate change adaptation aspects. It further strives to improve availability of sector-specific climate vulnerability data.

The draft **National Climate Change Adaptation Plan (NAP)** is expected to be submitted to Cabinet for approval during the first half of 2018. It will be one of Grenada's main mechanisms for accessing external climate finance and play a crucial role as a vehicle for strategic investments in the country's climate-resilient development. Furthermore, the NAP will provide the framework for further mainstreaming of climate change considerations into planning and budgetary processes to "climate-proof" public and private investments, which will ensure efficient spending of scarce financial resources. The NAP will be the overall governance structure to coordinate and guide external financing and donor contributions on climate change. The National Climate Change Committee (NCCC) which is a Cabinet appointed committee to provide policy direction on climate change issues will be the forum to validate and access international contributions that link to climate adaptation. The EDA project will build the capacity of the National Climate Change Committee, and support the operationalization of Grenada's Sustainable Development Trust Fund.

In the **National Determined Contribution (NDC)**, Grenada commits to reducing its Greenhouse gas emissions by 30% below 2010 levels by 2025, with an indicative reduction of 40% of 2010 by 2030. The NDC also addresses adaptation actions to build resilience to climate change. Grenada has realized the need to take an integrated approach to adaptation by linking local activities with national policies and sector specific experiences. Mainstreaming climate change adaptation activities into national development planning is a major focus and several actions have been identified to support resilience building at all levels. The above policies and studies will inform the selection of transparent criteria to evaluate EDA activities, and EDA activities will provide case studies and lessons learned to inform policies under development

C.2. Project / Programme Objective against Baseline

Describe the baseline scenario (i.e. emissions baseline, climate vulnerability baseline, key barriers, challenges and/or policies) and the outcomes and the impact that the project/programme will aim to achieve in improving the baseline scenario.

The objective of this project is to strengthen institutional capacities to directly access climate finance in order to increase the resilience of 5% of the population in the Eastern Caribbean pilot countries to climate variability and change, through adaptation in infrastructure, strengthened buildings, and enhanced ecosystem services. The project outcome will enhance country ownership of climate adaptation through devolving decision-making in the Government, private and NGO sectors to allow for greater involvement of those affected by climate change and greater impact and scale of adaptation actions in the pilot countries.

This project is designed to address barriers to climate action in the country context of the pilot SIDS. Key barriers identified in the baseline studies were a lack of institutional capacity for directly accessing international climate change financing in the relevant agencies, and a lack of predictable financing directly available to beneficiaries to support and complement urgent actions to adapt to climate change. Key barriers are analyzed below.

Key barrier 1: Implementing adaptation that 'leaves no one behind'

Disasters tend to worsen the already present inequalities in their paths[38]. The CARIBSAVE partnership conducted comprehensive climate vulnerability assessments in 2012 and survey respondents revealed a low level of financial security in the event of job loss or a natural disaster; households that are unable to sustain themselves after one month, and are unable to source any external help, are at significantly greater risk. Other events of concern include drought, flooding and storm surge, which mainly affect properties, infrastructure and the natural environment. Few households (and almost all female headed households) have insurance. The survey was conducted in Antigua and Barbuda with lessons for the sub-region[39].

Low-income households tend to suffer disproportionately because they sacrifice adaptation and disaster resilience activities for the sake of using money for other urgent priorities and risk last minute preparations when they are certain that, for example, a hurricane system will impact the country. Fisher folk are affected when there is infrastructural damage or loss of boats, but once the storm has passed they can usually return to work with little impact. Particularly vulnerable livelihood groups include low to middle level hotel and restaurant employees, taxi operators, farmers and roadside and beach vendors. Those employed by government or in other private sector establishments do not usually suffer from income loss. Tourism is often impacted by port and airport closures for a few days and even after schedules are restored, there can be a noticeable decline of long stay passengers, a decline in the duration of their stay and/or a decline in tourist expenditure immediately following the passage of a hurricane, with significant consequences for the tourism sector and the wider economy[40].

Two communities in the EDA participating states face unique barriers to adaptation and resilience: the indigenous Kalinago (Carib) people of Dominica, and the island of Barbuda. In both cases, individuals do not own the land but rather the land is a communal asset that is governed by an appointed Council. This significantly limits the ability of individuals to access credit at local banks since they do not possess required collateral i.e. certificate of titles.

The Carib Territory is comprised of 3,782 acres of land stretching over 9 miles on the East, Atlantic coast of Dominica in the Parish of St. David. The Territory is divided into 8 hamlets. As per the 2011 Preliminary Census, the population of the

[38] Misra, 2017. The Poor in Irma's Path. Citylab. https://www.citylab.com/equity/2017/09/the-poor-in-irmas-path/539412/?utm_source=nl__link4_091217&silverid=MzEwMTkwMTQwNjE0S0 Accessed 12 September 2017
[39] Simpson, M. et al, 2012. CARIBSAVE Climate Change Risk Atlas (CCCRA) - Antigua and Barbuda. DFID, AusAID and The CARIBSAVE Partnership, Barbados, West Indies.
[40] Simpson, M. et al, 2012. CARIBSAVE Climate Change Risk Atlas (CCCRA) - Antigua and Barbuda. DFID, AusAID and The CARIBSAVE Partnership, Barbados, West Indies.

Carib Territory recorded 2,145 - 1,212 (56.5%) males and 933 (43.5%) females[41]. Unemployment in the Carib Territory is estimated to be high, particularly among the youth. Decline in the agricultural sector coupled with delayed realization of strong and sustained growth in the tourism sector nationally continue to negatively impact employment in the Carib Territory. The Carib Territory, which is located on the exposed windward side of Dominica, was devastated by Hurricane Maria in September 2017.

The island of Barbuda has a population of about 2,000 people across about 15,000 acres of land, with the highest elevation on the island at 38 m above sea level. A 1977 study had already identified that the way of life for Barbudans, which at the time was reliant on cattle cultivation under communal land tenure, was already at risk due to diminishing rainfall[42]. As the island's economy transitioned to tourism, with hotels built at low elevation on beaches, climate change continues to pose a threat to the community, as demonstrated by the devastated caused by Hurricane Irma. Tourism is often impacted by port and airport closures for a few days and even after schedules are restored, there can be a noticeable decline of long stay passengers, a decline in the duration of their stay and/or a decline in tourist expenditure immediately following the passage of a hurricane, with significant consequences for the tourism sector and the wider economy. The EDA project will help to realize the goal of adaptation that 'leaves no one behind' by providing unsecured concessional loans to the Kalinago people and to Barbudans.

Key barrier 2: Ensuring adequate and predictable supply of finance for adaptation and resilience in MSMEs (including homeowners) and the public sector

The lack of predictability and timeliness in the delivery of climate finance to complement national development and infrastructure projects is a key barrier to achieving transformational adaptation outcomes.

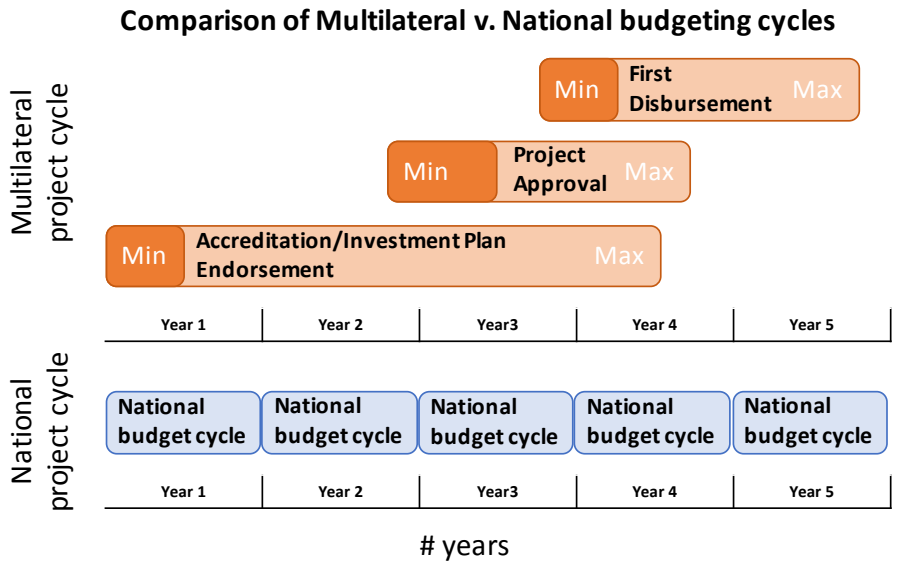


Figure 7. The disconnect between annual national budgetary cycles and multi-year multilateral climate financing cycles is a key barrier to achieving transformational adaptation outcomes.

Source: Compiled by author, data from WRI, 2017. The Future of the Funds

Multilateral climate funds increasingly require co-financing and joint investment structures, where recipient countries contribute to the project, e.g. to finance the development cost equivalent of the project, and the multilateral funds finance the incremental costs of adaptation. However, the national budget cycle of recipient countries generally operates on a yearly cycle. In the case of the OECS countries participating in this EDA pilot, national budget applications are submitted to the Ministry of Finance annually by September, and the budget debate takes place in Parliament in January of the following year; once approved, funds must be spent over that calendar year. In contrast, climate finance received through multilateral processes, from inception to first disbursement, is a multi-year and highly unpredictable process, ranging between 2 and 8 years from time of application to first disbursement[43]. When multilateral climate financing mandates that national

[41] World Bank, 2014. *Social assessment for indigenous peoples' plan, Carib territory*. Dominica. http://documents.worldbank.org/curated/en/443411468245971907/Social-assessment-for-indigenous-peoples-plan-Carib-territory Accessed 11 September 2017
[42] Berlant-Schiller, R., 1977. The Social and Economic Role of Cattle in Barbuda. *Geographical Review*, Vol. 67, No. 3 (Jul.), pp. 299-309
[43] Amerasinghe, N. et al, 2017. The Future of the Funds: Exploring the Architecture of Multilateral Climate Finance. World Resources Institute (WRI). http://www.wri.org/publication/future-of-the-funds Accessed 13 September 2017

project cycles must follow international timelines, this can result in longer project cycles for national projects; consequential delays can prevent critical interventions and trigger environmental and social consequences.

The disconnect between annual national budgetary cycles and multi-year multilateral climate financing cycles is a key barrier to achieving transformational adaptation outcomes (Figure above). The private sector generally operates on an even shorter timescale, from a few weeks to several months.

A study conducted by the Stockholm Environment Institute (SEI) on climate finance flows to the small islands of the Eastern Caribbean, specifically the ten member states of the Organisation of Eastern Caribbean States (OECS), identified found that the amounts of climate finance commitment to OECS members that have actually been disbursed is very low, particularly for Dominica, St Lucia, Antigua and Barbuda, and St. Vincent and the Grenadines. For example, Dominica has only received via disbursement 10% of the climate funds committed over the period 2010 – 2015, and Antigua and Barbuda has only received 1% of committed amounts of climate funds[44].

Enhanced direct access is an opportunity to pilot approaches that will overcome a key barrier to achieving transformational adaptation outcomes, namely, the lack of predictability and timeliness in the delivery of climate finance. This EDA project will pilot a strategy for overcoming this barrier by devolving decision making at the country and local/sectoral level, thereby allowing greater involvement and input from impacted stakeholders, and importantly providing predictability as to when financing will be disbursed to direct beneficiaries in order to leverage complementary sources of funding in both the public and private sector. Unlike the traditional direct access modality, there will be no submission of individual projects or programmes to the Fund because decision-making for the funding of specific pilot activities will be devolved to the country level.[45] This devolved approach has the potential to significantly enhance predictability and impact potential of climate actions at the local level.

The private sector in the context of this EDA project in the Eastern Caribbean SIDS is defined as home and small businesses who own their building. The Market demand analysis for concessional loans in section B.1. estimated the demand for Revolving Fund loans in the three EDA countries at USD 213 million for this segment of the private sector. Furthermore, the building sector in the Eastern Caribbean frequently suffers disproportionate losses as a result of hurricanes (Table 1).

Providing long-term public finance for on-lending can adjust for financial markets that fail to provide sufficient volumes of affordable, long-term debt for critical adaptation actions[46]. The establishment of national Funds is an international best practice[47]. To date, more than 30 countries are in the process of establishing or putting into operation national funding entities dedicated to climate finance – or national climate funds. Such institutions play an increasingly important role in channeling climate finance and acting as a link between international climate finance flows and domestic policies and priorities. They can fulfill a number of other roles in which they leverage private sector involvement in climate activities or increase domestic coordination of financial flows for climate and environment. These new funds are owned by recipient countries who determine how priorities are set and how funds are disbursed and accounted for[48].

Antigua and Barbuda in 2015 legally established the Sustainable Island Resource Framework Fund (SIRF Fund), which was operationalized in 2017 with the first invitation for applications to the Revolving Fund for home/business owners. However, there is currently no regional financial mechanism to fulfill the current dearth of financing for the private sector and vulnerable communities, and linking international climate finance flows and OECS policies and priorities. The EDA project provides a framework for scaling-up the SIRF Fund from a domestic fund to a sub-regional fund for the OECS. This process would require subsequent decisions by the OECS Council of Ministers and OECS Parliament. The results of the EDA will be documented and presented to these bodies to inform decision-making in Year 2 or 3 of project implementation, once the results of the mid-term independent evaluation are available.

[44] SEI, 2017. Climate finance to the Small Island States of the Eastern Caribbean.
[45] GCF EDA Request for Proposals: http://www.greenclimate.fund/documents/20182/318991/2016_EDA_RFP.pdf/406a5b0b-c4f9-4784-813a-ef90a966f3c6 Accessed 4 September 2017
[46] UN Environment, 2016. Demystifying adaptation finance for the private sector. UNEP Finance Initiative.
[47] GIZ, 2012. *It's not just the money: institutional strengthening of national climate funds. Lessons learned from GIZ's work on the ground.* GIZ Discussion Paper.
[48] GIZ, 2012. *It's not just the money: institutional strengthening of national climate funds. Lessons learned from GIZ's work on the ground.* GIZ Discussion Paper.

In addition to scaling up the SIRF Fund on a sub-regional basis, the EDA project will build institutional capacity in climate finance management at the national scale in Dominica and Grenada. Dominica's NDC identified the following priorities: "a sustainable financing mechanism to ensure timely and direct access to international climate change financing to implement priority climate change risks management measures by the private sector and vulnerable communities, legal establishment of the Department of Climate Change, Environment and Development, and the legal establishment of Climate Change Trust Fund." The Grenada Sustainable Development Trust Fund was set up with technical assistance from GIZ to increase adaptive capacity of communities through the implementation of concrete community-based adaptation activities and incentives in the islands of Grenada, Carriacou and Petit Martinique. The EDA will work in the context of these existing baselines to:

- Scale up the Revolving Fund to a sub-regional mechanism (Year 2 or 3, when the results of the mid-term evaluation will be presented to the OECS Council of Ministers and OECS Parliament)
- Support legislation, establishment and operationalization of the Trust Fund in Dominica (this will be financed by Dominica's National Adaptation Planning project, which was submitted to the GCF in October 2017 with the Department of Environment in Antigua and Barbuda serving as Delivery Partner)
- Support the Grenada Sustainable Development Trust Fund's innovative financing for adaptation (this is being done under a GIZ-supported project; the EDA project will build the Trust Fund's experience using its policies and procedures).

Key barrier 3: Lack of capacity at the national and local level to sustain long-term adaptation impact

Project implementation in the Eastern Caribbean tends to establish project-specific units and project-specific oversight committees. This arrangement is taxing on human resources in small island developing states, where Government agency units can consist of just 3-4 staff. In addition, creating parallel implementation and oversight processes duplicates existing arrangements, while in some cases projects can recruit public servants and can thus result in staff turnover and reduced implementation capacity. At the end of a project, under this arrangement, personnel are disbanded and the institutional capacity is lost. Project-specific staffing structures also expose the project to significant delays in implementation. One project implemented in the Eastern Caribbean over the period of 2010 – 2016 documented the challenges and knock-on effects that project unit turnover has in small islands:

> *The RRACC Project was designed as a 5-year project beginning in October 2010. The grant agreement was signed in January 2011, and project staff was recruited in late 2011/early 2012. For all practical purposes, the project therefore effectively commenced in early 2012. In addition, there was significant staff turnover. The first Project Coordinator who was recruited in November 2011 resigned in 2014. Prior to her resignation, the Coastal Zone Management Specialist who was recruited in January 2012 resigned from the Project in May 2013; this post has remained vacant since then. The second Project Coordinator was hired 9 months after the departure of the first Coordinator. During that time, the Project's Communications Specialist served as the Officer in Charge for the Project. A Programme Officer was hired in May 2014 and left when her contract expired in May 2016; the second Project Coordinator was hired in February 2015; and the Water Resources Specialist who was recruited in January 2012 left in September 2015 when his contract expired. The Communications Specialist also left in September 2015 when her contract expired*[49]*.*

Another variable of project implementation in SIDS is the relatively large public sector as a percentage of the total workforce. For example, in Antigua and Barbuda, the public-sector accounts for approximately 30% of the total workforce, and many national experts in sectors such as water, agriculture, transportation and planning are civil servants. Projects typically are structured to tap into this expertise through consultations and workshops; however, because project management units and oversight committees often operate with their own timelines and agendas, this approach of consultations and workshops results in overburdening of technicians (consultation fatigue) and can result in loss of productivity in core work programmes. Effectively using national expertise in SIDS is critical for impact because often these individuals and agencies have responsibility to maintain interventions beyond the life of the project. These are also the most important stakeholders when it comes to mainstreaming adaptation into policy and planning, and to scaling up adaptation.

[49] Chase, V. et al., 2016. End of Project Monitoring and Evaluation: Reducing the Risks to Human and Natural Assets Resulting from Climate Change (RRACC) Project. Published by the OECS Commission with support from USAID.

The project seeks to overcome the challenge of lack of institutional capacity by structuring project implementation to use existing institutions and decision-making processes in each of the pilot countries. The core structure of the Project Management Unit (PMU) consists of an overall Project Manager, with support from a PMU Assistant and PMU Task Manager. The EDA project team will consist of a Project Coordinator, Deputy Project Coordinator, Technical Coordinator, and Project Consultants across the three participating countries. The positions within the PMU are filled by the following staffing arrangements:

- Full time Project Coordinators, which may be consultants hired to work on one or more projects
- Part-time Coordinator with specialized expertise hired to work on specific component(s)
- Part-time Project or Technical Coordinator seconded from within the Government civil service and paid a stipend to work on the project
- Part-time Project or Technical Coordinator seconded from within the Government civil service without additional pay, where the project implementation is part of their direct job responsibilities
- Technical Coordinator; full time and/or part-time
- Part-time and full-time Project Consultants hired for a variety of reasons, for example for specific deliverables
- Interns and students seeking hands-on experience

The project will build institutional and project management capacity of the key institutions in the recipient countries to implement the project efficiently and with maximum impact. 7.5% of the project budget is dedicated to achieving this: under Output 1 there is USD 500k for *1.1 Capacity building for devolved decision-making, stakeholder engagement for transparency, and sustainable procurement*, and USD 1 M for *1.2 Project management*. Activities under this component include: Appoint implementation, oversight and transparency mechanisms with adequate capacity; Support accreditation of direct access entities in pilot countries, including conducting capacity self-assessments to build ownership over capacity-building activities, and; Facilitate effective project management, monitoring and evaluation, and lessons learned consistent with an enhanced direct access approach. The EDA project will demonstrate a peer-to-peer learning approach.

The Ministries with responsibility for Environment will serve as the Executing Entities in the respective pilot countries. Each country will have its own Project Management Unit within the sister Environment agencies supporting the activities of the Executing Entities in the respective countries. The Project Management Committee[50] (PMC) oversees the transparent allocation of human resources within the PMU to projects. This is an international best practice to achieving programmatic approaches that has been demonstrated in Antigua and Barbuda and will be introduced to Dominica and Grenada via the proposed EDA project. The OECS Commission Monitoring and Evaluation Unit will for the first time provide external M&E services to a project to evaluate project results. In the context of the EDA this will promote accountability and maximize learning opportunities for the sub-region.

The PMU is designed to achieve efficiency and coordination in the management of funding from a variety of donors, the governments and even NGOs. The PMU also ensures that there is effective coordination and efficiency when there are project activities that are similar and inter-dependent on each other for execution. The EDA countries are small island developing states where access to well-trained technical capacity is a key risk. The PMU is a mitigation measure to minimize this risk.

The project management arrangements are also consistent with and necessary for an enhanced direct access approach, which empowers local stakeholders and will position the beneficiary islands to access and program scaled-up resources from a variety of sources in order to meet the sub-region's ambitious climate change goals.

Development Partner Initiatives relevant to the EDA Project

A study conducted by the Stockholm Environment Institute (SEI) on climate finance flows to the small islands of the Eastern Caribbean, specifically the ten member states of the Organisation of Eastern Caribbean States (OECS), identified

[50] NB: The Project Management Committee (PMC) in Antigua and Barbuda will serve as the overall Steering Committee for the project as it will monitor and mentor the National Steering Committees. The PMC will invite the Chair of the national committees to attend its meetings (virtually) when EDA sub-regional agenda items are being considered.

that 6 OECS members have received committed ODA (including through multilateral sources) that principally targets climate change objectives ("climate finance") in the period 2010-15 inclusive, including the three countries participating in the EDA. The total amount of climate finance for the 2010-15 period to the 6 OECS members was US 101 million, of which one third (USD 30 million) was in the form of loans. This contrasts with the Pacific where all climate finance so far has been grant-based[51].

The majority of the climate finance to the OECS sub-region has been to the disaster sector, primarily for disaster risk reduction, followed by renewable energy and energy policy. MDBs have been the most common "first recipients" of the funding, followed to a much lesser extent by UN agencies. Virtually all climate finance has been delivered in the form of short term projects[52]. See *Section E.6.4. Application of best practices* for a table illustrating how this EDA project incorporates lessons learned from the implementation of previous projects.

The sectoral focus of climate finance by development partners in the OECS to date has been narrow, mainly on disaster-related activities. Climate finance provides an opportunity to build resilience across a much wider array of sectors, including not only by addressing direct climate risks but also by strengthening key development sectors that can help local communities cope better with the impacts of a changing climate. For SIDS, it is especially important to align climate finance with national development priorities, since funding is limited and the financial needs many[53].

The enhanced direct access project will complement initiatives by other development partners by: 1) focusing on adaptation, which has been underfunded in the OECS region with most attention to DRR and renewable energy and policy; 2) OECS states have been borrowing financing for adaptation, which is unusual when compared to other highly vulnerable SIDS; 3) this will be the first direct access project for the region that demonstrates a SIDS mentoring approach, under the umbrella of the OECS economic union; and, importantly, 4) the EDA project will build institutional capacity through innovative project management arrangements tailored to a SIDS context, which will increase absorption capacity. The project will monitor as an indicator the timing of disbursements over the project life and evaluate this against the sub-regional averages, to M&E different GCF programming mechanisms.

C.3. Project / Programme Description

The EDA project will achieve its theory of change and the objectives of the Request for Proposals issued by the GCF through the proposed scope of activities and planned measures under the four (4) project Outputs. The EDA project's Gender and Social Inclusion Action Plan (GAP) is included in the attached Environmental Social Management Plan.

The proposed scope of activities is primarily limited by budget constraints. The project will demonstrate enhanced direct access in the Government, NGOs and communities, and the private sector in three (3) countries within the OECS – Antigua and Barbuda, Dominica and Grenada. The total financing available to each country is USD 6.5 million, of which US$ 500,000 is for capacity building, transparent decision-making processes and project management.

The remaining US$6 million per SIDS is anticipated to be programmed as follows:

- US$3 million is available for adaptation in the public sector, up to US$1.5 million GCF contribution per project
- US$2 million to the MSME private sector beneficiaries via the Revolving Fund Programme for Adaptation concessional loans up to US$75,000 per loan
- US$1 million is available to NGOs/CSOs Small grants programme for community adaptation, up to US$50,000 per project of GCF contribution

The objectives, type, sectors and size of the indicative activities are presented below. Co-financing ratios and means of verification for each sector are provided in *Table 7. Counterpart, leveraged financing and in-kind support to be realized during EDA implementation*.

[51] Stockholm Environment Institute (SEI), 2017. Climate finance to the Small Island States of the Eastern Caribbean: An overview of financial support provided from 2010 to 2015. Fourth Council of Ministers, Environmental Sustainability, April 2017, Grenada.
[52] SEI, 2017. Climate finance to the Small Island States of the Eastern Caribbean.
[53] SEI, 2017. Climate finance to the Small Island States of the Eastern Caribbean.

EASTERN CARIBBEAN ENHANCING DIRECT ACCESS – THEORY OF CHANGE

Paris Agreement

Paris Agreement:
Global goal on adaptation of enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change with a view to contributing to sustainable development

Green Climate Fund

GCF Governing Instrument:
The Green Climate Fund will finance agreed full and agreed incremental costs for activities to enable and support enhanced action on adaptation, etc.

GCF Governing Instrument: In allocating resources for adaptation, the Board will take into account the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change, including … SIDS

Impact

Impact:
Increased resilience of at least 5% of the population in the Eastern Caribbean pilot countries to climate variability and change, through adaptation in infrastructure, strengthened buildings, and enhanced ecosystem services

Assumptions

Assumption:
Countries are willing to amend their policies and procedures to access GCF financing for EDA via the direct access process, and commit adequate resources

Assumption:
Countries remain committed to the provisions on climate change set forth in their Nationally Determined Contributions (NDCs)

Assumption:
OECS Secretariat remains committed to supporting an enabling environment for direct access, and has the requisite capacity to provide oversight for project implementation

Outcomes

Outcome 1:
Strengthened institutional and regulatory systems access climate finance from the GCF and other funds.

Outcome 2:
Strengthened adaptive capacity and reduced exposure to climate risks.

Outputs

Output 1:
Enhanced capacity for climate adaptation planning, implementation, and monitoring and evaluation via direct access

Output 2:
Governments implement concrete adaptation measures using ecosystem-based approaches where appropriate

Output 3:
Community resilience to climate impacts is enhanced through tangible adaptation benefits

Output 4:
Privately owned physical assets of vulnerable populations are more resilient to climate variability and change through concessional microfinancing

Project Activities

Activity:
Devolved decision-making, stakeholder engagement, and transparency

Activity:
Sustainable Procurement plan reduces the cost of input materials (concrete, wood)

Activity:
Governments prioritize and implement adaptation interventions

Activity:
NGOs implement adaptation via a call for proposals

Activity:
Private sector implements adaptation in private assets via revolving loans financing

Problem Statement

Problem statement:
Climate change leads to increased frequency and intensity of extreme weather events; limited ownership and technical capacity to plan and implement adaptation; and limited funding available to public, private and community sectors for financing of adaptation interventions. This is resulting in Eastern Caribbean populations suffering from loss of property, life and well being due to climate-induced extremes

Barrier 1	Adaptation that 'leaves no one behind'. Low-income households suffer disproportionately from climate impacts; difficult access to finance.
Barrier 2	Financing for adaptation in public, private and civil society sectors. Lack of predictability and timeliness in the delivery of climate finance; disbursement rates as low as 10% of approved climate finance in pilot SIDS
Barrier 3	High per capita losses and costs of climate recovery. Adaptation that involves infrastructural works requires large up-front costs, which in the case of SIDS can't be downscaled in proportion to the population size.

Output 1. Enhanced capacity for climate adaptation planning, implementation, and monitoring and evaluation via direct access. Pre-feasibility studies in the pilot countries identified existing oversight, decision-making bodies and executing entities that would benefit from targeted capacity-building and some structural changes, namely appointment of non-governmental observers and formalization of decision-making processes, for the EDA project. This Output will build capacity in each country and at the sub-regional level for transparent governance for the EDA. The outcome of the EDA will enable two Executing Entities plus the OECS Commission to become accredited to the GCF. This Output will also design a Sustainable Procurement system for EDA implementation, to reduce the impact of adaptation inputs (construction material, sand, wood) and to support bulk procurement to lower the cost of individual procurements.

Output 1 will build capacity across Outputs 2 – 4 to enable stakeholders in the various sectors to develop a quality pipeline of sub-investments by identifying local champions in the respective sectors in each country and supporting them to develop the pipeline with stakeholders. This is an identified best practice of the GEF Small Grants Programme in the Eastern Caribbean: "Dominica's national SGP clearly benefits from the presence of a full-time national coordinator who can actively reach out to, engage, and support potential grantees".[54]

The objective of this Output is to:

- Support accreditation of 3 direct access entities in the Eastern Caribbean, including for on-lending accreditation
- 6 transparent sustainable financing mechanisms for supporting adaptation in the OECS sub-region meet GCF criteria
- Train at least 100 people, of which 50% are female, to identify, prioritize, implement, monitor and evaluate adaptation strategies and measures
- Public awareness activities targeting 5 knowledge products reaching over 50,000 people, of which 50% are female

Technical quality of the adaptation interventions will be ensured through flexible project implementation and management arrangements, which are designed to utilize experts in the local public and private sectors (see Section C.2.). A Technical Expert Committee (TEC) will be formed constituting relevant experts in that field. For example, in Antigua and Barbuda, the TEC group overseeing the Revolving Fund pilot for adaptation in buildings (funded by the GEF and Adaptation Fund) includes:

- Building Inspectors (Physical Planning Authority)
- Fire Officers (Fire Department)
- Civil Engineer (Department of Environment)
- Electrician (private sector)
- Carpenter (Antigua and Barbuda Institute for Continuing Education)
- ESS and Gender Expert (Community Development Division)

The technical quality of the interventions will be supported through a strong M&E framework and independent monitoring and evaluation. The OECS Commission will operationalize the project's M&E framework, to support ongoing M&E throughout implementation (see Section H). In addition to maximizing local expertise, the Accredited Entity has a framework agreement with UNOPS[55] to provide *inter alia* technical assistance on an as-needed basis.

The project will produce at least 5 informative visual knowledge products that will be used in communicating and sharing knowledge to promote ecosystem-based and community resilience adaptation approaches and innovative approaches to adaptation the Eastern Caribbean, and with small island developing states globally.

These knowledge products will be tailored to target different audiences, namely: the public; technicians; and high-level policy-makers. Tangible, lasting, and concrete outputs include the following indicative products:

- Informational brief on the cost-effectiveness of adaptation interventions
- *Adaptation Options in Buildings* informational packet using lessons learned under this project, with printed folders distributed to key partners, and guidelines for users

[54] GEF, 2012. Cluster Country Portfolio Evaluation: GEF Beneficiary Countries of the OECS (1992-2011). Prepared by the GEF Evaluation Office http://www.gefieo.org/sites/default/files/ieo/council-documents/c-42-me-inf-02.pdf Accessed 13 September 2017

[55] United Nations Office for Project Services (UNOPS) https://www.unops.org/english/Pages/Home.aspx

- At least two documentary-style videos on concrete adaptation interventions uploaded to the DoE's YouTube channel[56]
- A jingle to sensitize the public about the economic benefits of adaptation to climate change

The above listed products will be refined and executed through the development and implementation of the comprehensive communications plan for broad-based community education, awareness and mobilization of support, and the other awareness activities budgeted for.

CASE STUDY ON VISIBILITY and MOBILISATION[57]

The UNDP FlipCam Project was introduced in 2009 to document their projects on the ground, the FlipCam revolutionized video production at UNDP, enabling a low-cost alternative to acquire footage on UNDP projects around the world. The FlipCam came with a 15-min instructional video that provided all the information needed to use the camera to produce short videos that tells a better story that previously.
[more info: https://vimeo.com/5542623]

How this could be applied to the GCF EDA project

The explosion of smart phones and tables with high quality cameras is an excellent opportunity to gain more visibility for the cause of concrete adaptation and best practices. Opportunities include:

1. A short film competition on the most innovative household adaptation solution
2. Documenting the progress of the waterway resilience interventions or exposure of other work being done by the community or agencies
3. Citizen journalism to cover real issues occurring in the country in real time for example, to highlight flooding or drought impacts, especially challenges faces by vulnerable community members, and to highlight the good work being done by individuals and community groups.

All of this brings compelling content that are of interest to the local communities within Antigua and Barbuda, Dominica and Grenada and could be tweeted, liked or viewed through the social media initiative.

Box 1. Creative visibility and mobilization content that will be further developed through the project's communications plans for each pilot country

A Knowledge, Attitudes and Practices (KAP) study found that among respondents in the OECS sub-region, television was the preferred medium for receiving information on climate change (73.3%) followed closely by radio (63.7%). The majority also stipulated news and infomercials as their preferred TV & Radio vehicles for the 'packaging' of such information.[58] Radio and television will be a key means of communication to the public, however dissemination will target multiple avenues to reach a broad audience – for example, per the KAP Study, younger respondents have a greater preference to get climate change information via websites, email, social media and text messaging. The mediums for communicating project outputs will be subsumed within an overarching communications strategy that will include a range of the following include:

- The OECS and the Department's website is managed by a dedicated officer, who is also fluent in English, Spanish and French. The website is in English, and lessons learned can be adapted and communicated to other regions
- The Department has an active presence in social media, specifically through its Facebook page and twitter account. The AF project will therefore feature heavily as the project unfolds, capturing and displaying the stories of the residents and persons working closely with the project
- The Department maintains a YouTube channel for videos produced: http://bit.ly/2c3xWvt
- The project will utilize project briefs and power-point presentations targeted at the Ministerial level and Cabinet, to communicate lessons learned for decision-makers

[56] Department of Environment, Antigua and Barbuda, YouTube Channel: https://www.youtube.com/channel/UCJLb4VqZbp9u_gDqwKU5S_w
[57] Adapted from Orange Media, 2014. iLand Resilience Public Awareness Strategy & Action Plan: Interim Report II. OECS Project on Climate Change Adaptation & Sustainable Land Management in the Eastern Caribbean.
[58] Orange Media, 2014. Technical Report I: GCCA Visibility Strategy & Action Plan. OECS Project on Climate Change Adaptation & Sustainable Land Management in the Eastern Caribbean.

- The entities will work closely with the GEF small grants program and its national network to extend the project activities and outputs of the project. The NGOs and community groups are empowered through projects with workshops and sub-contracts for project implementation, building on the successful model of the GEF SGP.
- An annual stakeholder consultation meeting will be held with the community members to review progress of the project, including through presentations by beneficiaries, and solicit learning and lessons shared through focus group discussions. Annual meetings will be documented in detailed reports and will form the basis for adaptive management.
- Community members will be encouraged and supported in developing documentaries on the work that they are involved with, in the respective of Outputs 1 and 2 (Box 1).
- Outcomes of the various Outputs will be packaged in briefing notes/press releases that will be shared on the Department of Environment website, websites of local partner stakeholders (e.g. Public Utilities company, National Office of Disaster Services, Environmental Awareness Group, etc.)
- As the national focal points for climate change and other MEAs, the respective entities and service providers travel to Climate Change meetings and are available to showcase this project at side events. This will be done in partnership with the NGOs to give international exposure to the project's results from different voices.
- The entities also engage traditional media sources and will ensure that the messages and outputs of the project are expressed through regular media blitzes

Output 2. Governments implement concrete adaptation measures using ecosystem-based approaches where appropriate. This Output will solicit priority adaptation interventions in the public sector in each of the pilot countries targeting ecosystem services and drainage systems to cope with a 1-in-50-year flood event. National committees will evaluate the proposals using transparent criteria (evaluation criteria are presented in Table 3).

Indicative activities will build on baseline work of the sub-regional EU-OECS Global Climate Change Alliance (GCCA), which involved all three EDA pilot countries. The GCCF project contracted consultants to travel to each country within with local Government stakeholders to identify adaptation projects in each of the countries, however there were insufficient funds under the GCCA to implement the actions identified. Building on potential pipeline projects identified under the GCCA, the EDA will advance adaptation interventions such as those under the GCCA as well as under the PPCR and the USAID RRACC projects.

The objective of this Output is to:

- Improve the resilience of physical assets (valued at least USD 25 M) to climate variability and change, considering human benefits
- Restore, protect or strengthen the coverage/scale of ecosystems in response to climate variability and change

The Gender and Social Inclusion Action Plan (GAP) identified a low participation of women in the construction services sector[59], and identities opportunities to increase gender impact of the project via services related to delivery of climate change information, adaptation and resilience services, e.g. EIAs, construction, project management, procurement, M&E, etc. Recommended activities in the GAP include partnering with entrepreneurship agency and/or universities to facilitate continuous training in entrepreneurship women, persons with disabilities (PWDs) other vulnerable groups as it relates to climate change adaptation and resilience services for this Output.

Indicative Output 2 public sector activates will be at the sub-watershed/village scale, and up to US$1.5 million of GCF contribution per project. Target sectors are: water resources, drainage infrastructure, and ecosystem-based adaptation (see the ESMP Appendix for additional details):

- Small-scale infrastructure including rehabilitation, maintenance and upgrading
- Village-level drainage
- Smallholder farm irrigation (drip irrigation, shallow wells, etc.)
- Small-scale watershed management, habitat restoration, and rehabilitation
- Ecosystem-based adaptation, including soil and water conservation; forest management and monitoring to prevent landslides

[59] Baksh, Rawwida and Associates, 2016. Country Gender Assessment (CGA) Synthesis. Prepared for the Caribbean Development Bank.

Indicative interventions are subject to applications received from the public sector in response to the Call for Proposals. The islands of Dominica and Barbuda have been struck by Category 5 hurricanes in 2017, which may have impacted national priorities; indicative interventions will be validated during the project's inception phase.

Case Study 2: Example of potential sub-project under Component 2 (per EDA RFP)

Improved drainage and restoration of functionality and remediation of climate induced water-health issues in Cashew Hill community, Antigua and Barbuda.

Objectives: To demonstrate cost-effective ecosystem-based adaptation solutions in a climate vulnerable community, for integrated adaptation to: use nature-based solutions to reduce flooding risk to cope with a 1 in 50-year event, improve water quality, which will reduce mosquito breeding with guppies/live fish (as opposed to chemicals), establish a green urban area around the detention pond (livability/accessibility and health).

Financial structure: US$1.5 million from GCF; US$2 million cash co-financing (Government of Antigua & Barbuda)

Alignment with GCF investment criteria and results areas: Tangible economic benefits will be enjoyed by the beneficiary population through project interventions that will increase the waterway capacity from a 1 in 5-year rainfall event, to a targeted 1 in 50-year rainfall flooding event. This will reduce flooding in the community decreasing expenditure on repairs from flood damage, reducing loss of productive days due to flood conditions and achieve climate resilient development for the community.

Implementation arrangement: Figure 3 – Public sector project implementation arrangements

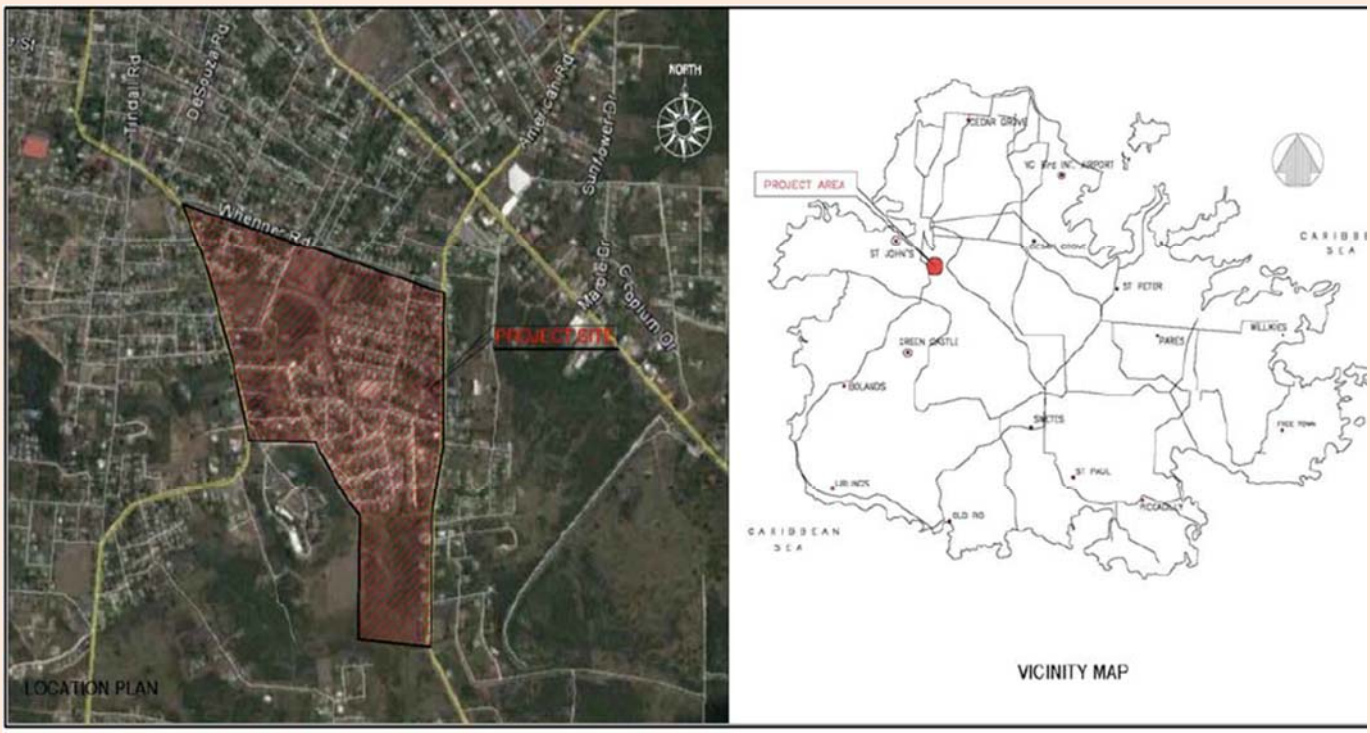


Figure 8. Location of Cashew Hill project site in the local area (left) and location within the island of Antigua (right)

Output 3. Community resilience to climate impacts is enhanced through tangible adaptation benefits. This Output targets the building sector and will benefit from the GEF Small Grants Programme, which has been operational in the

Eastern Caribbean for over ten years, and has built capacity at the community level to develop and implement projects. The EDA project will issue a call for proposals for community adaptation projects (<$50,000), which will be evaluated using transparent criteria. Successful applicants will receive a small (<$5,000) preparation grant to develop the proposal, and communities will implement adaptation projects with tangible benefits. Indicative interventions for community buildings are presented in Figure below.

Many community shelters and other community buildings were damaged in Tropical Storm Erika and Hurricane Maria in Dominica, during Hurricane Irma in Antigua and Barbuda, and in Grenada during Hurricane Ivan. In addition, CSOs through Output 3 can apply for funds to support adaptation in buildings for exceptionally vulnerable people, for example persons living below the poverty line, persons with disabilities, who cannot borrow a Revolving Fund loan even at concessional rates (see Box 1). Criteria to determine households that are eligible for grant funding will be agreed by the CSO Steering Committee with transparency and strong community ownership. CSOs such as the local Association of Persons with Disabilities or a church could apply for grant funding to support adaptation in buildings owner by the most vulnerable community groups.

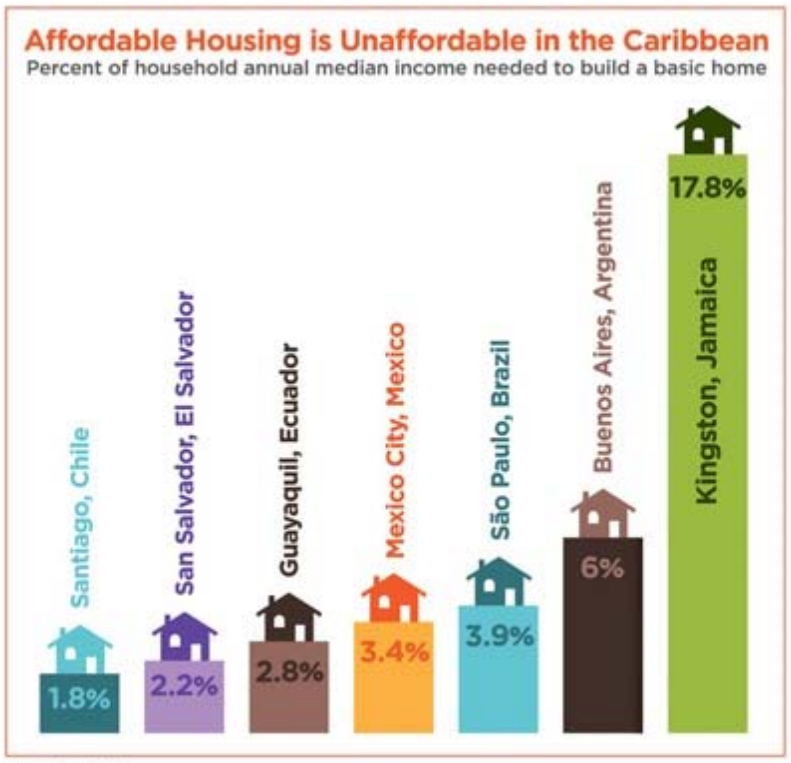


Figure 9. The Caribbean's housing deficit is driven by the high costs of building a home relative to income. Adequate housing builds resilience to climate change, reduces erosion, and improves the energy efficiency of buildings, which in turn lowers greenhouse gas emissions.

Eligibility for on-granting under Output 3 includes: a registered community group under national laws, and; ability to mobilize cash and in-kind co-financing (aiming for at least 25% of total project budget). CSO programming will take care not to only favor stronger organizations: while the most capable CSOs may end up "taking the lead", the institutional arrangements would have to show increasing role and responsibility being taken up by other partners, especially any CBOs or indigenous peoples organizations involved in the project.

The community adaptation projects are capped at USD 50,000 per project. The entity that will issue community adaptation project call for proposals are:

- Antigua and Barbuda: Marine Ecosystems Protected Areas Trust (MEPA Trust)
- Dominica: National GEF Small Grants Programme
- Grenada: Basic Needs Trust Fund (BNTF)

About the service providers – Output 3

Antigua & Barbuda MEPA Trust

The Antigua and Barbuda Marine Ecosystem Protected Area Trust Inc. (MEPA Trust) was established in 2015. The MEPA Trust is envisioned to be a core national mechanism for sustained financing to support local community environmental initiatives: https://mepatrustantiguabarbuda.org/

Dominica GEF Small Grants Programme

Since it was established in 1994, Dominica's GEF Small Grants Programme has approved 101 projects with a total grant financing of approximately USD 2.6 M. The GEF Small Grants Programme projects have raised US$ 765,019 in cash co-financing and a total of US$ 2 M in in-kind co-financing. Community-based adaptation has accounted for less than 10% of the overall funding profile. Dominica's GEF Small Grants Programme will be used for the Grants for NGOs Output of this Enhanced Direct Access project, with a view to institutionalizing the Programme and increasing its profile within the public sector.

Grenada Sustainable Development Trust Fund

The Grenada Sustainable Development Trust Fund was set up with technical assistance from GIZ to increase adaptive capacity of communities through the implementation of concrete community-based adaptation activities and incentives in the islands of Grenada, Carriacou and Petit Martinique. The main output of baseline work was the design, establishment and operationalization of a Community Climate Change Adaptation Fund (CCCAF) administered by the Trust Fund that responds to the needs of vulnerable communities and that links climate risks and adaption measures with livelihoods. The long-term goal, which will be advanced through the implementation of this Enhanced Direct Access project, is to institutionalize this fund so that there is a permanent source of funding for community-based adaptation action.

Grenada Basic Needs Trust Fund (BNTF)

The Basic Needs Trust Fund (BNTF) is a poverty reduction initiative funded by the Government of Grenada and the Caribbean Development Bank. The BNTF aims to reduce poverty and vulnerability by enhancing access to basic social and economic infrastructures and human resource development services.

Output 4. Privately owned physical assets of vulnerable populations are more resilient to climate variability and change through concessional microfinancing. The private sector Revolving Fund loan programme for adaptation in buildings is currently being piloted in Antigua and Barbuda. This Output of the EDA project will scale up the initiative via launching an invitation for applications in all three pilot countries. Several institutions have been identified to manage the Revolving Fund in the pilot countries. These institutions will be validated at EDA inception, using GCF capacity assessment checklists covering fiduciary standards, environmental and social safeguards, and gender criteria (see self-assessment templates in Appendices). Once evaluated, the project will finance adaptation in buildings and manage reflows into the Revolving Fund, that are revolved and re-disbursed to beneficiaries (see Figure above for a visual diagram of the problem, and Figure below for details on the proposed solution).

The objective of this Output is for 300 vulnerable households and 100 businesses use Fund-supported microfinancing to respond to climate variability and projected climate change through adaptation in private building assets, of which approximately 40% are female-headed. For an applicant to be eligible for a loan, an individual must be[60]:

(a) the owner of the home or business;
(b) employed or have a source of income;
(c) willing to be subjected to direct debits on their salary/account for loan payments, where applicable; and
(d) willing to adhere to all the terms and conditions of the loan agreement.

[60] Environmental Protection and Management (SIRFF Revolving Fund Programme for Adaptation) Regulations 2017

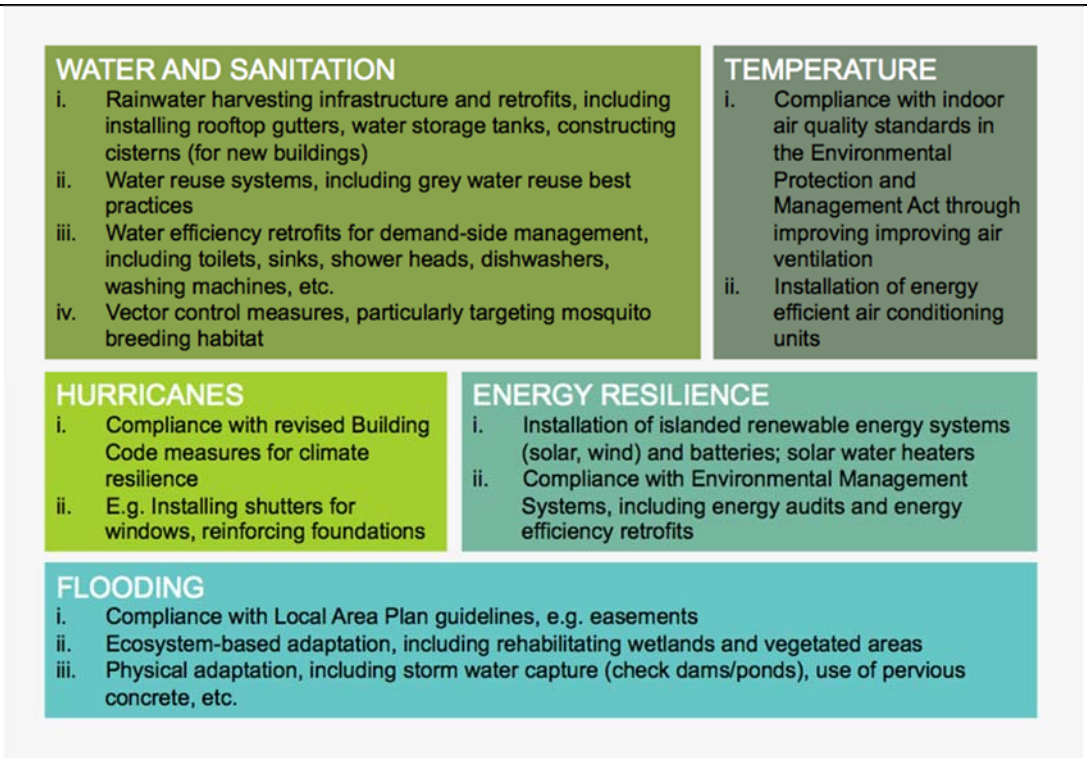


Figure 10. Indicative activities for adaptation in privately owned buildings to be funded through the Revolving Fund concessional loans program under Output 4 of the EDA

The indicative adaptation interventions in buildings are designed to cope with climate projections that have been identified to date in the IPCC and other climate modelling literature.

Water and Sanitation interventions in buildings are guided by local knowledge in Antigua and Barbuda, which is the most arid of the Eastern Caribbean islands, however Dominica and Grenada are increasingly experiencing extended drought conditions. The Global Water Partnership-Caribbean case studies and best practices[61] are reflected in the Figure. The Eastern Caribbean could experience 20% less rainfall on average per year by 2080[62]. Frequent drought conditions, leave the population vulnerable to diseases linked to inadequate water supply and sanitation, such as cholera, typhoid and bacterial dysentery[63].

Temperature interventions will adapt buildings to protect human health and wellbeing to the project 2.4˚C and 3.2˚C local temperature increases projected by the 2080s. Heat wave events have been found to be associated with short-term increases in mortality globally as well as morbidity related to heat exhaustion and dehydration. Hot dry spells can affect air quality and increase diseases like acute respiratory infections and influenza like illnesses which are quite common among residents of Antigua and Barbuda and the Eastern Caribbean[64].

Regional Climate Models project that hurricane intensity could increase by between 5 and 15% by the end of the century. This is consistent with recent trends, as the strongest hurricane on record in the Atlantic formed in September 2017. Scientific research is increasingly able to quantify the part that climate change has played in the occurrence of extreme weather event[65], such as severe heat or flooding, however this has generally focused on events in the UK and Canada,

[61] GWP-C, 2011. Rainwater Harvesting Model http://www.gwp.org/en/GWP-Caribbean/WE-LEARN/knowledge-resources/regional-resources/Rainwater-Harvesting-Model/ Accessed 12 September 2017
[62] ECLAC, 2010. Regional Climate Modelling in the Caribbean: The PRECIS-Caribbean Initiative. Economic Commission for Latin America and the Caribbean, April.
[63] Simpson et al, 2012. CCCRA
[64] Simpson, M. et al, 2012. CARIBSAVE Climate Change Risk Atlas (CCCRA) - Antigua and Barbuda. DFID, AusAID and The CARIBSAVE Partnership, Barbados, West Indies.
[65] Redfen, 2014. Warming boosts UK flooding risk. British Broadcasting Channel (BBC). http://www.bbc.com/news/science-environment-27228408 Accessed 12 September 2017

and there is less literature available for the linkages between climate change and extreme climate events in the tropics. *Hurricane* interventions in buildings under the EDA project will be designed to withstand a Category 5 hurricane.

Energy resilience in buildings is a critical adaptation measure as utility grids can be disrupted for extended periods – for example, post-hurricane Irma, an estimated 11 million people in Florida were without power and this could extend for a period of several weeks[66]. Experiences in the Caribbean are similar, with power taking up to 3 months for restoration following extreme hurricanes. Energy resilience is critical to sustain equitable livelihoods and 'leave no one behind' in adaptation. People with medicine requiring refrigeration, such as HIV patients, require energy resilience, and many livelihoods depend on energy security, for example milk farmers to refrigerate their products. Energy resilience is an adaptation measure with the installation of batteries to support a facility for up to 48 hours, and solar/wind RE to recharge batteries. Energy efficiency for air conditioning units will meet the Regional Energy Efficiency Building Code under development by CARICOM member states. This code is being developed from the International Energy Conservation Code of 2018 (IECC) provided by the International Code Council (ICC). HVAC energy efficiency requirements for both Commercial and Residential applications will reference the 2018 IECC. The standard used for design loads is the ANSI/ASHRAE ACCA standard 183. Additionally, CROSQ is also working on ISO standards for air conditioning.

The implementation of this code (REEBC) along with the standards mentioned above will have a large positive impact on the energy sector by reducing the national energy demand which in turn will reduce the GHG emissions. Based on the energy usage in commercial buildings, HVAC systems account for approximately 70% of the total energy use that sector.

Case Study 3: Philadelphia Storm water Grants

The City of Philadelphia has created the Storm water Management Incentives Program (SMIP) and the Greened Acre Retrofit Program (GARP) to reduce the price for consumers and contractors to design and install storm water best management practices. These practices reduce storm water flow to the City's sewer and surrounding waterways and enhance water quality in the region's watersheds. SMIP provides grants directly to property owners to construct storm water retrofit projects to build large-scale storm water retrofit projects across multiple ..

Flooding interventions will also be addressed Output 2 for the public sector via infrastructure such as check dams is the responsibility of the respective Public Works authority. However, building owners will be able to access financing to enable their properties to meet local area plan guidelines, such as easements that may require or recommend a certain percent of pervious surface cover in flood prone areas, bore holes to capture runoff from pervious surfaces, among others.

There is a degree of uncertainty in climate models, and therefore adaptation options in the EDA will be consistent with a "no regrets" approach. Adaptation in buildings will be consistent with "no regrets" interventions. The most appropriate forms of adaptation are those that build on current actions to cope with present-day climate variability and extreme events, and that also contribute in a positive manner to sustainable economic development, sound environmental management, social progress, and wise resource use[67].

However, there is also a risk that adaptation interventions are not able to reduce losses and damages as anticipated if climate change scenarios exceed projections and countries do not exceed their mitigation ambition under the Paris Agreement. For example, Category 5+ Hurricane Irma in September 2017 with sustained wind speeds at 195 mph when it struck Barbuda is the strongest hurricane on record in the Atlantic, and it has caused devastation in the islands that it hit. As the stage-damage curve shows below, adaptation interventions can have significant benefits when climate change is within a certain scale; beyond that scale, it is not clear that the adaptation interventions will be able to avert climate losses.

[66] Sullivan, P. et al. After Irma, Florida prepares for days - and maybe weeks - without power. The Washington Post 13 September 2017 https://www.washingtonpost.com/news/post-nation/wp/2017/09/12/florida-struggles-with-top-job-in-irmas-wake-restoring-power-to-millions/?utm_term=.4ae0e43cb084 Accessed 13 September 2017

[67] ADB, 2005. *Pacific Studies Series: Climate Proofing – A Risk-based Approach to Adaptation.* Chapter IV: Why Adapt, and What is Involved? Asian Development Bank. No. 030905

A stage-damage curve is a picture of the vulnerability of a structure to damage from (in this case) floods, which is rooted in a building's design characteristics and construction material[68]. In the Figure to the right, the green curve shows the initial situation of a particular building (e.g., a residential, one-story concrete/block house with a slab ground floor and metal roof, near the shore) as are common in the Eastern Caribbean. For that building in its present location and configuration, a flood of about 0.9 meters causes damage equivalent to about 10% of the replacement value of the building; a flood of 1.1 meters causes damage equivalent to about 40% of replacement value; the building is more than 90% destroyed if the flood height reaches 1.7 meters. The conceptual impact of implementing adaptation in that building can reduce the replacement value by 5% for a 0.9 meter flood; reduce damage by 20% at a flood height of 1.1 meters, and the adaptation intervention of increasing the ground floor level would not reduce much of the damage value of a 1.7 meter flood.

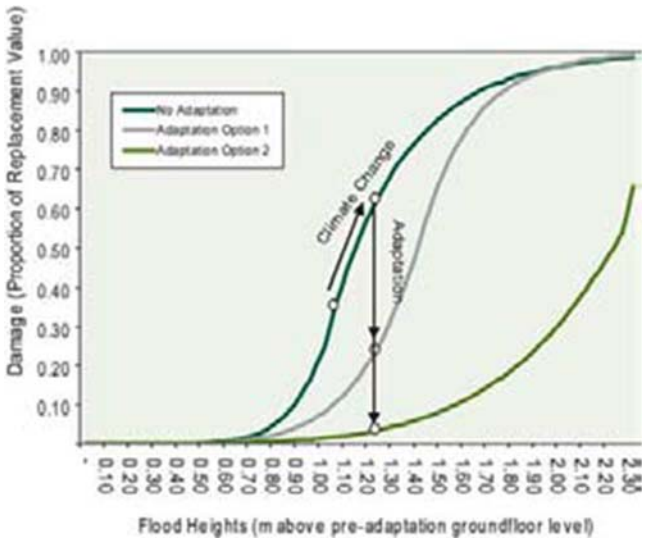


Figure 11. Hypothetical Stage-Damage Curve to demonstrate vulnerability of a structure to damage from (in this case) flood. Source: ADB, 2005. Climate-proofing – A risk-based approach to infrastructure (CCAIRR findings)

Monitoring and evaluation of the interventions will be conducted to provide concrete examples of a stage-damage curve such as the one presented conceptually above.

The project will not lend money to the "most" vulnerable persons (this would trigger Environmental and Social Safeguard risks) therefore Output 4 is not targeted to the "most" vulnerable. This Output targets persons within an income bracket where they are un-bankable or for other reasons do not have ready access to traditional banks; people who are at risk of falling into poverty but where they do have a source of income to repay into the Revolving Fund. The Output for NGOs and CSOs is the Output that will target the most vulnerable – people who cannot repay even at concessional rates, such as persons with disabilities, and therefore the project is structured to both efficiently use resources as well as "leave no one behind". See *Section E.4.1. Vulnerability of country and beneficiary groups*.

The MSME Revolving Fund micro-loans are capped at USD 75,000 per loan.

About the service providers – Output 4

Potential service providers for the Revolving Fund loans in each of the countries includes:

- Antigua and Barbuda: Sustainable Island Resource Framework Fund (SIRF Fund)
- Dominica: Climate Change Trust Fund (similar to the SIRF Fund but not yet legislated); Agricultural Industrial and Development Bank (AID Bank)
- Grenada: Grenada Development Bank (GDB)

Antigua & Barbuda SIRF Fund

The Sustainable Island Resource Framework (SIRF) Fund is the financial mechanism of the Department of Environment. The SIRF Fund will provide the framework financial mechanism to implement the Environmental Protection and Management Act of 2015, which brought into national legislation the multilateral environmental agreements to which the country is Party. The SIRF Fund is the DOE's on-granting and on-lending mechanism to implement the 2015 Act, which includes climate targets in the NDC.

Dominica Agricultural Industrial and Development Bank (AID Bank)

[68] ADB, 2005. *Pacific Studies Series: Climate Proofing – A Risk-based Approach to Adaptation.* Chapter VIII: Elaboration of the Approach, Methods, and Tools. Asian Development Bank. No. 030905

Dominica's AID Bank is one of the potential implementing partners identified at Pre-Feasibility stage to be used for the Revolving Fund Programme for Adaptation (http://www.aidbank.com/). The AID Bank was established by an Act of Parliament on July 28, 1971. It became a subsidiary of the National Commercial and Development Bank, when the latter was established in December 1976 by the Act of Parliament No. 27 of 1976. It was then re-established as an autonomous institution on January 1982.

The primary objectives of the AID Bank, per its legal mandate, are to promote and influence economic development in the Commonwealth of Dominica and to mobilize funds for the purpose of such development. The bank has two shareholders, namely: the Government of the Commonwealth of Dominica, the majority shareholder, and the Dominica Social Security, the minority shareholder with 89.6% and 10.4% of the shares respectively. Current initiatives by the AID Bank include the Women Entrepreneurs Fund, Renewable Energy loans, and an Energy Efficiency Business Loan Facility.

Figure 12. Current initiative of Dominica's AID Bank to support women entrepreneurs. The AID Bank is not yet providing financing for businesses to adapt to climate change; adaptation in private buildings would be piloted under the EDA project. Source: http://www.aidbank.com/

Grenada Development Bank (GDB)

The Grenada Development Bank was identified by the pre-feasibility study as a financial institution that could implement revolving loans mechanism for private sector climate change adaptation. The institution has a track record of administering donor funds and channeling them to the private sector. The Bank has also been nominated for accreditation to the Green Climate Fund (GCF) by Grenada's NDA, and the EDA project is designed to support accreditation of the NIE while the project will benefit from its experience and track record.

The SIRF Fund is has track record with respect to complying with the Anti-Money Laundering/Counter Terrorist Financing (AML/CTF) provisions, as demonstrated by the Department of Environment's accreditation to the Green Climate Fund (the SIRF Fund is the Department's financial mechanism).

AML/CTF provisions are regulated by the Eastern Caribbean Central Bank (ECCB), which has issued guidance notes to assist financial institutions in the OECS in developing programmes to combat money laundering and terrorist financing. The guidance compliance with anti-money laundering policies, procedures and controls as they relate to customer identification, verification of transactions, record retention, reporting of suspicious activity, recruitment and training of employees and audit reviews. Eastern Caribbean Union member territories have passed comprehensive legislation and guidance notes for AML/CTF. In Grenada, for example, AML-CTF is the mandate of the Finance Intelligence Unit which is govern by a Board chaired by the Attorney General of Grenada. Institutions and Money Services Supervision Department of the Grenada Authority for the Regulation of Financial Institutions (GARFIN) regulates money laundering.

The template/validation process to assess the respective capacities for AML/CTF reflects GCF's principles and will observe AML/CFT laws. See *Section C.4. Background Information* for information on each of the above-listed entities.

C.4. Background Information on Project / Programme Sponsor (Executing Entity)

Describe the quality of the management team, overall strategy and financial profile of the Sponsor (Executing Entity) and how it will support the project/programme in terms of equity investment, management, operations, production and marketing.

The Department of Environment in its role as Accredited Entity (AE) will enter into Subsidiary Agreements with the Executing Entities (EE) in Grenada and Dominica respectively. The Accredited Entity will enter into legal arrangements with the Executing Entities using the template Agreement in the Appendix. The template Agreement includes key provisions of legal arrangements under the GCF, including managing a Grievance Redress Mechanism and provisions for AML/CTF. In addition, the Government of Antigua and Barbuda has already signed the Privileges and Immunities with the GCF, and will facilitate as appropriate the signing of PNIs between the GCF and the Governments of Dominica and Grenada.

The AE has reviewed capacity assessments for each of the EEs. Preliminary capacity assessments have been conducted with each country's respective GCF Readiness support, and gaps have been identified. These gaps are being addressed through various channels (for example, GIZ and UNDP in Grenada). At the time of approval of this EDA project, during project inception, the AE will conduct updated capacity assessments to structure Executing Entity responsibilities over the first year, consistent with a risk-based approach. At the end of Year 1 of implementation, a capacity audit will be conducted and the full delegation of EE responsibilities will be contingent on the results of this capacity audit.

Executing Entities

To effectively demonstrate enhanced direct access in the public, private and NGO sectors, the Accredited Entity will conduct due diligence on executing entities using the FMCA and self-assessment capacity checklists (see Appendix) during the inception phase in Year 1, as well as PricewaterhouseCoopers (PwC) through GCF's framework agreement with the firm. The project will address gaps identified via these assessments, build capacity, and developed a tailored partnership and capacity building approach. After this, the Project Management Committee will approve the delegation of activities to the respective EE for the EDA project activities in that country.

The Executing Entities, their baseline capacities, and institutional arrangements are presented below.

The Executing Entity in Antigua and Barbuda is the same as the AE – the ***Department of Environment***. The Department of Environment has a Project Management Unit (PMU) to manage the day-to-day activities of the EE, as well as to achieve efficiency and coordination in the management of projects from a variety of contributors, including government projects. The team has implemented two Readiness projects in Antigua and Barbuda, as well as Readiness grants from the Adaptation Fund. The PMU in the Department of Environment ensures that there is effective coordination when there are project activities that are inter-dependent for execution. Antigua and Barbuda is a small island developing state (SIDS) and technical capacity, staff turnover and lost institutional memory is one of the core risks to successful project implementation. The PMU consists of regional and national project coordinators and consultants, and is structured to draw on expertise from the public sector (through civil servant secondment) and the private sector (contracted long- or short-term consultants) in accordance with its Operational and HR procedures. The structure and operations of the PMU is a risk mitigation measure that has been built using a programmatic approach from experience implementing projects in the SIDS context. The PMU meets monthly and project outcomes are reported to the Technical Advisory Committee (TAC) and the Project Management Committee (PMC).

Project Management Committee (PMC) – Consists of the Permanent Secretary, deputy Permanent Secretary of the Ministry responsible for the environment and a representative of the Budget Office of the Ministry of Finance. The signatories to the accounts include the PS of Agriculture, Deputy PS of Agriculture and the PS responsible for Energy. The PMC holds monthly meetings. Members are normally members of the Civil service. The Cabinet may appoint any member it would like, including NGO members, and the Chair of the National Steering Committees in Dominica and Grenada respectively will be invited to attend (virtually) PMC meetings when sub-regional EDA activities are being discussed. The roles and responsibilities of the Steering Committee are:

(a) To approve selection criteria and ensure that there is policy cohesion between project decisions and activities and the work of the central government. Project activities must conform to any central government financial and general policies;
(b) To make final procurement decisions for the projects being executed by or on behalf of the Department;
(c) To act as the Audit Committee for the projects and the Department. A subcommittee may be appointed to perform this function;
(d) The Committee is responsible for the procurement of the auditors for the projects and to ensure that the Government Audit Department completes the annual Audit of the Department by March of the following year;
(e) The Committee will also ensure that the project activities adhere to Financial and Management legislation as well as the Procurement and Audit standards of the Accredited Entity and any other national legislation that is relevant to the function of the Executing Entity and its Program of Work and projects.
(f) To ensure that the use of Government Technical officers as well as project staff is conducted within the Labour Laws of the country as well as any relevant policies or Labour agreements.

Audit Committee – The Audit Committee is a subcommittee of the PMC and meets at least three times per year to consider financial matters as well as matters related to complaints (Independent Redress Mechanism).

Technical Advisory Committee (TAC) – This committee currently consists of over 15 members from Government, as well as several NGO and the private sector representative. The TAC performs the function of providing technical advice on projects, technical assessments of bid documents, ESS and gender oversight and provides financial oversight from a technical perspective through its representative on the Audit Committee.

The Department of Environment, formerly known as the Environment Division, was formed in 1996 by a decision of the Cabinet of Antigua and Barbuda, to perform coordination and project management functions relating to the environment. In 2015, with the passage of the Environmental Protection and Management Act by Parliament, the Division became a Department of the Government. One of the purposes of the Act was to establish and consolidate into one legal regime the implementation of the multilateral environmental agreements to which the country is a Party, and to establish and make operational the framework financial mechanism to implement the Act – the Sustainable Island Resource Framework Fund (SIRF Fund).

The SIRF Fund is governed by a General Board and provides the legal and operational framework for on-granting and on-lending. The SIRF Fund is a sustainable financing mechanism established by the laws of Antigua and Barbuda and administered by the Department of Environment for the purposes of financing the implementation of multilateral environmental agreements, including for the most vulnerable people and communities. Due diligence is conducted by a Technical Expert Committee (TEC) and funding decisions are made by a Finance Evaluation Committee. The TEC consists of finance experts from the Ministry of Finance, and social services, persons with expertise in compliance, and in credit union operations. The General Board meets at least three times per year to review Calls for Proposals (grants to NGOs and community centers) and Calls for Applications (Revolving Fund loans).

The Department of Environment as the national focal point for climate change in Antigua and Barbuda has a mandate to develop and implement projects and programmes that will achieve lasting impact in the vulnerable small island state. The Department has facilitated identification of ambitious Nationally Determined Contribution (NDC) goals covering adaptation actions, with an estimated implementation cost of USD 450 – 670 million, and low-carbon development mitigation goals estimated at USD 350 – 500 million.

Within this portfolio of priorities, the Department of Environment's prior experience has focused on ecosystem-based adaptation in waterways, water resources, coastal protection, resilient (grid-interactive RE) energy systems, and climate-proofing of buildings. Notable activities include revising the building code for climate adaptation standards, establishing a Revolving Fund Programme for Adaptation to provide affordable loans to low-income female-headed households, and equipping desalination reverse osmosis plants with off-grid renewable energy to achieve a low-carbon resilient water supply in Antigua and Barbuda.

The Department's experience includes a range of projects and programmes, from technical assistance grants of USD 150,000, to transformational programmes of USD 36 million in the case of approved funding for the Department of Environment's adaptation programme.

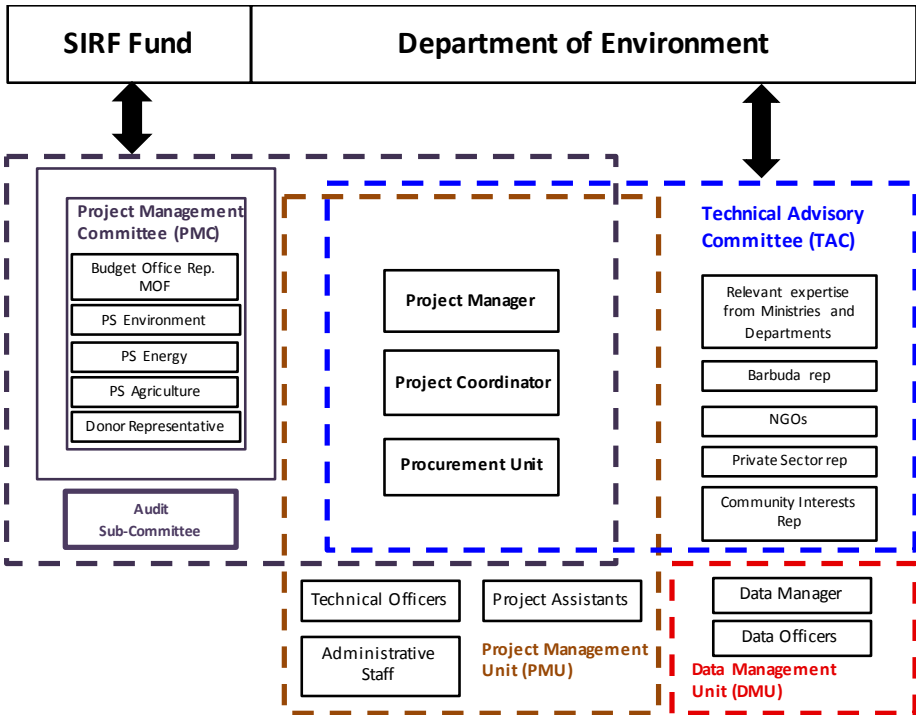


Figure 13. Project Management Arrangements of the Accredited Entity – the Department of Environment

The 3rd Council of Ministers on Environmental Sustainability (COMES) under the OECS, was hosted in the Commonwealth of Dominica from 4 – 5th May 2016. At this meeting, the Ministers mandated the Commission to work with Antigua and Barbuda to implement key decisions. The decision from the 2016 COMES meeting includes the following, in accordance with Section 4.2 (e) of the Revised Treaty of Basseterre:

1. The OECS Commission will explore accreditation to climate funds, including the Green Climate Fund (GCF), consistent with their mandate; and
2. The Ministers requested the OECS Commission to fulfil its role to support member states in accessing and negotiating climate finance, with reports on this effort requested at all future meetings of the Council;
3. *The Commission is to work with Antigua and Barbuda to implement these decisions.*

Following this Ministerial mandate, Antigua and Barbuda developed the project proposal for Enhanced Direct Access, to facilitate sub-regional adaptation in line with the objectives of the Paris Agreement.

Ministry with responsibility for Environment – Executing Entity in the Commonwealth of Dominica. The Ministry with responsibility for Environment, which is currently the Ministry of Health and Environment (formerly of the Ministry of Environment, Natural Resources, Physical Planning and Fisheries) will serve as the Executing Entity in Dominica. The Environment Coordinating Unit (ECU) which is the agency within the Ministry was established by Cabinet Decision in 1999, to coordinate environmental activities in Dominica and to serve as the focal point for the implementation of all Multilateral Environmental Agreements to which Dominica is a signatory. Dominica's National Adaptation Planning project, which has been submitted to the GCF, includes activities to upgrade the ECU to the level of a Department with responsibility for climate change and environment.

The ECU has served as Executing Entity for the following climate and environment projects:

- June 2016 to December 2019. Supporting Sustainable Ecosystems by Strengthening the Effectiveness of Dominica's Protected Areas System project funded by the Global Environment Facility (GEF) and United Nations Environment Programme (UNEP);
- June 2016 to June 2019. Low Carbon Development Path: Promoting Energy Efficient Applications and Solar Photovoltaic Technologies project funded by the Global Environment Facility (GEF) and United Nations Environment Programme (UNEP);
- December 2014 to December 2018. Third National Communications under the United Nations Framework Convention on Climate Change (UNFCCC) funded by the Global Environment Facility (GEF) and United Nations Environment Programme (UNEP);
- January to October 2015. Intended Nationally Determined Contributions (INDCs) to the United Nations Framework Convention on Climate Change (UNFCCC) funded by the Global Environment Facility (GEF) and United Nations Environment Programme (UNEP);
- March 2013 to August 2015. National component of the Regional Project for Implementing National Biosafety Frameworks in the Caribbean sub-region funded by the Global Environment Facility (GEF) and the United Nations Environment Programme (UNEP);
- August 2011 to June 2012. Led the development of US$65 million Strategic Program for Climate Resilience (SPCR) funded through the Pilot Program for Climate Resilience (PPCR) under the Climate Investment Fund (CIF) and implemented by the World Bank – Project received special commendation by the Climate Investment Fund for the formulation of the Dominica Low Carbon Climate Resilient Development Strategy (see https://www.climateinvestmentfunds.org/country/dominica) which was submitted as Dominica's Nationally Appropriate Mitigation Action (NAMA) and was the first registered from a Caribbean small island developing State);
- December 2008 to December 2012. Second National Communications under the United Nations Framework Convention on Climate Change (UNFCCC) funded by the Global Environment Facility (GEF) and United Nations Environment Programme (UNEP);
- January 2009 to August 2011. Sustainable Land Management (SLM) project funded by the Global Environment Facility (GEF) and United Nations Development Programme (UNDP) – received special commendation by GEF after project completion evaluation;
- January 2010 to August 2011. Special Program on Adaptation to Climate Change (SPACC) funded by the Global Environment Facility (GEF) and World Bank;
- January 2006 – May 2007. National Implementation Plan for the Stockholm Convention on Persistent Organic Pollutants (POPs) funded by the Global Environment Facility (GEF) and United Nations Environment Programme (UNDP) – ECU received Special Award from UNDP for the delivery of the project which serves as a model for other developing countries;
- January 2005 – December 2005. National Capacity Self-Assessment (NCSA) project funded by the Global Environment Facility (GEF) and United Nations Environment Program (UNEP);
- February 2004 – December 2005. National Biosafety Framework project funded by the Global Environment Facility (GEF) and United Nations Environment Program (UNEP);
- February 2001 – September 2001. National Biodiversity Strategy and Action Plan funded by the Global Environment Facility (GEF) and United Nations Development Programme (UNDP);
- June 2000 – June 2001. Coordinated the National Component of the Caribbean Planning for Adaptation to Global Climate Change (CPACC) project funded by the Global Environment Facility(GEF) and World Bank – ECU coordinated and directed the development of the Dominica Climate Change Adaptation Policy that was adopted by Cabinet in 2002.

In addition to the above, Dominica has been included in regional Readiness and capacity building programmes. However, as indicated in Dominica's Low Carbon Climate Resilient Strategy, despite significant investments for capacity building in Dominica, the ECU suffers from a lack of sustained, long-term capacity, because capacity has been built up on a project basis. When a project is closed, the project management unit is disbanded and the project staff leave. Many of the gaps will be addressed through the National Adaptation Planning (NAP) project that has been submitted to the GCF for Dominica, with the Department of Environment in Antigua and Barbuda serving as Delivery Partner. The NAP project will support the enactment of legislation to legally establish the Department of Climate Change, Environment and Development and its Trust Fund and also build capacity for project and financial management. This is a key capacity

constraint that seriously undermines Dominica's ability to gain direct access to the GCF and support sustainable national implementation arrangements, which is the focus of the EDA.

Ministry with responsibility for Environment – Executing Entity in Grenada. The Ministry with responsibility for Environment is currently the Ministry of Education, Human Resource Development and the Environment, with the primary agencies as Environment Division. National project management arrangements for GEF-funded projects in Grenada have generally consisted of extensive experience with the Work Bank and UNDP serving as the Accredited Entity, the Ministry serving as Executing Entity and the Project Coordination Unit (PCU) serving as the entity responsible for day-to-day project management.

A NIE gap assessment report was conducted by the firm Æquilibrium Consulting GmbH in 2016, assessing the capacity of the Project Coordination Unit (PCU) and the Grenada Development Bank (GDB) with funding from Grenada's first GCF Readiness grant. Surprisingly, the report found that the PCU's track record with projects would enable it to apply for Small (< USD 50 M) to the GCF due to its extensive World Bank and UNDP project experience, however the report identified major compliance gaps for accreditation of the NIE to the GCF – these include legal status, small staff size, no dedicated website, and absence of key policies and procedures for accreditation, namely the following: accounting, internal and external audit, control framework, code of ethics, disclosure of conflicts of interest, financial management and other forms of malpractice, investigations, anti-money laundering and anti-terrorist financing. In addition, per the report, procurement, fiduciary functions and services required by the GCF were not carried out at institutional (PCU) level, but rather at Ministry of Finance level.

With these gaps filled through the EDA project, and a transition from the PCU from a project-specific structure that is disbanded after each project, to a programmatic approach, in addition to benefitting from lessons learned from Antigua and Barbuda and additional Readiness support from Grenada, the PCU will be well positioned to build on significant experience in project cycle management, including for grant award schemes (on-granting), environmental and social safeguards, and gender gained by coordinating World Bank projects. The EDA project will support the institutionalization of the PCU within the Ministry and long-term capacity building.

Organization of Eastern Caribbean States (OECS) Commission

Headquartered in St. Lucia, the Organization of Eastern Caribbean tates (OECS) is an inter-governmental organization dedicated to:

1. Establishing an Eastern Caribbean Common Market;
2. Protection of human and legal rights; the environment, and well-being of its citizens; and
3. Encouragement of good governance among its Member States.

The OECS Commission is the administrative body of the Organisation, and it comprises the Director General and a Commissioner of Ambassadorial rank named by each Member State who also represents the Commission in that Member State. The OECS Commission can make recommendations to the OECS Authority and the Council of Ministers regarding the formation of Acts and Regulations of the Organisation. It undertakes other work and studies, and performs other services relating to the functions of Organisation as required under the OECS Treaty, the OECS Authority or by any other Organ.

In 2017, the OECS Commission initiated a process for Accreditation to the GCF and is currently undergoing capacity assessments. The OECS Commission has a monitoring and evaluation unit with specialized expertise that has experience monitoring projects financed by EU DEVCO, USAID, and other international donors. The OECS Commission M&E Unit will perform the independent monitoring and evaluation of project activities. This arrangement will benefit all parties, with the project securing the support of an institution with regional experience, managing complementary projects and coordinating at the sub-regional level. The M&E arrangements will be designed to build capacity at the national level.

PROJECT PARTNERS

To ensure that the project maintains a high level of country ownership, capacity building impact and scaling-up potential, project partners have been identified to provide high-level guidance and alignment with national priorities.

ANTIGUA & BARBUDA

Ministry of Finance

The Ministry of Finance shares NDA responsibilities with the Department of Environment. The Ministry of Finance has the role of project sponsor, with responsibility for ensuring that the project continues to enjoy high level support, and that EDA activities continue to be aligned with national development priorities.

Antigua & Barbuda Public Sector Investment Programme (PSIP)

The Public Sector Investment Programme (PSIP) reflects the activities undertaken by the Government of Antigua and Barbuda to facilitate development. The PSIPS is hosted in the Economic Policy and Planning Unit (EPPU) in the Ministry of Finance, and was established in 200. The Economic Policy and Planning Unit (EPPU), in collaboration with the Caribbean Regional Technical Assistance Centre (CARTAC), prepared a Manual/Guidance Document[69] for the Development of Investment Proposal Submissions. The PSIP has been identified as a mechanism for integrating climate adaptation projects into the Government's portfolio. GCF EDA climate adaptation pilot projects can via the PSIP benefit from synergies with ongoing Government development and investment projects.

DOMINICA

Ministry of Finance – NDA

The Ministry of Finance has the role of project sponsor, with responsibility for ensuring that the project continues to enjoy high level support, and that EDA activities continue to be aligned with national development priorities.

Dominica Public Sector Investment Programme (PSIP)

The Government of the Commonwealth of Dominica's Public Sector Investment Programme (PSIP) is an important factor in the country's ability to sustain and improve its growth performance. The PSIP is set within the medium term macro-economic framework. For FY 2016/2017, the Public Sector Investment Programme (PSIP) budget was $184.2 million, and projects were implemented in all Ministries and sectors. The PSIP has been identified as a potential mechanism for integrating adaptation into the Government's portfolio. GCF EDA climate adaptation pilot projects can via the PSIP benefit from synergies with ongoing Government development and investment projects.

GRENADA

Ministry of Economic Development – NDA

The Ministry of Finance has the role of project sponsor, with responsibility for ensuring that the project continues to enjoy high level support, and that EDA activities continue to be aligned with national development priorities.

Grenada Public Sector Investment Programme (PSIP)

The Government of Grenada in 2015 established an enabling legal framework for public sector investments. The Minister of Finance under Sec. 88 of the Public Finance Management Act created the Public Financial Management (PFM) Regulations 2015. Part XIII of the Regulations establishes the Prioritization and Selection Criteria and Reporting Procedures for the Public Sector Investment Programme (PSIP) covering Identification and Development, Project Appraisal & PSIP Screening, Project Approval & Financial Mobilization, and Project Implementation & Governance. The PSIP process in Grenada will be an important way of maximizing synergies with ongoing public sector development projects, and cost-effectively integrating adaptation at the outset, ensuring that new and planned investments are climate resilient and also aligned with national development priorities.

EXPERIENCE IMPLEMENTING PROJECTS IN THE OECS

Antigua and Barbuda, Dominica and Grenada have been working collaboratively together as members of the Economic Union of the OECS since its formation in 1981. The purpose of the economic union is for economic harmonization and

[69] Antigua and Barbuda Manual on the Public Sector Investment Programme (PSIP): http://www.antigua.gov.ag/pdf/treasury/PSIP_Manual.pdf

integration, protection of human and legal rights, and the encouragement of good governance in the Lesser Antilles. In September 1999, OECS Ministers of the Environment requested that the OECS Secretariat prepare an "OECS Charter for Environmental Management" and "a regional strategy... that will become the framework for environmental management" in the region. In accordance with the Ministers' request, the OECS Natural Resources Management Unit (now the Environment and Sustainable Development Unit, ESDU) developed the St. George's Declaration of Principles for Environmental Sustainability in the OECS (SGD). This Declaration has since provided for a collective and collaborative approach to ratifying and implementing multilateral environment agreements in the OECS. For example, the following projects have been implemented with the OECS Commission serving as the executing entity with the EDA pilot countries as beneficiaries:

- The OECS Project, Reducing the Risks to Human and Natural Assets Resulting from Climate Change (RRACC) drew from regional and national climate change plans and addressed high priority vulnerabilities in sectors key to the region's development and economic growth, while identifying specific interventions that would contribute to greater resilience in the Eastern Caribbean. The project was implemented in Antigua and Barbuda, Dominica, Grenada and Petite Martinique, St. Kitts and Nevis, Saint Lucia and St. Vincent and the Grenadines between 2011 and 2016. The project was funded under the Climate Change programme of the United States Agency for International Development (USAID) with in kind contributions from governments of the participating countries.
- The OECS secured financing from the European Union (EU) acting through the European Commission for a Global Climate Change Alliance (GCCA) Project on Climate Change Adaptation (CCA) and Sustainable Land Management (SLM) in the Eastern Caribbean
- The OECS Commission, through the GCCA "iLand Resilience" Project and financial assistance from the European Union, launched the 6th Edition of the OECS Building Code (2015)

Part of the purpose of the OECS economic union is also to perform the role of spreading responsibility and exposure in the event of natural disaster, such as an extreme hurricane. For example, Antigua and Barbuda is housing 3,000 Dominican nationals after the devastation of Hurricane Maria. In addition to providing for human wellbeing, countries can provide food, goods, police/military services, project coordination and management for recovery efforts, and any other needs that may be requested by the impacted island state. As such, Antigua and Barbuda has experience implementing projects in other countries of the OECS, in coordination with their Governments. The proposed EDA project will build on three decades of disaster recovery collaborative action to focus on climate adaptation and resilience to reduce exposure to climate extremes in the OECS.

C.5. Market Overview (if applicable)

Market demand for concessional adaptation financing via the Revolving Fund was assessed using the following parameters:

- Building exposure (replacement value) as an indication of total potential market demand for adaptation in buildings
- Ease of access to credit as an indication of unmet demand
- Percent of population that meets Revolving Fund borrower criteria and interest in accessing the Revolving Fund

Building exposure (replacement value) was estimated using a World Bank study for Grenada where building exposure totaled US$2.1 billion for a population of 106,000 [70], or US$19,800 per capita. Assuming this figure is representative of the OECS, which shares geophysical, legal and governance characteristics, the building exposure (replacement value) for Antigua and Barbuda, Dominica and Grenada is approximately US$5.5 billion.

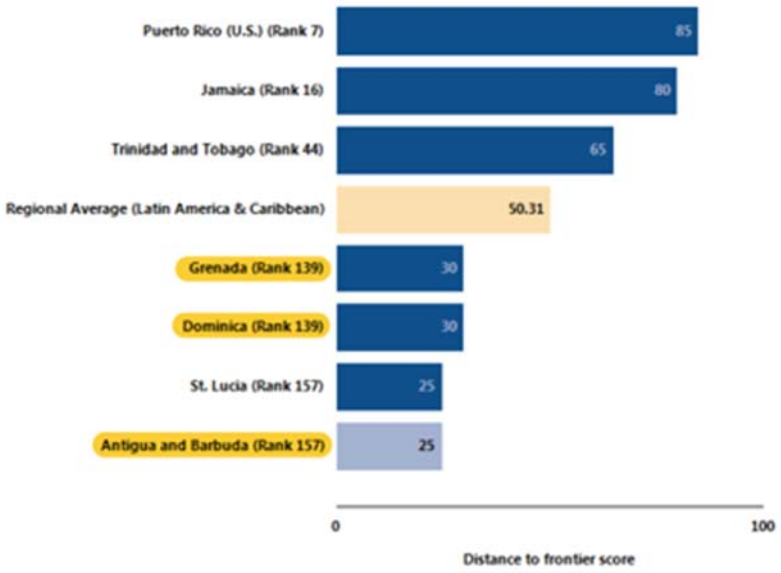


Figure 14. A comparison of how the pilot country economies of Antigua & Barbuda, Dominica and Grenada rank on the ease of getting credit. Source: World Bank Doing Business Database, 2017.

Ease of access to credit using the World Bank Doing Business Database (2017) indicates that access to capital remains one of the most challenging factors in the Eastern Caribbean pilot countries for doing business (Figure above). The report highlights the difficulty that individuals and micro-SMEs in the pilot islands have in accessing credit. Imperfect capital markets – when financial markets are unable to efficiently allocate capital or transfer risk – is one of the key barriers to channelling adaptation finance from the private sector.[71] The G20 Global Partnership for Financial Inclusion estimated that 9% of formal and informal MSMEs in Latin America and the Caribbean have access to credit, but need more, and that 18% are unserved and need access to credit.[72]

The percent of the population that meets Revolving Fund borrower criteria and interest in accessing the Revolving Fund is estimated at 40,000 people across the three islands based on the following criteria: over 18 years old; must own building; and have a source of income. Approximately 15% of the population owns their own home in the pilot countries.

Case Study 4: Cost of Rebuilding Houses after Category 5 Hurricane Irma

On 7 September 2017, Antigua and Barbuda sustained a direct hit by Hurricane Irma (Cat. 5). The island is counting the cost of the damage, with the expense of rebuilding houses alone expected to top US$66m.

Photo of homes destroyed in Barbuda. (Gemma Handy independent.co.uk)

Based on the above parameters, the market demand for the Revolving Fund loan in the three countries is estimated at USD 213 million, which exceeds the USD 6 million that will be available in the EDA project.

[70] World Bank. 2016. *Grenada Hurricanes and Earthquakes Risk Profile*. Washington, DC: World Bank. http://bit.ly/2uRCwBR Accessed 12 July 2017.
[71] UN Environment, 2014. Demystifying adaptation finance for the private sector. http://www.unepfi.org/wordpress/wp-content/uploads/2016/11/demysitifying-adaptation-finance-for-the-private-sector-aw-full-report.pdf Accessed 11 September 2017
[72] G20 Global Partnership for Financial Inclusion, 2017. Alternative Data: Transforming SME Finance. Mary. http://documents.worldbank.org/curated/en/701331497329509915/pdf/116186-WP-AlternativeFinanceReportlowres-PUBLIC.pdf Accessed 11 September 2017

C.6. Regulation, Taxation and Insurance (if applicable)

Provide details of government licenses or permits required for implementing and operating the project/programme, the issuing authority, and the date of issue or expected date of issue.

Describe applicable taxes and foreign exchange regulations.

Provide details on insurance policies related to project/programme.

The Privileges & Immunities that has been signed between the GCF and Antigua and Barbuda ensures that all taxes will be waived. Antigua and Barbuda will also facilitate Dominica and Grenada to sign Privileges & Immunities as appropriate with the GCF. Under Output 4, recipients of the revolving loan program are expected to pay taxes on the building and other supplies, unless the respective Governments decide that this can be waived. For example, in Antigua and Barbuda the Cabinet as decided that approved Revolving Loan beneficiaries will be eligible for the benefits under the Construct Antigua and Barbuda Initiative (CABI), which exempts materials and supplies from sales tax, along with other selected benefits.

The project will be implemented consistent with national laws. The following is required:

- A decision of the Cabinet of the respective pilot country (within 2 months of project approval)
- Environmental Impact Assessment (EIA) for Physical Planning approvals (see
- Regulations for the Revolving Fund (regulations specific to the GCF EDA project will be passed by negative resolution in Parliament in each country within Year 1 of project implementation); and
- Where appropriate, By-laws or operational procedures for national decision-making bodies (during project inception within 6 months of project approval)

C.7. Institutional / Implementation Arrangements

Please describe in detail the governance structure of the project/programme, including but not limited to the organization structure, roles and responsibilities of the project/programme management unit, steering committee, executing entities and so on, as well as the flow of funds structure. Also describe which of these structures are already in place and which are still pending. For the pending ones, please specify the requirements to establish them. Describe construction and supervision methodology with key contractual agreements.

Describe operational arrangements with key contractual agreements following the completion of construction. If applicable, provide the credit analysis of key counterparties of key contractual agreements and/or structural mitigants to cover the counterparty risks

Project Decision-making Strategy and Approach

Countries participating in the enhanced direct access pilot – Antigua and Barbuda, Dominica and Grenada – have implemented a range of national and sub-regional projects, all of which have been completed within the last two years and/or are still under execution. These include full-size national and sub-regional GEF projects as well as the GEF Small Grants Program (GEF SGP), the Climate Resilient Eastern Caribbean Marine Managed Areas Network (ECMMAN) project funded by KfW, the EU-funded Global Climate Change Alliance (GCCA) project in the Eastern Caribbean, as well as national Government-funded projects.

The EDA project approach, validated through the Pre-Feasibility studies, is to use existing structures that are in place, and building the capacity and transparency of these structures through an inception and capacity building phase (Output 1 of the project). Decision-making will be devolved to the national level pending that the transparency and accountability requirements are met, and the OECS Commission M&E Unit will serve as independent evaluator to monitor and support these national arrangements.

The organizational structure for the EDA is to have the following Committees and institutions designated and operational in each of the three pilot countries:

- Steering Committee, with the NDAs represented, public, private, NGO and/or women's organization (oversight function). NB: Responsibilities and obligations are "imposed" on the Steering Committee via Cabinet decisions and regulations.
- NGO Committee to make on-granting funding decisions (majority NGO representation) (decision-making body for NGO activities)*
- Loans Committee to make on-lending funding decisions (majority Private Sector representation) (decision-making body for the Private Sector)*
- Public Sector Technical Advisory Committee to make on-granting decisions for the public sector (decision-making body for the public sector)*

**Note*: All decision-making bodies will have multi-stakeholder representation and/or observers from key sectors per the multi-stakeholder engagement plan. The loan/grant applications in the respective sectors will be required per the criteria to demonstrate alignment with national strategic climate priorities. The oversight committee will monitor the decision-making body's compliance with the guidelines, and results of the decision-making outcomes will be posted online prior to the start of implementation. The proposed constitution of the decision-making bodies is in line with national best practices of the GEF Small Grants Programme, which has a majority NGO but has members from all sectors as well as participants.

The decision-making bodies will include:

- National Climate Change Focal Point (Government)
- Government expertise from the relevant sectors (e.g. Physical Planning, Public Works)
- CSO representative
- Private Sector Representative
- Environmental, Social and Gender Safeguards Expert (e.g. Directorate of Gender Affairs; Community Development Division, social/gender focused NGO)
- Youth Representative

The Pre-Feasibility studies identified that these arrangements are in place in each country, with varying degrees of capacity, transparency, and multi-stakeholder representation. Output 1 of the project will formalize and build capacity of the respective oversight and decision-making bodies, such that they meet the standards of the GCF best practice guidelines. The NDAs in each pilot country endorsed the findings of Pre-Feasibility studies through a validation meeting that was held in Grenada in April 2017, and the oversight functions will be formalized upon approval of the EDA project.

Women's CSOs in Antigua and Barbuda

Figure 15. Women's Organizations in Antigua and Barbuda, identified by the Directorate of Gender Affairs. Source: https://genderaffairs.gov.ag/uploads/1494248893ANTIGUA%20&%20BARBUDA%20CEDAW%20REPORT.compressed.pdf

Criteria and guidelines for the selection of enhanced direct access activities

The criteria presented below are indicative criteria that will be tailored by the respective national decision-making bodies, with input from the Accredited Entity and approval of the Steering Committee, prior to issuance of any calls for proposals/invitation of applications under the project. This tailoring of criteria will result in, for example, guidelines for poverty levels that are country-specific.

The process for approval of the criteria are: decision-making body to tailor indicative criteria to national circumstances, guided by national policies and priorities; validate and incorporate input from stakeholders during project inception phase, in particular women's groups, persons with disabilities, and other vulnerable groups identified in the ESMS and Gender Action Plan; present criteria to the Steering Committee; and publish criteria as part of the EDA request for proposals.

Table 3. Criteria and guidelines for the selection of enhanced direct access activities by the decision-making bodies

Output/Activity	Checklist of required material	Evaluation Criteria
Portfolio considerations	Status of sub-national distribution	• Balanced sub-national distribution of approved activities
Adaptation in the public sector (<US$1.5 million GCF contribution per project)	Application form Technical Designs Environmental Impact Assessment Environmental and Social Management Plan Gender Assessment and Action Plan Physical Planning Approvals M&E Plan Co-financing	• Ability of the proposed intervention to cope with IPCC and regional climate model projections • Number of beneficiaries, disaggregated by gender (including, where possible: women, youth, adolescent mothers, working class men, the homeless, the disabled, the elderly) • Poverty levels of target beneficiary populations • Alignment with national development plans and climate change strategies (Country Programme, NDC, NAP, etc.) • Co-financing contributions (target: 60% co-financing per project) • Impact on life and property • Impact on biodiversity and ecosystem services • Impact on community/ national economy • Impact on physical infrastructure (value of physical assets to be strengthened by proposed intervention) • Impact on social infrastructure and cohesion • Economic value of losses to be mitigated • Evidence of and capacity for operations, maintenance, and sustainability of intervention • Capacity to replicate and commitment to scale-up intervention • Capacity to complete detailed design and procurement actions before due date • Feasibility of implementation/ construction within deadline • Absorptive capacity of the executing agency • Availability of requisite technology • Feasibility of benefit cost analysis • ESS risk rating Category B or Category C • Excludes ineligible activities*

Small grants programme for community adaptation (<US$50,000 per project of GCF contribution)	Grant application Environmental and Social Impact Screening Gender screening M&E Plan Co-financing	• Ability of the proposed intervention to cope with IPCC and regional climate model projections • Number of beneficiaries, disaggregated by gender (including, where possible: women, youth, adolescent mothers, working class men, the homeless, the disabled, the elderly) • Poverty levels of target beneficiary populations • Alignment with national development plans and climate change strategies (Country Programme, NDC, NAP, etc.) • Co-financing/in-kind contributions (target: 50% in-kind contribution per project) • Linkages to disaster/climate vulnerability assessments • Impact on life and property • Impact on biodiversity and ecosystem services • Impact on community • Evidence of and capacity for sustainability and maintenance • Capacity to replicate and up-scale • Ready availability of requisite technology and capacity for implementation • Feasibility of costs against budget • Feasibility of implementation/ construction within deadline • Assessment of potential encumbrances • ESS risk rating Category C • Excludes ineligible activities*
Revolving Fund Programme for Adaptation concessional loans (<US$75,000 per loan)	Loan application Credit score Environmental and Social Impact Screening Gender screening Co-financing M&E Plan	• Ability of the proposed intervention to cope with IPCC and regional climate model projections • Alignment with national development plans and climate change strategies (Country Programme, NDC, NAP, etc.) • Adaptation rationale • Compliance with the climate resilient Building Code • Credit assessment (debt-to-income ratio) • Ability to repay Revolving Loan (e.g. willingness to participate in automatic wage deductions; cost of living before and after implementing interventions to accrue savings) • ESS risk rating Category C • Excludes ineligible activities*

**Ineligible/excluded activities*

Per the Environmental Social Management Plan are, EDA project funds shall not be directly or indirectly used for:

- Operation or administrative costs of ministries, departments or agencies of the participating Governments;
- Salaries for executive officers and core staff of civil society or non-governmental organizations, except for such salaries related to services performed by such persons specifically for the purposes of achieving the objectives of the funds received from the project, in which case these amounts will be capped.

- Activities relating to the extraction or depletion of non-renewable natural resources (including inter alia forests, trees, beach sand, ghut sand and oil/gas);
- The involuntary resettlement of people, economic activities, or the removal or alteration of any physical cultural property under any circumstances; or
- Any other uses that are deemed to be inconsistent with the general objectives of national environmental legislation.

Implementation Arrangements

The EDA project will be demonstrating enhanced direct access in the public (Output 2 via On-granting), private (Output 4 via On-lending) and NGO (Output 3 via On-granting) sectors. Implementation arrangements are tailored to the EDA mechanism for each Output, and these arrangements are visualized below.

The Executing Entities have been identified at this stage, and their capacities have been assessed using the Readiness support of the respective countries. Capacity building activities of these agencies are ongoing through GCF Readiness and NAP support, and the EDA will provide all stakeholders with a better understanding of the purpose and impact potential of successful capacity building activities.

Table 4. Summary of implementation arrangements in each of the three pilot EDA small island states. Source: EDA Pre-feasibility studies

	Antigua & Barbuda	**Dominica**	**Grenada**
National Oversight Committee (multi-stakeholder)	Antigua and Barbuda's Project Management Committee (this committee has overall Steering Committee functions to monitor project activities in Dominica and Grenada in a SIDS mentoring approach to build capacity for direct access while ensuring that the decentralized project activities meet GCF criteria)	Dominica's National Climate Change Steering Committee (NSC)	Grenada's National Climate Change Committee (NCCC)
Overall Executing Entity	Department of Environment (same as AE)	Ministry of Environment	Ministry of Environment
Implementing Partner for Output 1	Same as above	Same as above	Same as above
Implementing Partner for Output 2	Same as above	Same as above	Same as above
Implementing Partner for Output 3	Marine Ecosystems Protected Areas Trust (MEPA Trust)	National GEF Small Grants Programme	Basic Needs Trust Fund (BNTF)
Implementing Partner for Output 4	Sustainable Island Resource Framework Fund (SIRF Fund)	Climate Change Trust Fund	Grenada Development Bank (GDB)

The EDA project will manage the varying capacity risks of the Executing Entities by starting with a risk-averse approach, and over Year 1 will delegate responsibilities to the Executing Entities. The process is as follows:

- The Governments of Dominica and Grenada sign Privileges and Immunities with the GCF (Antigua and Barbuda has already signed)
- The Subsidiary Agreement will be entered into by the DoE, acting as the Accredited Entity, and the Ministries with responsibility for Environment in Dominica and Grenada, respectively, acting as Executing Entities for the implementation of this Project. For the purposes of Project Implementation in Antigua & Barbuda, the Accredited Entity will act as the Executing Entity
- The Accredited Entity, in its capacity as the Executing Entity, shall manage direct payments to beneficiaries until the GCF has approved the Financial Management Capacity Assessment for the Ministry of Environment of Dominica and the Ministry of Environment for Grenada, who shall act as Executing Entities. The AE will also oversee that the Executing Entities will have requisite compliance with GCF Standards

- The Accredited Entity begins limited disbursements to the Executing Entities, following a process of limited cash advances, moitoring progress, demonstrated strength and capacity with managing own disbursements on an advance basis (required 6-monthly budget preparation and 6-monthly work plans prior to limited disbursements)
- Pending the results of a capacity audit at the end of Year 1, the AE will fully delegate responsibility to the EEs
- The EEs will apply to the GCF for Accreditation with the aim of serving as national accredited entities by the completion of the EDA project

Public sector project implementation arrangements

Public sector project implementation under EDA Output 2 will be managed by the respective Executing Entity (EE). The EE will liaise with relevant stakeholders and will solicit concepts for adaptation pilot projects from public sector Government Agencies. The concepts will be evaluated by the National Steering Committee using transparent and previously agreed criteria per the project's Results Framework and vetted by the OECS M&E Unit. Once concepts are selected by the National Steering Committee, the EIA (including ESS and gender) as well as technical and financial studies will be done. Upon receiving national physical development planning permissions, the projects will be financed for implementation. The Steering Committee in Antigua and Barbuda will serve both in a national and a sub-regional capacity.

The diagram below illustrates contractual arrangements/flow of funds and flow of communication. For the first year, the Department of Environment will enter into contracts for goods, works and services directly with the services providers, during which time the EEs will fill capacity gaps using their respective country's GCF Readiness support as well as a limited amount of funds budgeted under this EDA project. The OECS Commission will play an important role in standardizing policies, procedures and operational manuals across Member States, per their mandate to promote integration and harmonization under the Revised Treaty of Basseterre. The EEs will manage national implementation, including project work plans, the call for applications, and procurement (drafting TORs, advertising, evaluations and procurement report). Goods, works and services will be procured in accordance with the project's Sustainable Procurement plan (ISO 20400:2017 – Sustainable procurement) which will be tailored to the OECS context under Output 1 of this project.

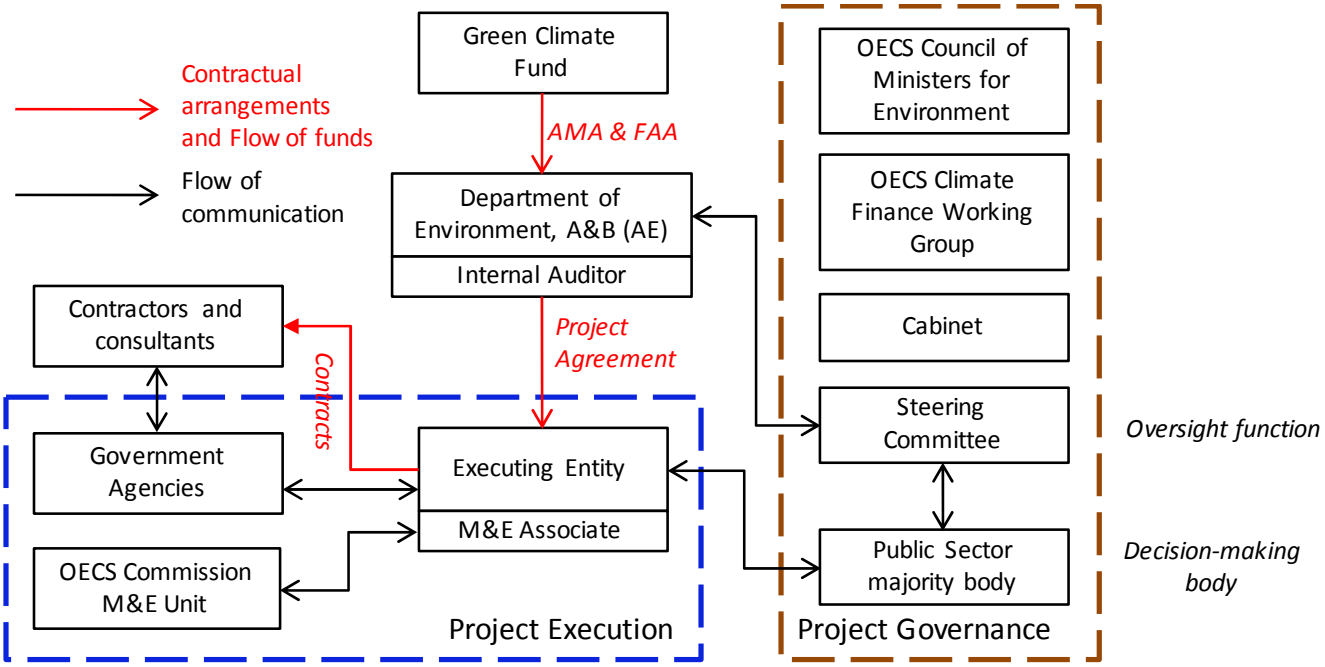


Figure 16. Contractual arrangements and flow of funds (red) and flow of reporting/communication under Output 2

The Pre-Feasibility studies identified existing institutions and committees in place in each of the countries to fulfill the required roles. The project inception phase will ensure that these entities are operating in accordance with GCF standards and guidance.

Under the umbrella of the Organization of Eastern Caribbean States (OECS), the ***Council of Ministers for Environmental Sustainability (COMES)***, which includes climate change issues, have been meeting on a regular basis since the St. George's Declaration for Environmental Sustainability was signed in 2006. The project results and progress will be reported to this Ministerial forum on an annual basis, to solicit high level input and buy-in.

The ***OECS Climate Finance Working Group*** was established by the Ministers at their third Council meeting in 2016, as an appointed group of experts to work between meetings on climate finance. The Working Group consists of the OECS Commission and appointed representatives from each Member State and Associated Member State. The Working Group had its first meeting in February 2017, at which it adopted its Terms of Reference (see Appendix). The Working Group will serve as a key means for sharing lessons learned and scaling up EDA for the sub-region. The Working Group will meet each quarter, either in person or online.

Dominica's National Climate Change Steering Committee (NSC) – the country's National Steering Committee – was approved by Cabinet in 2000 and reconstituted in 2009. The NSC is mandated to hold quarterly meetings and extraordinary meetings will be convened if necessary. Currently, it is activated once there is a project related to climate change issues and it is chaired by the Environmental Coordinating Unit (ECU). The committee includes technical personnel, representatives from Government, and NGOs. Its Terms of Reference state that the NSC, "will facilitate coordination of project activities among national stakeholders and will provide guidance and support for the execution of national climate change projects, programmes and activities to the Environmental Coordinating Unit. Individual members may also be responsible for overseeing specific components of the climate change programmes and processes. Collectively the NSC will be responsible for the final review of climate change reports, programmes and documents". The NSC reports to the Honourable Minister for Health and the Environment through the Environmental Coordinating Unit. The pre-feasibility study for Dominica identified capacity building needs of the Committee that will be implemented under Output 1 (see Appendix).

Grenada's National Climate Change Committee (NCCC) – the country's National Steering Committee – was formed in 2002 to act predominately as an oversight and advisory body. Secretariat support is provided by the Climate Change Focal Point within the Environment Division. With support from GIZ, the Committee was reinvigorated and given a stronger focus on providing advisory services to the Government of Grenada. The NCCC's revised TOR through this process provides for a greater role of private sector and the NGO community. There are four standing Working Groups under Grenada's NCCC, these are: Adaptation; Mitigation; International relations and negotiations; and Finance and Sustainable Development. The Working Groups report monthly to the national committee. The Secretariat of the NCCC via its Chair reports monthly to the Senior Management Board, and quarterly to Cabinet. The Committee is required to prepare a report about the Committee's activities during the financial year, including any advice given or recommendations made to the Minister/Cabinet. The pre-feasibility study identified capacity building needs of the Committee that will be implemented under Output 1 (see Appendix).

On-granting implementation arrangements

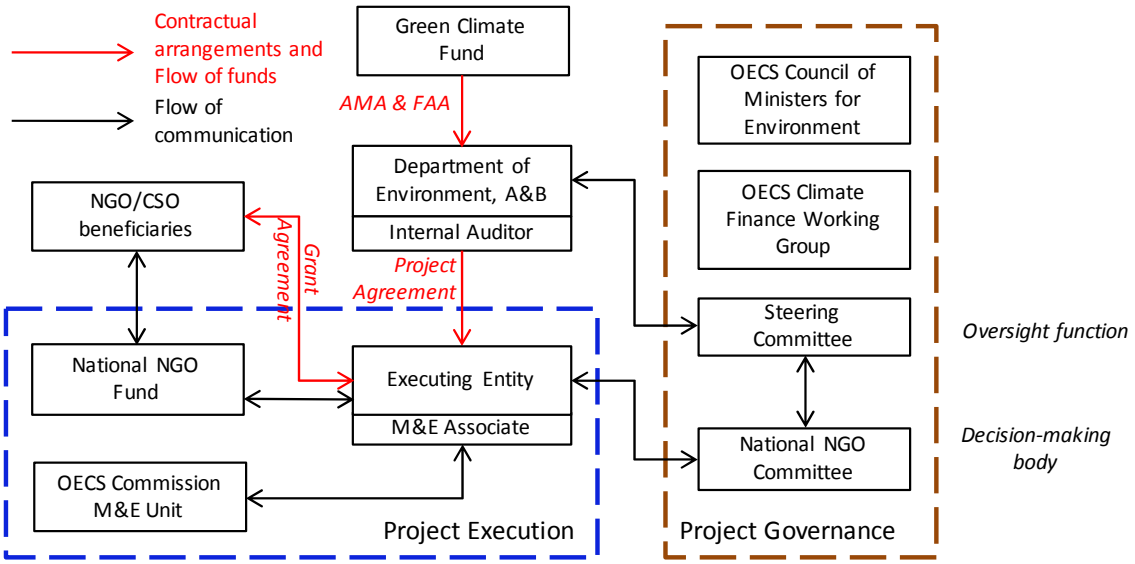


Figure 17. Contractual arrangements and flow of funds (red) and flow of reporting/communication under Output 3

The community adaptation projects are capped at USD 50,000 per project. The entity that will issue community adaptation project call for proposals ("National NGO Fund" in the diagram above) will be selected during the project inception phase by identifying all eligible institutions to fill this role in the respective EDA pilot countries, and issuing a closed solicitation and negotiation with the National NGO Funds to agree to the terms and conditions of the arrangements. Based on the Feasibility Studies conducted during project preparation, the most competitive national institutions to serve as NGO funds are:

- Antigua and Barbuda: Marine Ecosystems Protected Areas Trust (MEPA Trust)
- Dominica: National GEF Small Grants Programme
- Grenada: Basic Needs Trust Fund (BNTF)

See *Section C.4. Background Information on Project / Programme Sponsor* for background information on National NGO Funds identified to date, which will be confirmed during project inception.

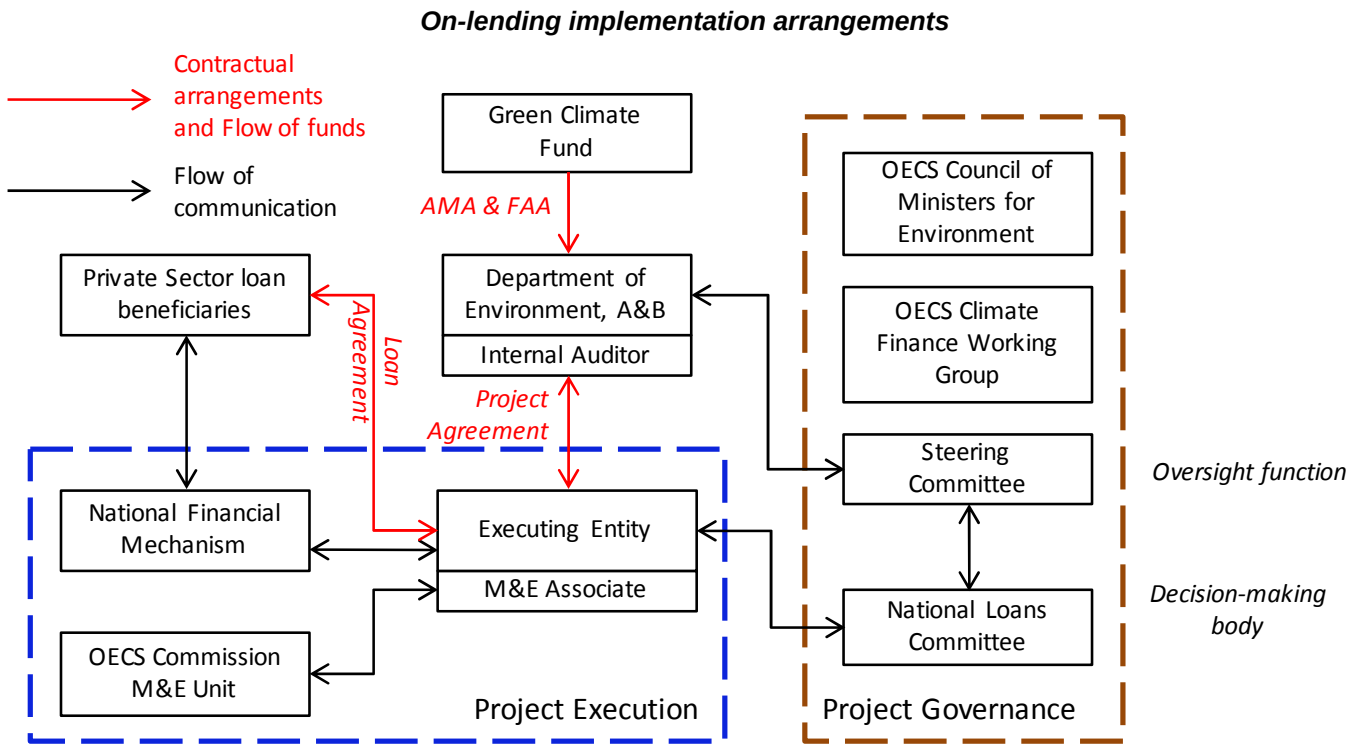


Figure 18. Contractual arrangements and flow of funds (red) and flow of reporting/communication under Output 4

The MSME Revolving Fund microfinancing for adaptation loans are capped at USD 75,000 per loan. The entity that will manage the Revolving Fund loan programme in each of the countries ("National Financial Mechanism" in the diagram above) will be selected during the project inception phase by identifying all eligible institutions to fill this role in the respective EDA pilot countries, and issuing a closed solicitation and negotiation with the National Financial Mechanism to agree to the terms and conditions of the arrangements. Based on the Feasibility Studies conducted during project preparation, the most competitive national institutions to serve as Financial Mechanisms are:

- Antigua and Barbuda: Sustainable Island Resource Framework Fund (SIRF Fund)
- Dominica: Climate Change Trust Fund
- Grenada: Grenada Development Bank (GDB)

See *Section C.4. Background Information on Project / Programme Sponsor* for background information on National Financial Mechanism identified to date, which will be confirmed during project inception.

Decision-making/Approval process

The respective national decision-making bodies in each country will be empowered to make funding decisions. Per the EDA RFP, the decision-making body should include civil society, the private sector and other relevant stakeholders, and should be sensitive to gender considerations.

In the EDA pilot project, Output 1 will provide technical support to evaluate the performance, transparency and multi-stakeholder representation of the respective decision-making bodies, and will build capacity in order to meet GCF criteria (for example, amend TORs, appoint NGO representatives, improve secretariat support, among others).

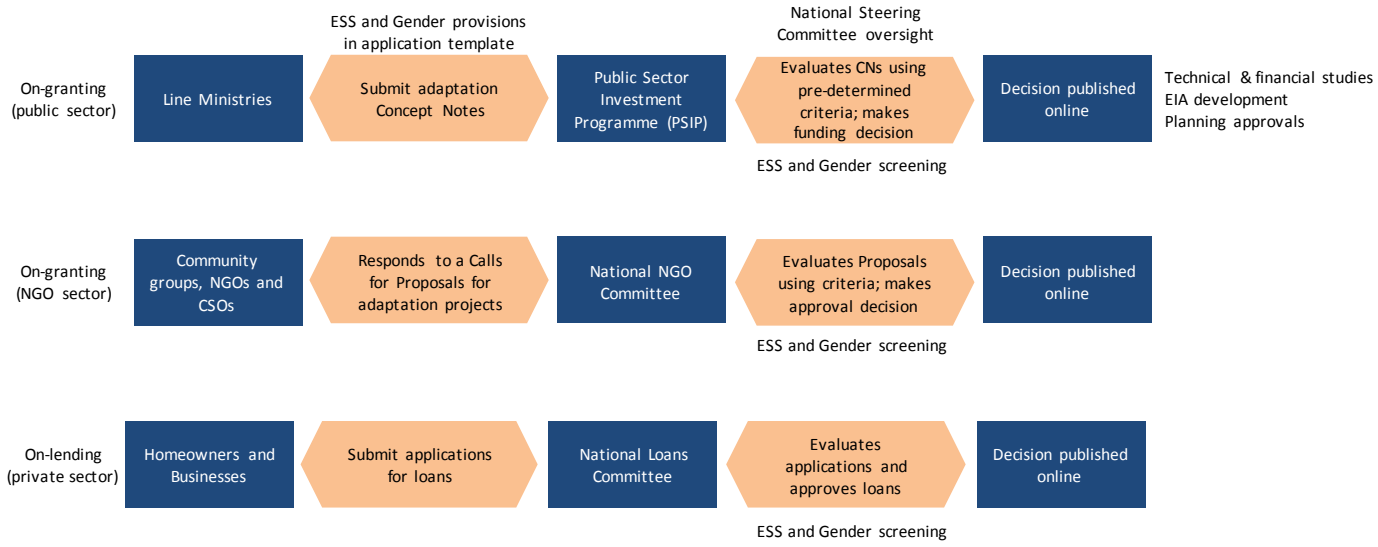


Figure 19. Decision-making approval process for the EDA project in the public, NGO and private sectors

Construction and supervision methodology

The Executing Entity will identify expertise within the public sector to conduct construction and supervision under the Project Management modality (Output 2). Where expertise or human resources are not available within the Government, UNOPS may be contracted through an existing Memorandum of Understanding with the AE to oversee construction works, and train civil servants. Under Output 3 (on-granting) and Output 4 (on-lending), the National NGO Committee and the Loans Board will conduct field visits to recipients, and the M&E Associate will conduct site visits according to the OECS M&E Policy guidelines.

Institutional arrangements for EDA Monitoring and Evaluation

The OECS will provide project support through Monitoring and Evaluation (see *Section H.2. Arrangements for Monitoring, Reporting and Evaluation*), and technical and management assistance by supplying a member of the PMU, TAC and the PMC at the appropriate level. For the purposes of this enhanced direct access project, the OECS Commission will serve on the TAC and the PMC. The final agreement and arrangements will be executed via a Memorandum of Understanding (MOU) between the DOE and the OECS Commission.

The OECS Commission recently went through structural re-organisation with part of the vision being to operationalize its monitoring and evaluation functions. Prior to October 2016, each project being managed by the Commission would have an M&E Officer directly assigned to the Project Coordinator/Director; this results in, at the end of the project, the officer and along with the institutional knowledge would be lost. Also, with a single M&E resource person, there was the inherent risk of delays due to unforeseen personal circumstances such as illness and/or exit of the officer from the organization. This is a common challenge faced by all small islands.

Under the revised M&E Policy, projects being implemented by the OECS Commission have a regional and national Output, and M&E is conducted at both levels. With the new organizational arrangement, the capacity for M&E is built at the Commission's core administrative management level and the national management rather than at the level of the individual projects. This rearrangement is designed to build capacity for M&E at the country level to facilitate the OECS' aggregation role.

The OECS Commission PMU does not currently provide M&E services to agencies external to the OECS Commission and, therefore, the EDA would be piloting this approach. Nevertheless, the Commission's vision with respect to its future M&E role is to transition into a Centre for Excellence, especially in areas of Programme/Project Management, which will be responsible for M&E initiatives and capacity building at the regional and national levels. The project hopes to work closely with the IEU of the GCF to build capacity at the sub-regional level with the intention to transfer experiences to pilot countries.

C.8. Timetable of Project/Programme Implementation

Please provide a project/programme implementation timetable in section I (Annexes). The table below is for illustrative purposes. If the table format below is used, please refer to the activities as numbered in Section H. In the case of outputs, please mark when all the required activities will be completed.

IMPLEMENTATION TIMEFRAME: 2018 – 2022	YEAR 1				YEAR 2				YEAR 3				YEAR 4			
TASK	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q12	Q3	Q4	Q1	Q2	Q3	Q
Output 1. Enhanced capacity for climate adaptation planning, implementation, and monitoring and evaluation via direct access																
Activity 1.1. Appoint implementation, oversight and transparency mechanisms with adequate capacity	x	x														
Activity 1.2. Design a Sustainable Procurement system for construction supplies in pilot countries	x	x														
Activity 1.3. Support accreditation of direct access entities in pilot countries			x	x	x	x	x	x								
Activity 1.4. Facilitate effective project management, monitoring and evaluation, and lessons learned consistent with an enhanced direct access approach (inception report, interim evaluation in year 2, final evaluation in year 4, and final APR (or project completion report).	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x
Output 2. Governments implement concrete adaptation measures using ecosystem-based approaches where appropriate																
Activity 2.1. Competitively solicit priority adaptation interventions for adaptation in the public sector	x	x														
Activity 2.2. Undertake due diligence and studies on public sector adaptation interventions as needed; details of individual projects made accessible via website			x	x												
Activity 2.3. Implement pilot approaches for adaptation in public infrastructure					x	x	x	x	x	x	x	x	x			
Output 3. Community resilience to climate impacts is enhanced through tangible adaptation benefits																
Activity 3.1. Select community adaptation projects through a call for proposals; details of individual projects made accessible via website					x	x										
Activity 3.2. Communities implement adaptation projects with tangible benefits							x	x	x	x	x	x	x	x		
Activity 3.3. Develop knowledge products and communicate impact							x	x			x	x			x	x
Output 4. Privately owned physical assets of vulnerable populations are more resilient to climate variability and change through concessional microfinancing																
Activity 4.1. Identify and strengthen existing systems and procedures for the Revolving Fund loans programme for adaptation					x	x										

Activity 4.2. Launch the private sector Revolving Fund for adaptation in buildings via calls for application; details of individual projects made accessible via website							x		x		x		x			
Activity 4.3. Finance adaptation in buildings								x	x	x	x	x	x	x		
Activity 4.4. Implement and manage reflows										x	x	x	x	x	x	x

D.1. Value Added for GCF Involvement

Please specify why the GCF involvement is critical for the project/programme, in consideration of other alternatives.

Financing Adaptation in a "4 Degree world"[73]

On September 6, 2017, the second most powerful hurricane on record made direct landfall on Barbuda, the northern island of the twin island state of Antigua and Barbuda. This is one of the projections of the Regional Climate Model for the Caribbean, which projects an increase in the intensity of hurricanes of between 5% and 15%[74]. Hurricane Irma destroyed 90% of the building stock in Barbuda, and all communications we destroyed, leaving the community without access to Antigua for days. All critical facilities (air strips, sea port, schools, hospital, police station) were destroyed. The sand spit which formed the protective barriers for the Codrington lagoon national park (the second largest frigate bird sanctuary in the western hemisphere and the Nation's only Ramsar site) was breached.

In August of 2015, Tropical Storm Erika impacted the island of Dominica. In just a few hours, the strong winds and rains destroyed critical infrastructure that eliminated an estimated five years of normal investment for the country. According to the World Bank, the total damage and loss was estimated at US$483 million, equivalent to 90 percent of Dominica's Gross Domestic Product (GDP).

The devastating losses borne to Grenada's economy in 2004 and 2005 from the passage of Hurricanes Ivan and Emily respectively put the country's inherent vulnerability in stark relief, with some of the impacted industries still in recovery 10 years later. The total damage from Hurricane Ivan alone was estimated at EC$2.4 billion, or twice the value of Grenada's Gross Domestic Product (GDP) (OECS, 2004). Direct and secondary losses were experienced in virtually every sector and these damages were compounded by the passage of Hurricane Emily just 10 months later.

Just under 28,000 houses or 89% of the country's housing stock of 31,122 houses were damaged by Hurricane Ivan. Near 10,000 houses, or 30%, were so damaged that they required complete replacement. Approximately 22,000 or 70% required repairs. The cost of damage to the housing sector was estimated at $EC1, 380 million dollars[75].

These three case studies from each of the participating EDA island states examples illustrate the vital importance of the GCF to SIDS including those involved in this project, to offset the costs of climate change, which are negatively altering the development trajectories, economies, landscapes and livelihoods of the SIDS involved in this project. The small populations of SIDS results in relatively higher adaptation and disaster risk reduction costs per capita.

Climate change is increasing the exposure to natural disasters and this represents a real threat to development prospects in the Caribbean. An earlier study from the Caribbean Catastrophic Risk Insurance Facility (CCRIF) showed that annual expected losses from wind, storm surge and inland flooding amount to up to 6 percent of GDP in some countries.[76]

The private sector and communities are bearing the costs of climate variability by borrowing at high rates to meet adaptation needs for their businesses and homes. Local borrowing for the private sector can only take place if the value of the property can be held as collateral. Further, interest rates are at 8% and above.

[73] World Bank, 2012. *New Report Examines Risks of 4 Degree Hotter World by End of Century*. http://bit.ly/1b5lwGy Accessed April 9, 2016.
[74] Simpson, M. C., et al, 2012. CARIBSAVE Climate Change Risk Atlas (CCCRA) - Antigua and Barbuda. DFID, AusAID and The CARIBSAVE Partnership, Barbados, West Indies.
[75] CARIBSAVE, 2012. The CARIBSAVE Climate Change Risk Atlas: Climate Change Risk Profile For Grenada
[76] World Bank, 2015. Dominica Lost Almost All its GDP due to Climate Change http://www.worldbank.org/en/news/feature/2015/12/01/dominica-lost-almost-all-gdp-climate-change Accessed 14 September 2017

In many communities, however, even at these high costs to individuals, community groups and businesses cannot access the needed capital since they do not qualify for loans. With the World Bank estimating the economic costs of a 4-degree world[77] and the IPCC AR5 Chapter 29 report for small island states, the Eastern Caribbean small island states' lack of access to grants and concessional loans to prepare for projected impacts spells disaster for its communities, populations, and economic growth. The private sector targeted in this proposal are homeowners and small business owners whose property and assets are exposed to climate risks. This group has difficulty accessing credit at affordable rates to prepare for climate variability and change, are generally indebted due to past losses and damages, and high costs of electricity and water, and as a result are generally at risk of falling below the poverty line due to a natural disaster or slow onset climate impacts.

Case Study 5. Why is the cost of adaptation to climate change so high in small islands?

Source: Adapted from IPCC WGII AR5 – Chapter 29 (SIDS)

Adaptation to climate change that involves infrastructural works requires large up-front overhead costs, which in the case of small islands cannot be downscaled in proportion to the population's size. This is a major socioeconomic reality that confronts small islands, notwithstanding the benefits of adaptation.

Moreover, the relative impact of an extreme event such as a hurricane that can affect most of a small island's territory has a disproportionate impact on that state's gross domestic product, compared to a larger country where an individual event generally affects a small proportion of its total territory and its GDP. The result is relatively higher adaptation and disaster risk reduction costs per capita in countries with small populations and areas—especially those that are also geographically isolated, have a poor resource base, and have high transport costs.

Before (left) and after (right) images of Hurricane Irma's impact on the main village in Barbuda, where 90% of buildings were damaged or destroyed Source: UNOSAT, September 2017

Economic declines as well as demands from sectors such as health, education and debt servicing has made it extremely challenging for Antigua and Barbuda, Dominica and Grenada to continue self-financing the cost of adapting to climate change. This is particularly important when the need to adapt will require large amounts of accessible and predictable resources. The nature and size of the problem cannot be addressed with the current flow of donor resources, which, while important, lack predictability, scale and therefore impact.

The value added of this EDA funding proposal is to provide an opportunity for the Direct Access entity in Antigua and Barbuda to work with Dominica and Grenada and other countries in the Organization of Eastern Caribbean States (OECS) to move beyond the financing of individual climate change projects towards a more comprehensive, stakeholder driven and programmatic approach to projected climate impacts, which is based on transparent criteria and long-term

[77] World Bank, 2012. New Report Examines Risks of 4 Degree Hotter World by End of Century. http://bit.ly/1b5lwGy Accessed April 9, 2016.

capacity building to support implementation of national priorities that are aligned with the GCF's investment criteria and results management framework, the Paris Agreement and the UNFCCC.

D.2. Exit Strategy

Please explain how the project/programme sustainability will be ensured in the long run, after the project/programme is implemented with support from the GCF and other sources, taking into consideration the long-term financial viability demonstrated in E.6.3. This should include a description of strategies for longer term maintenance of physical assets (if applicable).

The Governments and citizens of Antigua and Barbuda, Dominica and Grenada are already self-financing adaptation and disaster recovery, and paying for the maintenance of physical assets, and they will continue to do so after the EDA project has concluded. It is estimated that a total of 5 percent of GDP in the two years following a hurricane is what Eastern Caribbean SIDS pay to recover from an extreme hurricane[78]. Furthermore, the public sector has been recovering from Category 5 hurricanes, adapting coastlines, coping with the three-year meteorological drought that the Eastern Caribbean experienced from 2014 – 2016, responding to zika and other vector-borne illness outbreaks, among other adaptation strategies. The Governments and stakeholders in the target SIDS will continue to finance adaptation to climate variability after the project has ended, including maintenance of physical assets and scaling up of successful initiatives.

The project will invest in adaptation interventions to build resilience in populations that are disproportionately suffering the impacts and costs of climate change and have difficult accessing finance – this is the purpose for which the Fund was established under the UNFCCC.

The intention with this project is to pilot innovative devolved adaptation decision-making processes and maximize learning-by-doing opportunities for each pilot country and the OECS Commission. The project will support the accreditation of three Accredited Entities, such as: the Grenada Development Bank and the OECS Commission. Through the EDA pilot of the Revolving Fund, the Eastern Caribbean will be better positioned to access the on-lending window of the GCF for the Revolving Fund innovative sustainable financing mechanism.

Countries will also apply for Readiness from the GCF to facilitate accreditation of the national entities. This is consistent with the project approach to use and strengthen existing intuitions and arrangements.

With lessons learned from a strong monitoring, evaluation and learning framework for the project, the EDA will assist these entities to apply for additional funds from a variety of international and domestic sources within the third year of the project. This will allow for scaling up to provide additional areas of funding for other results areas of the GCF, with secured co-financing. The OECS Commission is applying for Readiness support from EDA the pilot countries to develop a Sub-Regional GCF Programme that will provide a pipeline of projects to achieve scale in the Eastern Caribbean.

Sustainability of Processes and Systems enhanced by the project

The Enhancing Direct Access pilot project uses existing country arrangements and builds capacity in ESS and gender, transparency decision-making, and good governance. By identifying existing financing processes and mechanisms in climate change adaptation, the institutions will be empowered through devolved decision-making to make funding decisions. Since these are existing arrangements, their long-term sustainability is more likely after the project ends. For the interventions in the public sector (Output 2), the EDA project will draw on experiences from Antigua and Barbuda's Public Sector Investment Process (PSIP). This process will allow for a systematic approach to the identification and monitoring of the projects in this Output by the Government agencies themselves. It also takes into consideration and use the resources of the Government for project execution. This will also allow for the projects to be aligned with the Government investment programs, thus drawing on national sources of funds beyond the life of the project.

[78] IMF, 2016. Grenada Debt Sustainability Analysis https://www.imf.org/external/pubs/ft/dsa/pdf/2016/dsacr16133.pdf Accessed 7 September 2017

For adaptation in the NGO sector (Output 3), the Call for Proposals will require applicants to elaborate how their interventions will be sustained over time, and this will be considered by the national decision-making Committee. For the interventions in the private sector the home owner will be expected to maintain their property as per normal and there are considerations for insurance. The role of the OECS Commission M&E Unit as an independent evaluator is also to maximize learning opportunities through the EDA, and identify strategies that could be institutionalized across Member States, such as sustainable financing innovations. The process for institutionalizing is via a recommendation to the Council of Ministers, and onward recommendation to the OECS Parliament, for laws and policies. By Using the OECS Commission it ensures that the results of the project are included in all of the 6 countries in the region.

Ultimately, the best exit strategy is to design a project that is aligned with the relevant climate change strategy and national development goals, because these will complement domestic funding streams. This concept is well documented in the Terminal Evaluation of the RRACC and others, where project activities that meet the objectives of the stakeholders were subsumed into work plans and budgets. In contrast, activities that did not have buy-in or engagement were either not finished or were finished but not maintained even during the period of the terminal evaluation. This EDA project's exit strategy is demonstrating devolved decision-making that will be transparent and responsive to priorities, needs and systems of recipient countries and communities, and maximize country ownership at all levels. A robust monitoring, evaluation and learning framework will be established via the OECS Commission in partnership with regional/international research institutions and national counterparts. Evaluative research approaches will examine the following questions:

- Are the EDA project decision-making processes targeting the vulnerable section of the population?
- Are the EDA project's on-granting and on-lending awards leading to increased adaptation action of the target population? If yes, by how much?
- Are people becoming more resilient as a consequence of the on-granting and on-lending awards?
- What type of adaptation actions/options are being pursued by the target population through the EDA's on – granting/on – lending approaches (e.g. economic, ecological adaptations; social vulnerability approaches aimed at addressing underlying social issues; approaches focused on enhancing a systems resilience; adaptation approaches which target actions to specific climate change risks)?
- What knowledge has been gathered, what are the lessons learned and what is the scope for replication?

The results of this investigative monitoring, evaluation and learning partnership will up-scaling strategy and partnerships with a variety of international and domestic sources

In this section, the accredited entity is expected to provide a brief description of the expected performance of the proposed project/programme against each of the Fund's six investment criteria. Activity-specific sub-criteria and indicative assessment factors, which can be found in the Fund's Investment Framework, should be addressed where relevant and applicable. This section should tie into any request for concessionality made in section B.2.

E.1. Impact Potential

Potential of the project/programme to contribute to the achievement of the Fund's objectives and result areas

E.1.1. Mitigation / adaptation impact potential

Specify the mitigation and/or adaptation impact, taking into account the relevant and applicable sub-criteria and assessment factors in the Fund's investment framework.

When applicable, specify the degree to which the project/programme avoids lock-in of long-lived, high emission or climate-vulnerable infrastructure.

This EDA project will contribute to the achievement of the GCF's objectives and result areas by serving as a pilot project for the enhanced direct access modality. The EDA initiative is designed to provide an opportunity for accredited entities and countries to move beyond the financing of individual, bankable projects towards a more comprehensive, stakeholder driven programmatic approach, which is based on transparent criteria that are aligned with the Fund's investment criteria and results management framework[79].

This EDA project will assist the Fund to pilot a country-driven approach towards the achievement of climate-resilient sustainable development consistent with the Paris Agreement. Specific to the EDA Request for Proposals, the project will meet the expectations and objectives of the GCF pilot by demonstrating enhanced direct access for adaptation in three vulnerable small island developing states, in a variety of sectors (Government, private sector, and CSOs), to maximize learning opportunities. The project will also pilot collaborative direct access implementation arrangements for additional lessons learned to inform GCF mechanisms.

Impact of the EDA project, aligned with GCF investment criteria[80]:

- Approximately 13,200 direct project beneficiaries, totaling 5% of the population of the three pilot SIDS. Direct project beneficiaries are those who receive direct access to project funds to build their resilience under Output 3 (adaptation grants to NGOs) and Output 4 (Revolving Fund loans to beneficiaries). Under Output 3, grant size is benchmarked against the GEF Small Grants Programme at USD 50,000 per grant, with approximately 200 beneficiaries per grant; with USD 3 M, this Output will support approximately 60 grants for CSOs, or 1,200 people. For Output 4, the average loan size is estimated at USD 15,000 per household; on average, there are 3 people per household, and with USD 6 M, approximately 400 households will be able to access to the Revolving Fund, directly benefitting 1,200 people
- Indirect beneficiaries are estimated at 87,000 people, or 32% of the population of the beneficiary SIDS. Indirect beneficiaries are those who benefit from Output 1 (capacity building and knowledge products reaching 51,000 people in total) and Output 2 (public sector grants). Output 1 beneficiaries will have improved knowledge of projected downscaled climate impacts, technical adaptation options and means for evaluating appropriate actions. For Output 2, resilience will be built indirectly through watershed-scale adaptation interventions, for example creation and rehabilitating ponds and natural wetlands to facilitate infiltration and attenuation of peak storm flows where feasible (depending on prevailing soils); among other interventions. It is estimated that public sector grants will total USD 3 million in each country, with 6,000 beneficiaries per intervention. These two components are estimated to indirectly benefit 68,100 people.

[79] Green Climate Fund, 2016. Enhancing Direct Access Request for Proposals

[80] A person can be both a direct beneficiary (e.g. a loan or grant recipient) and an indirect beneficiary (e.g. receive training or be exposed to knowledge products). Only the direct beneficiaries are considered in the evaluation of the project impact, in order to measure real impact and to avoid any risks of double counting beneficiaries.

E.1.2. Key impact potential indicator

Provide specific numerical values for the indicators below.

Note about gender disaggregation:

The GCF core indicators are gender disaggregated, all of the "other relevant indicators" are gender disaggregated, and all of the Gender Action Plan indicators are gender disaggregated. Further the entire M&E plan for the project per the M&E and Gender policies is gender disaggregated.

GCF core indicators	*Expected tonnes of carbon dioxide equivalent (t CO_2 eq) to be reduced or avoided (Mitigation only)*	*Annual*	N/A
		Lifetime	N/A
	• *Expected total number of direct and indirect beneficiaries, disaggregated by gender (reduced vulnerability or increased resilience);* • *Number of beneficiaries relative to total population, disaggregated by gender (adaptation only)*	*Total*	Number of direct beneficiaries: 13,200 (**50% women**) Number of indirect beneficiaries: 69,000 (**50% women**)
		Percentage (%)	5% of total population (of which 50% is women)
Other relevant indicators	• Number of people trained to identify, prioritize, implement, monitor and evaluate adaptation strategies and measures (target: 100 people trained, **disaggregated by gender**) • Proportion of beneficiaries who believe project-related decision making is inclusive and responsive, by sex, age, disability and population group (target: 90% of beneficiaries are satisfied, **disaggregated by gender, ability, age**) • Public awareness activities carried out and population reached (target: 5 knowledge products reaching 50,000 people **of which 50% are female**) • Number of transparent sustainable financing mechanisms supporting adaptation in the OECS sub-region (target: creation or enhancement of 3 sustainable financing mechanisms, and accreditation of 3 Direct Access entities in the OECS sub-region to either the GCF, AF, and other funds) • Number of vulnerable households and businesses that use Fund-supported microfinancing to respond to climate change and variability (target: 300 vulnerable households and 100 businesses) • Number of physical assets made more resilient to climate variability and change, considering human benefits (target: 9 assets – types and extents to be determined during project inception) • **Number of males and females** benefiting from the adoption of climate resilient technologies and practices (target: 15,650 males, 15,650 females) • Coverage/scale of ecosystems restored, protected or strengthened in response to climate variability and change (target: restoration of 9 ha of wetlands, 6 km of waterways, 15 ha of forests) See the Tracking Tool Appendix for more information on the baselines and project targets for the indicators listed above.		

Describe the detailed methodology used for calculating the indicators above.
Describe how the project/programme's indicator values compare to the appropriate benchmarks (i.e. the indicator values for a similar project/programme in a comparable context).

The OECS Commission M&E Unit will provide monitoring and independent evaluation services to the project. The OECS M&E Policy specifies compliance against the following standards:

- The Organisation for Economic Cooperation and Development (OECD);
- The Development Assistance Committee (OECD-DAC) quality standards,
- Evaluation Cooperation Group (ECG) Guidelines;
- UNEG Norms, Standards and Code of Conduct and Ethical Guidelines and
- The OECS Project Management Guidelines

The excel spreadsheet containing corresponding source data and calculations is attached in the Tracking Tool Appendix.

E.2. Paradigm Shift Potential

Degree to which the proposed activity can catalyze impact beyond a one-off project/programme investment

E.2.1. Potential for scaling up and replication (Provide a numerical multiple and supporting rationale)

Describe how the proposed project/programme's expected contributions to global low-carbon and/or climate-resilient development pathways could be scaled-up and replicated including a description of the steps necessary to accomplish it.

This project's innovation is in its delivery of climate financing, which moves beyond the financing of individual, bankable projects towards a more comprehensive, stakeholder driven and programmatic approach.

The business-as-usual situation is that climate finance received, from inception to first disbursement, is a multi-year and highly unpredictable process, ranging between 2 in the best-case scenario and 8 years from the time of application to first disbursement for traditional individual, bankable projects. In contrast, the private sector such as those targeted in this proposal (home and business owners) operates on a timeline of a few weeks to a few months; in the public sector, budget decisions are made between September and December for full expenditure the following year. This disconnect between private and public national budgetary cycles and multi-year multilateral climate financing cycles is a key barrier to achieving transformational adaptation outcomes, where various different revenue streams are required to implement a large-scale, transformational project.

OECS member states that have had climate finance committed to date, for example, have received relatively little benefit from this in terms of material financial support[81]. Enhanced direct access is an opportunity to pilot approaches that will overcome a key barrier to achieving transformational adaptation outcomes, namely, the lack of predictability and timeliness in the delivery of climate finance. This EDA project will pilot a strategy for overcoming climate finance delivery barrier by devolving decision making at the country and local/sectoral level, thereby allowing greater involvement and input from impacted stakeholders and, importantly, providing predictability as to when financing will be disbursed to direct beneficiaries in order to leverage complementary sources of funding in both the public private, and CSO sector.

This EDA proposal is innovative in its use of concessional micro-financing loans (from the Revolving Fund) in adaptation. Micro-financing has significant potential for adaptation investments, such as making homes more climate resilient. This pilot project could unlock potential in the crowdfunding sector to contribute to adaptation, either through an initiative by the GCF Private Sector Facility, in established crowdfunding platforms such as Kiva[82], or by mainstreaming with domestic funding, such as localized pollution permits to finance adaptation, offering a climate-resilient sustainable development pathway.

The EDA project will provide the following conditions to further scale up activities to support a paradigm shift in the mechanisms for delivery of climate finance:

[81] SEI, 2017. Climate finance to the Small Island States of the Eastern Caribbean.
[82] von Ritter, K., Black-Layne, D. 2013. *Crowdfunding for Climate Change: A new source of finance for climate action at the local level?* European Capacity Building Initiative, May.

1. The proof of success in the projects and lessons learnt can be used to access funding at a larger scale at the GCF and other channels, including through catalyzing private sector financing,
2. The pilot of indicators and monitoring of results to evaluate whether the EDA modality can facilitate more financing to reach vulnerable populations, and whether the financing is having intended impacts on building resilience
3. Improved understanding at the household/community/government department level of how to integrate safeguards into projects and how to scale up adaptation financing from various sources (domestic, international, public, private, etc.); and
4. Lessons learned for integrated resilience at the community level to maximize impact.

The case for paradigm shift is built into the EDA Request for Proposals pilot: the GCF is piloting the EDA access mechanism and, if successful, the GCF will scale up and mainstream EDA in its access mechanisms. To maximize the benefits and lessons learned of the EDA pilot, scaling up and lessons will also need to be addressed at the GCF level. As stated in the EDA Request for Proposals: *A final evaluation at the country level and over all pilots will consolidate the lessons learned, allowing scalability and mainstreaming... The pilot phase will be evaluated and lessons learned will lead to potential scaling up. The evaluation timing will be set for assessing mid-term outcomes (two to three years) and longer-term impacts and lessons to be learned (five years or more).* The Department of Environment as Accredited Entity will transfer data and lessons learned, and cooperate with the GCF Secretariat, in this regard.

E.2.2. Potential for knowledge and learning

Describe how the project/programme contributes to the creation or strengthening of knowledge, collective learning processes, or institutions.

The EDA project will work with existing institutions and decision-making bodies to build adaptation-specific knowledge and learning of good governance practices. The project will provide learning opportunities in areas of:

- Adaptation technology in buildings;
- Sustainable financing mechanisms for climate change and environment;
- Ecosystem-based adaptation and linkages with flood and vector controls measures;
- The benefits of NGO and Private Sector participation in decision-making processes;
- Best practices in GIS-based data collection, monitoring and evaluation.

The project's potential for knowledge and learning is enhanced through the involvement of the OECS Commission M&E Unit, which will for the first time provide external M&E services to a project to independently evaluate project results (*Sub-component 1.3 Monitoring, evaluation and promoting learning* with a budget of USD 0.5 M). In the context of the EDA this will promote accountability and maximize learning opportunities for the sub-region.

The project will develop at least five knowledge products, which will include comprehensive information on the project's adaptation pilots, the enhanced direct access modality, and other innovations identified under the project. These outputs will be disseminated through the UNFCCC Regional Collaboration Centers, communities of practice, centers of excellence, and the information products will be publicly available on the OECS website. The outputs will be uploaded to the Climate Technology Center and Network (CTCN), the CARICOM Climate Change Center website, and other networks to promote shared knowledge and learning on climate adaptation and enhanced direct access modalities.

The EDA project will present the impact evaluation results and lessons learned to all OECS Member States at the annual Council of Meetings for Ministers of Environment. Participating Member States are also members of the Caribbean Community (CARICOM), and the EDA project will present findings, impact evaluation and lessons learned with the regional community at various forums, and upload project information to the CARICOM Climate Change Center information repository[83]. The EDA project will share lessons learned with Pacific SIDS under the umbrella of the Alliance of Small Island States (AOSIS), the COP meetings, and through South-South cooperation.

E.2.3. Contribution to the creation of an enabling environment

[83] CARICOM Climate Change Center Clearing House http://clearinghouse.caribbeanclimate.bz/

Describe how proposed measures will create conditions that are conducive to effective and sustained participation of private and public sector actors in low-carbon and/or resilient development that go beyond the program.

Describe how the proposal contributes to innovation, market development and transformation. Examples include:

- *Introducing and demonstrating a new market or a new technology in a country or a region*
- *Using innovative funding scheme such as initial public offerings and/or bond markets for projects/programme*

The proposed measures under this EDA project will contribute to conditions for effective and sustained participation of private and public-sector actors in climate resilient development that go beyond the initiative. The EDA pilot will achieve this by addressing barriers across three key areas[84]:

- Data, information, and capacity for implementation: Through *Sub-component 1.1 Capacity building to strengthen financial institutions, devolve decision-making, stakeholder engagement for transparency, and sustainable procurement* (USD 0.5 M), this activity will produce decision-support tools to understand and assess risks and opportunities, and support the identification and selection of adaptation actions elaborated for specific sectoral and geographic needs.
- Institutional arrangements: The project will strengthen existing institutions and decision-making processes in each of the pilot countries, and increase the transparency and inclusiveness of these processes. The project will promote coordinating bodies made of government, private sector, civil society, NGOs and/or academia with activities focused on climate risk and adaptation, including funding for climate change adaptation in the private sector
- Economic incentives: The project will demonstrate innovative quasi-public, quasi-private financing instruments (the Revolving Fund programme for adaptation) in support of climate change adaptation in the building sector. Through the Revolving Fund structure, this initiative will continue to generate adaptation benefits long after the project ends.

There is no foreseeable anticipate benefits to the Bond markets, but the project will monitor benefits in the insurance market from the increase resilience of the housing sector. Over time, more resilient buildings may result in the reduction of insurance premiums, in particular for low income homes, which would also enable more people to buy insurance coverage if it is affordable. At present, vulnerable groups including female-headed homes have a low uptake of insurance coverage.

Using such financing mechanisms to fund targeted concrete adaptation activities provides a novel approach to access to climate finance for adaptation in the Eastern Caribbean. Furthermore, innovative financing in addition to ecosystem-based adaptation can result in cost-effective adaptation interventions to improve climate resilience by securing multiple benefits for vulnerable communities and sectors[85] and making the Country, once again, a good place to invest and build markets.

E.2.4. Contribution to regulatory framework and policies

[84] Stenek, V., Amado, J.C., and Greenall, D., 2013. Enabling Environment for Private Sector Adaptation: An Index Assessment Framework, International Finance Corporation, Washington DC

[85] Nicholls et al. 2007. Ranking port cities with high exposure and vulnerability to climate extremes–exposure estimates. OECD Environmental Working Paper no. 1. OECD, Paris.

Describe how the project/programme strengthens the national / local regulatory or legal frameworks to systematically drive investment in low-emission technologies or activities, promote development of additional low-emission policies, and/or improve climate-responsive planning and development.

This project is designed to respond to the GCF's Request for Proposals to demonstrate devolved decision making, in this case in small islands states public, private and community sectors. This project is designed to complement the implementation of new or existing legal frameworks that have or are being developed for the implementation of the Paris Agreement. This project will demonstrate lessons learned from the implementation of a regional Building Code and the impacts on low-income persons who have to pay more (as a percentage of their income) to build and maintain their homes.

The project implementing entity will work with the NDAs to access Readiness support to develop new polices and regulations to support the results of the implemented pilot projects, such as the National Adaptation Planning window of Readiness under the GCF. The EDA project will not be developing new policies or legislation; this would be outside the scope of the project and the purpose of the EDA Request for Proposals. However, the EDA project will inform and contribute to policies and frameworks that are being updated and/or developed in the near future, these include:

- Revision of the OECS St. George's Declaration for Environmental Sustainability
- Development of an OECS Sustainable Procurement Policy, including climate resilience standards
- Case studies and lessons learned to present in each country's National Communications and Biennial Update Reports to the UNFCCC
- Nationally Determined Contributions and National Adaptation Plans
- Climate Change, Environment and Natural Resource Management Bill 2016 (Dominica)
- Revision of Dominica's Low-Carbon Climate Resilient Development Strategy

The selection of activities to be funded under the EDA project requires that access to financing will be contingent on consistency of the proposed measures with the respective national and sub-regional policies and laws.

E.3. Sustainable Development Potential

Wider benefits and priorities

E.3.1. Environmental, social and economic co-benefits, including gender-sensitive development impact

The EDA project will contribute to the achievement of several Sustainable Development Goals in the EDA countries:

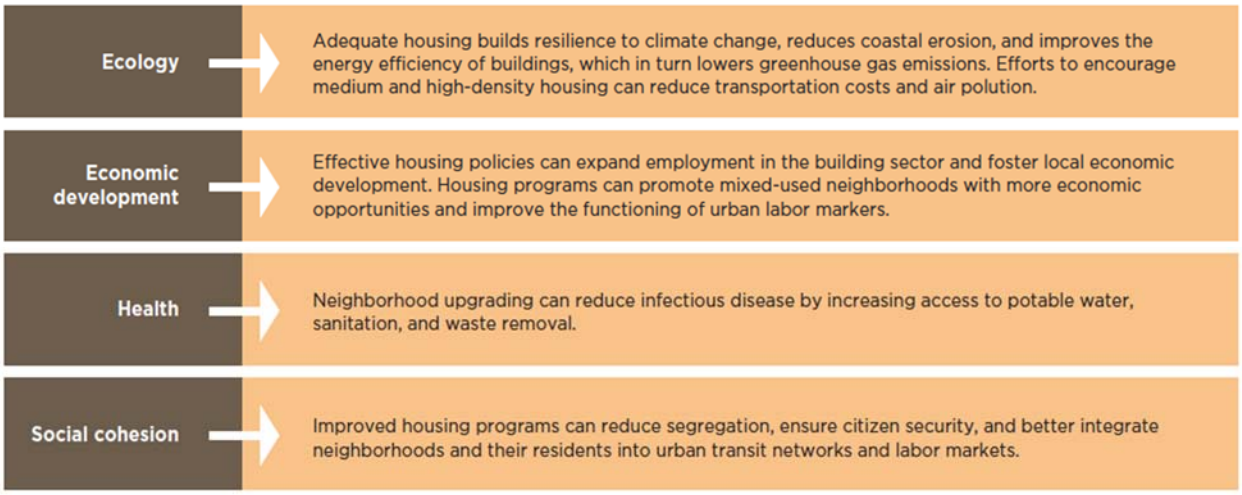


Figure 20. Linkages between improvements in housing and buildings and the Sustainable Development Goals (source: IDB, 2016. The State of Social Housing in Six Caribbean Countries. Inter-American Development Bank.)

SDG 1 End poverty in all its forms everywhere: All people everywhere, including the poorest and most vulnerable, should enjoy a basic standard of living and social protection benefits. Currently, approximately 10% of the population in the target countries are at risk of falling below the poverty line due to an extreme climate event, such as a hurricane[86]. Tangible economic benefits will be enjoyed by the beneficiary population through project interventions that will enhance access to concessional microfinancing for vulnerable homes and businesses. The Revolving Fund loan facility for adaptation will benefit at least 300 households and at least 100 small businesses through the loan disbursement of the US$6 million principal (US$2 M in each country).

SDG 3 Ensure healthy lives and promote well-being for all at all ages: Neighborhood upgrading, which is a co-benefit to the Revolving Fund initiative, can reduce infectious disease by increasing access to potable water, sanitation, and waste removal. The public-sector waterway and drainage interventions under Output 2, using ecosystem-based adaptation where appropriate, will be designed to prevent the breeding of the *Aedes aegypti* mosquito which is the vector for Zika virus that is present in the Eastern Caribbean, as well as dengue fever, and Chikungunya. The mosquito breeds in stagnant water especially water containing bacteria associated with the breakdown of organic matter such as. Interventions in the waterway so there are fewer places where water can stagnate will ease this problem.

SDG 5 Achieve gender equality and empower all women and girls: Flooding is a common hazard across the pilot countries, and women-headed households can be disproportionately affected. The proposed adaptation measures in waterway and drainage systems under Output 2 will have a positive impact on the community, particularly women.

The project is expected to positively impact people's wellbeing particularly that of women:

> *Women participants from a focus group discussion held in the community shared the frustration with the poor drainage systems and highlighted how it affected their health, security and livelihood. They further described how they have had to negotiate the high levels of water to save their lives, such as the use of sticks and pipes to pull each other out of their homes. The flooding has impacted children's access to school. Flooding also makes mobility difficult for both men and women.* – Gender Expert reporting on Focus Group Discussions held for the Revolving Fund in Antigua and Barbuda

The project's logframe includes gender-disaggregated indicators (Indicator 3, 4, 5, and 7). These indicators will track the profile of beneficiaries in the following areas: number of people trained and represented on decision-making committees and units; beneficiaries who believe project-related decision making is inclusive and responsive; public

awareness outreach (where possible); and beneficiaries of Fund-supported microfinancing to respond to climate change and variability.

The Revolving Fund loan programme for adaptation is gender-responsive. Micro, small and medium enterprises are noted as critical to the generation of economic activity and long-term stability, and women are considered to dominate this often-informal sector[87]. By reducing the vulnerability of this informal home and small business sector, and by tracking project interventions to ensure that benefits reach target populations, this project will support national gender equity goals and the SDG 5.

SDG 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all: Effective housing policies can expand employment in the building sector and foster local economic development. Housing programs can promote mixed-used neighborhoods with more economic opportunities and improve the functioning of urban labor markers. This project expects to create an estimated 400 national and sub-regional jobs; however, this will be further refined as project interventions are presented by stakeholders.

The Revolving Fund intervention can also provide options for communities to secure their lives and livelihoods beyond securing their homes. In the OECS, the informal sector and subsistence livelihoods typically operate out of their homes. Farmers for example usually store produce in refrigerators in their home as part of the supply chain distribution; therefore, improving resilience of homes will also support productivity of self-employed livelihoods[88].

SDG 10: Reduce inequality within and among countries: The project will provide financing to communities that have traditionally had difficulties accessing financial resources. As opposed to centralizing support for hurricane shelters, the structure of this project is to allow people to safely live in their homes that are upgraded to be resilient to the impacts of extreme weather: a Category 5 hurricane, atmospheric temperature increase of 2^{o}C, and a 3-month drought. These resilience measures in buildings will address drought and other extreme events – meaning that they can go to work, school and take care of families. The EDA project will benefit vulnerable groups, and indicators are disaggregated to track impact. Vulnerable groups include women, young men, the indigenous Kalinago (Carib) people of Dominica, and persons with disabilities.

SDG 11 Make cities and human settlements inclusive, safe, resilient and sustainable: The Revolving Fund supports Target 11.1, which calls on countries to "ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums [by 2030]." Adequate housing improves the health of its occupants and school performance by children, reduces domestic violence, and leads to higher satisfaction in terms of security and quality of life[89].

SDG 12: Ensure sustainable consumption and production patterns: Output 1 of the project will build capacity in sustainable procurement, and the project's procurement plan will be designed to meet ISO 20400:2017. Sustainable procurement is an opportunity for market transformation in commoditized markets with competitive supplier pools. There the process of embedding sustainability requirements into procurement has been shown to cause a so-called green bullwhip effect[90], whereby environmental requirements can become a signal that then transfers vertically down a supply chain from buyer to distributor to assembler to manufacturer. Given the increasingly global nature of many supply chains, small shifts upstream have the propensity to drive outsized sustainability effects down the chain. The adoption of the ISO standard into this project's procurement could support a greater shift in awareness in new sectors, such as construction. The OECS Council of Ministers for Environmental Sustainability also mandated the Commission

[86] Antigua and Barbuda National Poverty Reduction Strategy, 2011 – 2015.
[87] Huggins, T. 2014. Country Gender Assessment for Antigua and Barbuda. Prepared for the Caribbean Development Bank (CBDB). http://www.caribank.org/uploads/2014/12/CGA-AB-Vol-I-_JUNE-2014_FINAL.pdf Accessed September 15, 2017.
[88] G20 Global Partnership for Financial Inclusion, 2017. Alternative Data: Transforming SME Finance. Mary. http://documents.worldbank.org/curated/en/701331497329509915/pdf/116186-WP-AlternativeFinanceReportlowres-PUBLIC.pdf Accessed 11 September 2017
[89] Magalhães and Di Villarosa, 2012; Scanlon and Page-Adams, 2001 in IDB, 2016. Social Housing in Six Caribbean Countries.
[90] Zagorin, E. 2017. ISO 20400: What You Need to Know About the New Sustainable Procurement Standard http://spendmatters.com/2017/03/17/iso-20400-need-know-new-sustainable-procurement-standard/ Accessed 14 September 2017

to develop a sub-regional sustainable procurement policy, which could scale up the project's demonstration of this ISO standard.

The EDA project will use the 10 YFP Programme on Sustainable Public Procurement (SPP) for *Activity 1.2. Design a Sustainable Procurement system for construction supplies in pilot countries* – which will ensure that project activities procure goods for all work and services in buildings using the new ISO standard for Sustainable Procurement. The SPP is led by UN Environment, co-led by Korean Environmental Industry and Technology Institute (KEITI) and Local Governments for Sustainability (ICLEI). Implementation of SPP under the EDA project will be used as a case study for the SPP. Lessons learned from this project will: i) build a case for SPP by improving the knowledge on SPP and its effectiveness as a tool to promote SCP, as well as to support greener economies and sustainable development; and b) support the implementation of SPP on the ground through increased collaboration and better access to capacity building tools and support from SPP experts.

The EDA project will also use the Sustainable Buildings and Construction 10 YFP framework to maximize co-benefits and contribute to SDG 12. Project activities will provide case studies for and advance the Programme goal(s) of: i) stakeholders involved in the planning, design, construction, commissioning, management operation and deconstruction of buildings have a common understanding of sustainable buildings and the knowledge, resources and incentives required to create, maintain and use them; and ii) structures that are healthy to live and work in, that sustainably utilise energy, water, land and other key resources, respecting environmental limits, and ultimately have a minimally adverse impact on the natural world, supporting social and economic development. This 10 YFP programme is led by Finland, and co-led by the World Green Building Council (WGBC), the Royal Melbourne Institute of Technology (RMIT) and UN Environment. The EDA project will work with these partners, particularly *Activity 4.2. Finance adaptation in buildings* (private sector Output).

SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss: The EDA project will use ecosystem criteria for evaluating interventions, with the goal of promoting ecosystem-based adaptation where appropriate. Baseline pilot interventions under the RRACC and GCCA projects have used plants to secure the buffer/easement areas for the community, which have added benefits such as food (mango trees are typically used to stabilize waterways as they have large buttress roots) or for recreational well-being and shade. Output 1 will maximize environmental co-benefits through the procurement process, by designing a Sustainable Procurement system for construction supplies in pilot countries (ISO 20400:2017 – Sustainable procurement).

The specific interventions under Output 2 (public sector adaptation) will have the following positive environmental benefits: i) reduced rates of run-off; ii) decreased soil erosion; and iii) regulated flow of water in waterways flowing through local communities. The project activities will be designed to be 'no regret' interventions because they will improve upon the baseline conditions regardless of the severity of expected climate change effects. Environmental benefits are derived from the project's impact to improve functioning of watershed ecosystems and enhance the capacity of local communities to implement climate-resilient measures in these watersheds. Indicator 10 will track environmental co-benefits during EDA implementation (Coverage/scale of ecosystems restored, protected or strengthened in response to climate variability and change), and will be measured by ha of wetlands, km of waterways, ha of forests, and others.

SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels: Improved housing conditions can reduce inequality, ensure citizen security and better integrate neighborhoods and their residents to form a sense of community

E.4. Needs of the Recipient

Vulnerability and financing needs of the beneficiary country and population

E.4.1. Vulnerability of country and beneficiary groups (Adaptation only)

Describe the scale and intensity of vulnerability of the country and beneficiary groups, and elaborate how the project/programme addresses the issue (e.g. the level of exposure to climate risks for beneficiary country and groups, overall income level, etc).

Antigua and Barbuda

Antigua and Barbuda is an island state located in the eastern region of the Caribbean Sea. Most of the country's land area consists of two large islands, namely Antigua and Barbuda, along with a number of smaller inhabited and uninhabited islands. Antigua and Barbuda's population was estimated at ~91,295 in 2014 and it is anticipated that the population will reach ~115,000 by 2050. Antigua and Barbuda's GDP in 2013 was ~US$1.1 billion with a growth rate of 1.7%. In 2009, Antigua's economy was severely affected by the global economic crisis. From 2009–2011, there was a steep decline in tourism which provides the largest number of employment opportunities within the country's private sector.

In Antigua and Barbuda, 4% of the population lives in indigent poverty; 15% are poor but not indigent, and 10% of the population are at risk of falling into poverty due to an unanticipated event such as a natural disaster[91].

Mitchum (67 years old) lives alone and has hearing problems and is an amputee. He uses walking sticks and has no electricity or running water. His house is in very bad condition. He is very innovative in his water harvesting methods where an old spout has a hole and a piece of old metal spouting running the water to a plastic container. Wherever the spouting has a hole or a dip, he collects the water in a container. His income comes from burning wood at the back of the yard in a large kiln to make coal. He made a cart and adapted it for pulling the wood to the kiln.

Box 2. Persons who are exceptionally vulnerable to climate change impacts, but who would not be able to repay loans even at concessional rates under the Revolving Fund Programme, can benefit from resilience building support via the CSO grant Output of the EDA project (Output 3)

In September 2017, Antigua and Barbuda was hit by Category 5+ Hurricane Irma with sustained wind speeds at 195 mph when it struck the island of Barbuda. Hurricane Irma is the strongest hurricane on record in the Atlantic, and it has caused devastation in Barbuda. The island's population was evaluated to Antigua as the Category 5 hurricane Jose was approaching, and it took weeks before people were permitted to return and start rebuilding their homes and community.

[91] Kairi, 2002. Living conditions in Antigua and Barbuda: Country Poverty Assessment.

Table 5. Summary of effects and recovery needs in Antigua and Barbuda as a result of Hurricane Irma (Source: Preliminary World Bank damage assessment)

Sector		Damage	Changes in flow (Losses)	Recovery needs
Infrastructure	Transport	43,649,340	860,040	78,459,340
	Water	788,000	-	938,000
	Electricity	8,921,739	699,600	9,675,739
	Telecoms	1,896,440	100,000	1,896,440
Social	Health	1,581,620	40,987	*2,000,000*
	Education	4,931,000	609,379	13,215,439
	Housing	134,475,000 (49%)	6,496,050 (12%)	214,968,745 (53%)
Productive	Tourism	73,330,664	40,608,398	85,043,675
	Agriculture	1,500,000	-	TBD
	Fisheries	565,241	1,000,000	*1,000,000*
Civil	Government	2,900,434	3,406,100	TBD
	Environment	-	-	13,500,000
TOTAL (EC$)		**274,629,478**	**53,910,554**	**407,197,378**
TOTAL (US$)		**102,857,482**	**20,191,219**	**152,508,381**

According to preliminary post-hurricane damage assessments, Antigua and Barbuda has experienced damages totaling over USD 102 million, changes in flow (losses) over USD 20 million, and its estimated recovery needs are USD 152.5 million (12% of Gross Domestic Product). The housing sector accounted for half of all damages and recovery needs; post-Hurricane Irma recovery needs in the housing sector in Antigua and Barbuda over USD 80 million; this EDA project will provide approximately USD 4 million via on-lending and on-granting (5% of estimated needs).

Figure 21. Barbudans being evacuated to Antigua as the second Category 5 hurricane approached in September 2017 (left); aftermath of Hurricane Irma in Barbuda (right). The housing sector in Antigua and Barbuda suffered an estimated USD 80 million in hurricane damages.

Hurricane Luis (1995), one of the most devastating hurricanes that hit Antigua and Barbuda, resulted in a 17% decrease in tourist arrivals, left 7,000 people unemployed, 90% of buildings destroyed or damaged, and economic losses amounting to 30.5% of GDP[92]. It took three months to fully restore electricity, highlighting the need for resilient energy systems. Economic impacts of hurricanes and flooding, and resultant costs of adaptation, are proportionately extremely costly to small island states.

In 2008, Hurricane Omar resulted in precipitation of 56.4 mm per hour at its peak[93], and flood water levels reached 4 to 12 feet in vulnerable parts of the island. As a result of Omar, 1,339 homes were flooded, and four homes located in close proximity to watercourses were washed away – in total, at least 5,088 persons suffered significance losses[94]. Similar flood conditions were experienced during Hurricane Earl in 2010.

Dominica

The Commonwealth of Dominica is a mountainous island between two French dependent territories; Guadeloupe to the north and Martinique the south. Dominica's location makes it susceptible to hurricanes. It has active volcanoes and high rainfall which contributes to an abundance of biodiversity. The Country Poverty Assessment (2010), the Social Livelihood Assessment (2016), and the National Census (2011) provides information on the socioeconomic status of Dominica. The 2011 census cites the population at 71,293 with most of the population living on the coast. Like other Small Island Developing States (SIDS) it is economically vulnerable. The unemployment rate is 23% (NAN Business Editor 2016), and the population living below the poverty line is 28.8% (Country Poverty Assessment 2010). Based on the Country Poverty Assessment, most houses are constructed with concrete blocks (48.4%) and wood/timber (24.8%).

Exceptionally vulnerable persons, such as in Box 1 above and those persons who are unemployed and/or living below the poverty line will benefit from the EDA grant resources under Output 3, who would not be able to repay loans even at highly concessional rates, so that they can improve their resilience to climate change.

Criteria to determine households that are eligible for grant funding will be agreed by the CSO Steering Committee with transparency and strong community ownership. CSOs such as the local Association of Persons with Disabilities or a church could apply for grant funding to support the most vulnerable community groups.

Dominica's economy is heavily dependent on agriculture and more recently tourism. There is an increased risk of exposure to climate change related events such as level rise and flash flooding because most of the Dominican population lives along the coast or in steep river valleys. Numerous assessments have been conducted in Dominica over the years which has enabled the country to identify vulnerable communities. The most recent is the Rapid Damage and Impact Assessment 2015, conducted by the World Bank post-Tropical Storm Erika. Disasters such as floods and landslides have destroyed or damaged critical infrastructure, therefore, recovery and reconstruction have absorbed an increasingly large share of annual budgets. Following the devastating impacts of Tropical Storm Erika, 90% of Gross Domestic Product (GDP) or $483 million USD was affected. Most of the damage was sustained in the transport sector (60 percent), followed by the housing sector (11 percent) and agriculture sector (10 percent). Approximately 7,229 people were impacted by the event (see Figure above).

Figure 22. A map of the villages that were declared disaster areas as a result of Tropical Storm Erica, which dumped 12 inches of rain in 10 hours on the island.

Grenada

Grenada's landmass is 344 sq. km and population is approximately 111,000. Its open economy is heavily dependent on a relatively small number of economic sectors whose activities and outputs are highly climate-dependent and weather-sensitive. The negative impacts of climate change create additional financial strain for the tri-island state and the economic and social development of the country.

[92] Solomon et al, 2011 and Gores-Francis, 2013 in CARIBSAN National Vulnerability Impact Assessment
[93] Ho, B. 2008. Agricultural losses amount to $11M. Antigua Sun.
[94] CARIBSAVE, 2015. National Vulnerability Impact Analysis for Antigua and Barbuda

Grenada relies on tourism as its main source of foreign exchange especially since the construction of an international airport in 1985. Strong performances in construction and manufacturing, together with the development of tourism and higher education - especially in medicine - contributed to growth in national output; however, economic growth remained stagnant in 2010-14, after a sizable contraction in 2009, because of the global economic slowdown's effects on tourism and remittances. Gross national saving – and wealth – has been declining since 2010.

Hurricanes Ivan (2004) and Emily (2005) severely damaged the agricultural sector - particularly nutmeg and cocoa cultivation - which had been a key driver of economic growth. Grenada has rebounded from the devastating effects of the hurricanes but is now saddled with the debt burden from the rebuilding process. Public debt-to-GDP is about 110%, leaving the administration in 2013 announced a structural adjustment program that includes a plan to increase tax revenue.

Extreme weather and short-term climate variability has already had a tremendous impact on the country. The devastating losses borne to Grenada's economy in 2004 and 2005 from the passage of Hurricanes Ivan and Emily respectively put the country's inherent vulnerability in stark relief, with some of the impacted industries still in recovery 10 years later. The total damage from Hurricane Ivan alone was estimated at EC$2.4 billion, or twice the value of Grenada's Gross Domestic Product (GDP) (OECS, 2004).

Direct or indirect losses were experienced in virtually every sector and these damages were compounded by the passage of Hurricane Emily just 10 months later. The damage broken down by sector is as follows:

Housing: Just under 28,000 houses or 89% of the country's housing stock of 31,122 houses were damaged by Hurricane Ivan. Near 10,000 houses, or 30%, were so damaged that they required complete replacement. Approximately 22,000 or 70% required repairs. The cost of damage to the housing sector was estimated at $EC1, 380 million dollars.

Education: Damage to the education sector was second only to the housing sector in its severity. The estimated cost to the sector is $EC196 million dollars, however a more correct figure would be approximately $EC215 million. This figure would accurately reflect the damage to the entire network of schools and skills training institutions in the country.

Health: The damage to the major public hospitals, health centres and other health care institutions was estimated at $EC 11 million dollars following the aftermath of hurricane Ivan

Agriculture, Livestock and Fisheries: The impact of hurricane Ivan was widespread throughout the island inflicting severe damage to the agriculture sector. The damage was most intense in the parish of St. Andrew accounting for 60 percent of total damage, followed by St. David with 20 percent, St. Johns 10 percent, St. Georges 5 percent with St. Mark, and St. Patrick sharing the remaining 5 percent. As a result of the high velocity winds experienced with hurricane Ivan, extensive losses were recorded in the crop sub sector, livestock, fisheries and in the seventy-two (72) water catchments. The total direct and indirect damages were estimated at EC$55 and EC$46 million respectively.

Tourism and Accommodation: When valued in monetary terms tourist accommodations reported through their respective assessor's evaluations varying degrees of damages. A quick sample of a subset of tourist accommodations representing 38% of the saleable room capacity indicated that the extent of the damage ranged from EC$650,000 to EC$40 million. It was estimated by the Assessment Mission that the direct losses born by tourist establishments to their buildings and infrastructure amounted to EC$305 million.

Manufacturing: The direct damage suffered with the passage of Hurricane Ivan was related to the destruction of assets at the time of the hurricane namely, buildings, equipment and machinery, and inventories. The indirect costs were related mainly to the loss in flows of income and additional cost as a result of the hurricane. The direct damage was much higher than the indirect damage, and this was associated with the high cost of buildings and equipment. The direct damage to the sector was estimated at $17 million EC$ and the indirect cost at $4 million. Among the manufacturing industries, the rum, furniture and garment industries suffered the most significant damage. In the case of the production of rum, buildings were most severely affected while for the furniture and garment industries both

buildings and inventories were damaged. The beverage sub-sector, which dominates the industry, was affected by damage to buildings but operations were not halted for a lengthy period. A number of light manufacturing industries lost substantial portions of inventories and suffered from damage to buildings.

Wholesale and Retail: The direct damage was related to that of physical assets and stocks. The sector was seriously affected by the loss of inventories due mainly to the looting that occurred immediately after the hurricane. This contributed to indirect damage as entities did not immediately reopen because of the general impact of the devastation; the loss of stocks from the hurricane and the subsequent looting; and the need to secure available stocks. The value of the indirect damage was estimated at EC$11 million in Grenada.

Public Utilities: Total damages, both direct and indirect, to public utilities (Electricity, Water and Sewage, Telecommunication and Broadcasting and Cable) were estimated to be EC$250.9 million.

Long-term climate change could make what would otherwise be rare, devastating occurrences such as these into a more frequent reality for Grenada and the rest of the Caribbean. Grenada is already experiencing some of the effects of climate variability through damages from severe weather systems and other extreme events, as well as more subtle changes in temperatures and rainfall patterns. Climate change projections for Grenada predict an increase in average annual temperature, reduced average annual rainfall, potential for an increase in the intensity of tropical storms and increased Sea Surface Temperatures (SST)[95].

E.4.2. Financial, economic, social and institutional needs

Describe how the project/programme addresses the following needs:

- *Economic and social development level of the country and the affected population*
- *Absence of alternative sources of financing (e.g. fiscal or balance of payment gap that prevents from addressing the needs of the country; and lack of depth and history in the local capital market)*
- *Need for strengthening institutions and implementation capacity.*

The OECS economies are small and highly open, which makes them volatile and prone to external shocks. OECS economies rely extensively on tourism and to a lesser extent agriculture, and are dependent on external markets for food and fuel imports. The countries also receive high worker remittances inflows. As a result, they are subject to excessive terms of trade volatility. Despite high human development indices, OECS have not succeeded in reducing poverty to levels compatible with their level of per capita income. Unemployment, especially among women and youth, remains high, which also contributes to high emigration rates[96]. Since 2010, some of the OECS countries have implemented strong fiscal consolidation programs and engaged in debt restructuring agendas. At the end of 2014, Antigua and Barbuda's debt-to-GDP had increased to 98.7 percent of GDP[97].

Despite a more recent small rebound in economic growth rates, however any gains are subject to natural disaster shock. Economic assets such as residential and nonresidential buildings are at risk. These assets that are exposed to natural disasters are referred to as a country's Building Exposure. Grenada's total building exposure is estimated by the World Bank at US$2.1 billion (Replacement Value). Single-family, wood light unbraced post and beam frame are the buildings most vulnerable to hurricanes, accounting for approximately 20% of Annual Average Loss (AAL)[98].

[95] The CARIBSAVE Partnership, 2012; CCCCC, 2015
[96] The World Bank in Organization of Eastern Caribbean States: Overview. http://www.worldbank.org/en/country/oecs/overview Accessed 7 September 2017
[97] IMF, 2015. *IMF Executive Board Concludes the Third Post-Program Monitoring discussion for Antigua and Barbuda*. No. 15/244, May 29. https://www.imf.org/external/np/sec/pr/2015/pr15244.htm Accessed 9 April 2017.
[98] World Bank. 2016. *Grenada Hurricanes and Earthquakes Risk Profile*. Washington, DC: World Bank. http://bit.ly/2uRCwBR Accessed 12 July 2017.

The Global Climate Risk Index 2017 ranked Dominica as one of the top three countries most affected worldwide by climate impacts in 2015[99]. The Index analyses to what extent countries have been affected by the impacts of weather-related loss events (storms, floods, heat waves etc.). The most recent data available from 2015 (Table 4) and 1996–2015 (Table 5) is presented below for the three EDA pilot countries.

Table 6. Climate Risk Index for the Year 2015 (Source: Germanwatch)

CRI Rank	Country	CRI Score	Fatalities in 2015		Fatalities per 100k people		Losses in M US$ (PPP)		Losses per unit GDP in %	
			Total	Rank	Total	Rank	Total	Rank	Total	Rank
135	Antigua & Barbuda	124.50	0.00	114	0.00	114	0.000	135	0.00	135
2	Dominica	13.00	31.00	42	43.66	1	611.219	32	77.37	1
135	Grenada	124.50	0.00	114	0.00	114	0.000	135	0.00	135

Table 7. Climate Risk Index for the period 1996–2015 (Source: Germanwatch)

CRI Rank	Country	CRI Score	Fatalities in 2015		Fatalities per 100k people		Losses in M US$ (PPP)		Losses per unit GDP in %	
			Total	Rank	Total	Rank	Total	Rank	Total	Rank
72	Antigua & Barbuda	74.50	0.25	163	0.31	53	15.553	132	0.98	23
17	Dominica	42.00	1.80	135	2.54	6	46.023	101	7.89	2
16	Grenada	40.33	2.00	132	1.94	9	78.734	86	7.87	3

The Global Climate Risk Index for the period 1996 – 2015 highlight the vulnerability and needs of the three SIDS measured in terms of losses per unit GDP. Access to capital to recover from the climate-induced losses remains one of the most challenging factors in the pilot countries ease of "Doing Business". Adaptation measures for SIDS are expensive, with significant cost implications for both the Government and its citizens. Adaptation costs for many buildings and services, such as homes, churches, schools, clinics and hospitals, emergency response, supermarkets, and the Public Utility's desalination plants, are being borne by the Government and its citizens. The high cost of finance and limited access to financing for private citizens is becoming increasingly difficult, resulting in higher levels of vulnerability. This affects all classes of citizens, both public and private, and especially marginalized groups, and justifies the urgent need for this project and the level of concessionality.

E.5. Country Ownership

Beneficiary country (ies) ownership of, and capacity to implement, a funded project or programme

E.5.1. Existence of a national climate strategy and coherence with existing plans and policies, including NAMAs, NAPAs and NAPs

Please describe how the project/programme contributes to country's identified priorities for low-emission and climate-resilient development, and the degree to which the activity is supported by a country's enabling policy and institutional framework, or includes policy or institutional changes.

The EDA project is a direct access project that has been developed through a "bottom-up" approach. The project objectives and outcome are closely aligned with the sub-regional institutional framework of the OECS, for example the OECS Commission through the GCCA project has just developed a model climate resilience building code, which is being adopted in Antigua and Barbuda and other member states. This building code will provide the technical basis for the adaptation measures to be piloted under Output 4. In addition, the EDA project has been developed at the request

[99] Kreft, S. et al. 2017. *Global Climate Risk Index 2017: Who Suffers Most from Extreme Weather Events? Weather-related Loss Events in 2015 and 1996 to 2015*. Published by Germanwatch e.V. https://germanwatch.org/en/download/16411.pdf Accessed 13 September 2017

of the Council of Environmental Ministers meeting in 2016 to scale up climate financing in order to meet adaptation and mitigation goals under the Paris Agreement. The project is aligned with the national and sub-regional policies and laws listed below.

Antigua and Barbuda has undergone extensive stakeholder consultation to develop the following laws and policies to adapt to the projected impacts of climate change:

a) Ratification of the Paris Agreement in 2015
b) Nationally Determined Contribution, which identifies inter alia adaptation in buildings and adaptation in waterways as priorities
c) Antigua and Barbuda's Country Programme to the GCF
d) Environmental Protection and Management Act of 2015 (EPMA, 2015)
e) National Comprehensive Disaster Management Policy and Strategy for Antigua And Barbuda (2015– 2017)
f) National Adaptation Plan and Strategy for the Water Sector, 2015
g) National Physical Development Plan, 2012 (titled the Sustainable Island Management and Zoning Plan)
h) The Building Code is currently under revision for climate resilience updates

Dominica includes the following laws, policies and regulations:

a) Ratification of the Paris Agreement in 2015
b) Climate Change, Environment and Natural Resource Management Bill 2016
c) National Land Use Policy, 2015
d) Draft National Physical Development Plan of the Commonwealth of Dominica, 2016
e) Low-Carbon Climate Resilient Development Strategy 2012
f) National Climate Change Adaptation Policy 2002
g) Nationally Determined Contribution (NDC), submitted 2015
h) Caribbean Regional Strategic Program for Climate Resilience

Grenada has in place the following laws and policies to adapt to the projected impacts of climate change:

a) Ratification of the Paris Agreement in 2015
b) Revised Building Code for Grenada
c) Draft National Land Use Policy
d) National Disaster Plan 2011
e) The National Climate Change Policy for Grenada, Carriacou and Petite Martinique
f) The National Climate Change Adaptation Plan (NAP) for Grenada, Carriacou and Petite Martinique
g) The Nationally Determined Contribution (NDC), submitted 2015
h) The National Agriculture Plan
i) Blue Growth Coastal Master Plan, 2016
j) Caribbean Regional Strategic Program for Climate Resilience
k) Sustainable Development Goals (SDGs)

The EDA is designed to support the implementation of these policies and laws. The criteria developed to evaluate the selection of sub-activities under the EDA draws linkages with the above policies and laws.

E.5.2. Capacity of accredited entities and executing entities to deliver

Please describe experience and track record of the accredited entity and executing entities with respect to the activities that they are expected to undertake in the proposed project/programme.

The Department of the Environment is a Government entity with a staff Compliment of over 50 individuals. It has coordinating committees that it manages with over 40 experts in Government, NGOs and the private sector. The Department of Environment (DOE) in Antigua and Barbuda as direct access Accredited Entity has extensive experience in project design and implementation. The DOE is also a coordinating entity and will use a coordinating approach to work with executing entities and project management structures, to build the capacity of these using in-house lessons learned, in a peer-to-peer learning approach. This will provide a readily available and experienced

network of professionals to the project. Antigua and Barbuda is a SIDS and access to technical expertise is a risk to the project. The DOE is therefore building on its framework agreement with the OECS Commission, UNOPS, among other entities, and its relationship with the Climate Technology Center and Network (CTCN) to fill gaps that may be identified during project execution.

The Department of Environment in Antigua and Barbuda was accredited to the Adaptation Fund (AF) in October 2015 and its direct access USD 10 M project with the AF was approved in March 2017. The project has a similar structure to the EDA, where the project demonstrates enhanced direct access for the public sector, for NGOs and for the private sector. This project will be scaling up activities nationally and sub-regionally to work with Dominica and Grenada under the umbrella of the OECS economic union.

The A&B Department of Environment was accredited to the Green Climate Fund at the 17th meeting of the Board for Category B risk and the following mechanisms: Project Management and On-granting (Small) and On-lending (Micro). The Department's accreditation was fast-tracked to the GCF since it was already accredited to the Adaptation Fund. The Department has undergone rigorous scrutiny and capacity assessments as part of the GCF Accreditation process. In the other pilot countries, the project will build on the capacities built by over 15 years of implementing Government, GEF, CIF and EU-funded projects. Within each country, the entities implement over USD 50 M in project funding per year.

For the experience and track record of the executing entities relevant to this project's activities, please see *Section C.4. Background Information on Project / Programme Sponsor (Executing Entity).*

At the regional level, the scope of the EDA project is within the abilities of the Eastern Caribbean Commission and Member States to deliver concrete adaptation results. There is strong government and NGO technical support that covers natural resource management, adaptation in buildings, institutional backstopping (including financial management and governance), and monitoring and evaluation. The EDA has been designed to build on these existing institutions and scale up delivery of climate financing to vulnerable communities.

E.5.3. Engagement with NDAs, civil society organizations and other relevant stakeholders

Please provide a full description of the steps taken to ensure country ownership, including the engagement with NDAs on the funding proposal and the no-objection letter.

Please also specify the multi-stakeholder engagement plan and the consultations that were conducted when this proposal was developed.

Selection of Accredited Entity

Nomination of Accredited Entity by the Government of Antigua and Barbuda/NDA. The Department of Environment in Antigua and Barbuda has served as the national focal point to all multilateral environmental agreements (MEAs) and executing entity to the Global Environment Facility (GEF) since the GEF began supporting the implementation of multilateral environmental agreements in Antigua and Barbuda. In February 2013, the Cabinet decided that the then Environment Division should initiate the process to become a National Implementing Entity (NIE) to the Adaptation Fund. The Department of Environment was accredited to the Adaptation Fund in October 2015. As an accredited entity to the Adaptation Fund, the Department was eligible for fast-track accreditation to the GCF. In GCF/B.12/32 Annex XXV, the GCF Board noted that the Department of Environment would be eligible for fast-track accreditation to the GCF.

The Government of Antigua and Barbuda subsequently nominated the Department of Environment to apply for fast-track accreditation from the GCF, which the entity commenced. The DOE was approved as an Accredited Entity by the GCF Board in October 2017.

Selection of direct access accredited entity for the EDA project. The Department of Environment is the national focal point for Antigua and Barbuda to the UNFCCC. In 2015, the Government of Antigua and Barbuda passed comprehensive MEA legislation via the Environmental Protection and Management Act – a model Act developed by the OECS Commission to support the implementation of the Rio Convention and the OECS St. Georges Declaration for Environmental Sustainability in a coordinated and comprehensive approach for the Eastern Caribbean.

The passage of the Act in Antigua and Barbuda formalized a national sustainable financing mechanism, the SIRF Fund, to serve as the primary channel for environmental, climate mitigation and adaptation funding from international and domestic sources: "By serving as the National Implementing Entity for all environment-related finance and technical assistance, the SIRF Fund will catalyze internal and external funding sources to enable the country to meet its climate and sustainability goals in a coordinated, systematic and cost-effective manner."[100] The SIRF Fund business model includes a concessional Revolving Fund programme for adaptation in traditionally high-risk groups, where loan payments are re-disbursed to maximize impact. The Cabinet of Antigua and Barbuda and the NDA nominated the Department of Environment to serve as Accredited Entity for the EDA project in the GCF Country Programme, per its legal mandates.

Country ownership

The EDA project's initial scope was at the national level, for Antigua and Barbuda. However, at the OECS Council of Ministers Environmental Sustainability on 4-5 May 2016 in the Commonwealth of Dominica, the Council deciding on Post-COP 21, strategic actions, engagements and collaboration, *inter alia* requested Antigua and Barbuda's assistance to support Member States with the climate finance and accreditation processes. The OECS Commission Director General Dr. Didacus Jules subsequently on 5 July 2016 issued a communique to Member States about the EDA project being developed by Antigua and Barbuda, inviting those who wished to participate to submit a letter of interest from their respective NDA to the OECS Commission copied to Antigua and Barbuda. The NDAs of the Commonwealth of Dominica and of Grenada responded with letters of interest, and the three countries continue to collaboratively develop the EDA project document.

Member States interested in participating submitted letters of interest to participate in the EDA project, and also allocated a portion of their Readiness funding to allow the OECS to provide capacity building support and M&E to Member States on GCF engagement. The three countries that responded were Antigua and Barbuda, Dominica and Grenada, and the member states also agreed to allocate USD 100,000 each to the OECS Commission for Readiness support towards accreditation and developing a Regional Programme.

Antigua and Barbuda has used part of its first and second Readiness grants to undertake consultations for the EDA project. This consultative process has been extensive since the funding proposal was first developed in June 2016. In addition to the consultations summarized below, the in-country consultants for the Pre-Feasibility Studies held one-on-one meetings with stakeholders. These reports and the minutes of the consultations are provided in the Appendix.

The consultations have been very effective with the public sector and key NGO representatives. Engagement with the private sector has been more limited with consultations, since this group is diverse and not as well organized or represented. Barriers to engaging the private sector include a perception of multilateral financing channels as slow and bureaucratic, and low levels of awareness about technical adaptation options and specific projected climate risks. However, representatives from the private sector attended several of the consultations listed below, and confirmed the urgent need for the project approach, and the findings of the literature review. Private sector stakeholders consulted to date via attendance at the consultations listed below include home and building owners, national Development Banks, and Co-operative Credit Unions.

[100] SIRF Fund Business Concept, 2016. *Investing in Antigua & Barbuda: Capitalization Rationale for the Sustainable Island Resource Framework (SIRF) Fund*. Approved by the Cabinet of Antigua and Barbuda in 2016.

To strengthen consultations with the private sector and overcome barriers to engaging the private sector in the Caribbean, Antigua and Barbuda is procuring a Private Sector Readiness Consultant for one year, subject to extension. The Consultant will also work in Dominica and Grenada to get the private sector "ready" for the EDA pilot countries via targeted consultations.

EDA Consultation 21 April 2016 – Location: St. Lucia

The meeting was held on the margins of the Caribbean Biodiversity Fund (CBF) and the Caribbean Challenge Initiative (CCI) meeting held in St. Lucia, and benefited from a high involvement of NGO representatives. The Caribbean Biodiversity Fund (CBF) is a regional fund established for the management of the funds for Biodiversity on behalf of the Caribbean region. The purpose of this meeting is to assess the interest of the National Trust Funds to determine if they are interested in acting as executing entities for the EDA project by programing GCF funds via calls for proposal.

OECS Council of Ministers Environmental Sustainability 5 May 2016 – Location: Commonwealth of Dominica

The OECS Council of Ministers deciding on Post-COP 21, strategic actions, engagements and collaboration, endorsed the constitution of a high level OECS working group that would support Member States with the Climate Finance accreditation process, and the Ministerial body requested Antigua and Barbuda's assistance to support this process.

Communique from the OECS Commission Director General to OECS Member States 5 July 2016

Letter subject, "OECS Commission's Actions in Pursuit of Climate Finance Mandate" from the Director General Dr. Didacus Jules of the OECS *inter alia* notified Member States of the GCF Enhancing Direct Access (EDA) project being developed by Antigua and Barbuda, including a short project brief, and invited Member States who wished per the Ministerial mandate to participate in the EDA project, to submit a letter of interest from their respective NDA to the OECS Commission copied to Antigua and Barbuda.

EDA Consultation 17 October 2016 – Location: Grenada

The meeting was held on the margins of the Global Environment Facility (GEF) Caribbean Constituency Meeting, where the Department of Environment in Antigua and Barbuda presented on the EDA project and solicited feedback on the design and linkages with national work programmes funded by the GEF in the Eastern Caribbean.

EDA Consultation 7 December 2016 – Location: Antigua and Barbuda

An EDA workshop with participants from all 3 pilot countries, financed with Readiness support, was convened in conjunction with the SCCF Project Launch in Antigua and Barbuda, titled: *Building Climate Resilience through Innovation Financing Mechanism Climate Change Adaptation*. The SCCF project is a baseline project establishing the Revolving Fund in Antigua and Barbuda, and therefore participants benefited from learning more about the Revolving Fund sustainable financing mechanism. At the workshop, participants discussed Readiness support, the OECS Commission presented their roadmap for accreditation, and Antigua and Barbuda presented the EDA project.

EDA Consultation 15 February 2017 – Remote presentation via the Climate Finance Working Group

Antigua and Barbuda presented on the EDA project at the first Climate Finance Working Group remote meeting, which included focal points from across the Eastern Caribbean.

EDA Consultation 26 April 2017 – Location: Grenada

This consultation hosted on the sidelines of the OECS Sub-Regional Structured Dialogue with the Green Climate Fund. The consultation was facilitated by Antigua and Barbuda to present an update on the Enhance Direct Access (EDA) project proposal, and to discuss and validate the findings and recommendations of the baseline Pre-Feasibility Studies.

The Ministers of Environment in the participating countries at their annual meeting of the OECS Council of Ministers of Environmental Sustainability on 28 April 2017 in Grenada, have pledged to make the required human resources available to support enhanced direct access implementation under Output 1 (project management). Within the first 6 months of project approval, during a pre-inception stage, the EDA project will be presented to the Cabinets in the

respective countries to secure additional commitments (Cabinet decisions) to build the capacity and staff of the relevant ministries and divisions to a level that allows them to perform their functions (project management, M&E, evaluation of projects, etc.). Project inception will also consider prioritization and sequencing of activities, identifying dependencies so that dependent activities can be scheduled to follow those that they are dependent upon.

Multi-stakeholder engagement plan

Upon approval of the project, the EDA project will transition into a pre-inception process that will facilitate targeted consultations to identify any changes in baseline conditions, validate work plans and the proposed approach, in accordance with the GCF Guidance as set out in Annex XIV to decision B.08/10[101].

The consultative process should aim to be an ongoing process rather than a discrete activity only occurring once without the possibility of follow up, continuous update and regular assessment of progress. Consultative processes should be inclusive and seek to engage all relevant actors within the government, the private sector, academia, civil society and other relevant stakeholder groups or sectors.

Table 8. Multi-stakeholder engagement plan (draft)

Stakeholder Group		Primary role in EDA project implementation			
		Oversight function	Decision-making body	M&E	Lessons learned / scaling up
Recipients	Farmers			X	
	Banks				X
	Credit Unions/Associations		X		
	Insurance companies				X
	Individual homeowners			X	
	MSMEs			X	
	Hoteliers Associations				X
	NGOs	X			X
	Community groups	X	X		X
	Women's organizations	X			
Decision-makers	OECS Council of Ministers of Environmental Sustainability	X			
	Cabinet of respective country	X			
	Ministry of Finance		X		
	Attorney General's Office	X			
	GCF National Designated Authority		X		
Technicians & Experts	Physical Planning Authority			X	
	Environment Ministries (Units/Departments)			X	
	Social Gender Affairs Division	X			
	UNFCCC Focal Point		X		
	Electricity providers			X	
	Transportation			X	

[101] GCF Board decision B.08/10 – Annex XIV: Initial best-practice options for country coordination and multi-stakeholder engagement, page 91 http://www.greenclimate.fund/documents/20182/24946/GCF_B.08_45_-_Decisions_of_the_Board_-_Eighth_Meeting_of_the_Board__14-17_October_2014.pdf/1dd5389c-5955-4243-90c9-7c63e810c86d

	GEF SGP National Coordinator	X			
Donors	Green Climate Fund				X
	Adaptation Fund				X
	Global Environment Facility				X
	EU				X
	GIZ				X
	USAID				X
Regional	OECS Commission			X	X
	OECS Climate Finance Working Group	X			
	OECS Eastern Caribbean Central Bank			X	
	CARICOM Climate Change Center				X
	Caribbean Development Bank				X
	UNDP/UNEP				X

The following private sector representatives will be engaged to finalize loan applications, evaluation criteria, receive nominations for the Private Sector steering committee, galvanize buy-in and empower leaders in the private sector:

- Insurance providers
- Credit Unions and domestic branches of international banks
- Business owners and entrepreneurs
- Local professional organizations

E.6. Efficiency and Effectiveness

Economic and, if appropriate, financial soundness of the project/programme

E.6.1. Cost-effectiveness and efficiency

Describe how the financial structure is adequate and reasonable in order to achieve the proposal's objectives, including addressing existing bottlenecks and/or barriers; providing the least concessionality; and without crowding out private and other public investment.

Please describe the efficiency and effectiveness, taking into account the total project financing and the mitigation/ adaptation impact that the project/programme aims to achieve, and explain how this compares to an appropriate benchmark. For mitigation, please make a reference to E.6.5 (core indicator for the cost per tCO2eq).

Rationale for grant financial instrument

This project's choice of financial instrument, a full grant request, is necessary for the project to overcome barriers confronting small island states and achieve the project's objectives to build resilience in vulnerable populations. The project is designed to maximize the impact of the grant financing through a Revolving Fund for enhancing direct access in the private sector. The private sector targeted in this proposal are homeowners and small business owners whose property and assets are exposed to climate risks, and who require upfront financing to implement cost-effective measures to protect their property from climate extremes.

The Revolving Fund, an unsecured, concessionary debt fund targeting vulnerable populations, is a quasi-debt/quasi-grant facility. The debt structure of the facility is primarily driven by the creation of new concessional financing by the recycling of the principal repayments of initial concessional financing through amortization – this process is known as the "revolver". The "grant" funding occurs through discretionary financing forgiveness and payment flexibility to certain

categories of borrowers for whom repayment, even at concessionary rates may be difficult, instead of pursuing legal recourse against such defaulted borrowers.

The Revolving Fund is designed to programme multilateral climate finance directly to beneficiaries for the incremental cost of adaptation. Direct grant financing to the private sector could be seen as "handouts" and may entail political risks. However, the Revolving Fund must provide unsecured and concessional funds to vulnerable populations. To analyse the trade-offs, a financial model was developed for the Revolving Fund loan programme, assuming an initial capitalization of USD 3 million (see Appendix):

- The financial model suggested that approximately US$5.8 million in additional concessional financing can be created without replenishment of the initial US$3 million through the revolving fund structure over the financial model's 10-year projected period.
- An average sum of US$645,000 is projected to be annually originated through revolving fund disbursal, primarily using principal repayments and other cash surplus, and assuming average repayment terms of 5 years. The model includes sensitivities analysis around the revolver's impact.
- Due to modelled net write-offs of 2.5% of the gross portfolio annually[102], an average of US$78,000 is expected to be lost due to defaulted funds. These accumulated write offs total US$774,000 over the projected years.

The Revolving Fund will not be increasing its capital base through interest income returns. Due to a) concessionary debt interest rates averaging 3%, b) estimated net write-offs at 2.5% of the gross portfolio, and c) additional balance sheet allowances built to protect against write-offs, there is an annual deficit rather than profit in the model and this contracts the portfolio at a rate of 2.5% annually. At the time of a natural shock such as post-disaster recovery, the Revolving Fund can aggressively "kick-in" with flexible payment structures and funding to home and business owners.

The Revolving Fund will not require leveraged loans from private sector financial institutions – i.e. loans from the revolving fund cover a certain %, but not the totality, of adaptation investments in Output 4. The fund will target persons who are not normally able to get financing from the banks. These are two main types:

(a) They already have a mortgage on the building and do not qualify for the additional funds to make the existing building more resilient. The Eastern Caribbean Central Bank limits how much can be lent to an individual.
(b) Persons who own a home but who cannot qualify because of low salary or lack of job security (e.g. working in the hotel sector, after a storm, hotel workers can be laid off. In Barbuda, over 90% of the island residents are now unemployed). Finally, it is socially irresponsible to require persons to borrow more when we know they cannot. This would trigger the GCF ESS. The purpose of the Revolving Fund is to find a solution that works.

The financial analysis in the appendix explored Revolving Fund "guarantee" to loans by private banking institutions, when a bank lends to the target population (who they would not normally lend to) on the condition that the Fund will pay for any default in the repayments – the Fund would therefore serve as a "guarantor" to previously un-bankable persons. While this has been floated as an idea for the Revolving Fund, this is not a recommended approach for the pilot for several reasons. Firstly, it is risky to hand over decision-making for granting loans to banks. Private banks lending to individuals may inadequately assess credit risk because their own money is not at stake. This creates a moral hazard with inappropriate incentives where the bank captures the interest income, but places all the credit risk on the Fund. Secondly, allowing people to borrow from third-party banks with these loans secured by the Revolving Loan Facility would displace the Fund from an active role in assessing borrowers. This would make the Fund a passive capital source, which prevents it from gaining critical in-house credit risk and assessment capabilities for scaling up going-forward. Furthermore, third-party banks may also have biases in assessing creditworthiness for the target borrowers, and it is this bias against the target population that the Fund is attempting to support – this would also trigger environmental and social safeguards risks for vulnerable populations, and could prevent the Revolving Fund

[102] Gross portfolio write-offs are relatively high because the Revolving Fund will lend to high risk groups in order to meet the goal of adaptation that 'leaves no one behind'. High risk groups include the Kalinago indigenous community in Dominica, and the island of Barbuda, where the land is owned by the governing Council and not the individuals themselves.

from meeting ESS disaggregated indicators. In practical terms, as the Fund wishes to prioritize a hands-on approach, it should minimize its exposure as a guarantor for a third-party bank.

The Revolving Fund will complement (not leverage) debt from the private sector, such as local banks. In the hierarchy of human needs, a climate resilient building to live and conduct business is a basic need; once this is met through the Revolving Fund, beneficiaries will be in a better position to increase productivity and borrow from local banks. Pending independent evaluations of the results of the Revolving Fund pilot activities, it is expected that funding streams will increase and will be diversified, including funding from the respective national Governments, international partners, among others.

This project will leverage over US$11 million of private sector financing through repayments in the revolving fund structure in Output 4 over the course of 10 years. Civil society organizations will contribute an estimated US$1.5 million of their own financing and in-kind support to the interventions under Output 3.

Rationale for co-financing

The Governments and stakeholders of the pilot countries were unable to provide co-financing that meets the GCF criteria of "new and additional" upfront, since the specific activities are not fully defined as per the goal of devolving decision-making; therefore, this project does not include upfront co-financing. However, meeting co-financing commitments during implementation is a required for project disbursements.

The Ministers of Environment in the participating countries at their annual meeting of the OECS Council of Ministers of Environmental Sustainability on 28 April 2017 in Grenada, have pledged to make the required human resources available to support enhanced direct access implementation under Output 1 (project management), and the Governments are expected to provide counterpart and in-kind support of US$6 million for Output 2. Across sectors, the project will attract at estimated US$18.5 million of counterpart and leveraged financing and in-kind support. Co-financing and in-kind contributions will be secured during project implementation (see Table below) and tracked as part of the mid-year project reporting using the template in the Appendices.

Table 9. Counterpart, leveraged financing and in-kind support to be realized during EDA implementation

	GCF contribution (million USD)	Counterpart, leveraged financing, in-kind support (million USD)	Process for securing co-financing during project implementation	Source of verification
Output 1. (Devolving decision-making)	2	0.6	Appointment of PMUs, oversight committees, decision-making bodies; Agreements and TORs in place to cover in-kind contributions	Agreements and TORs for the respective bodies
Output 2 (Public sector)	9	5.4	Approval criteria for the project document requires at least USD 1.8 M co-financing per country	Approved project applications
Output 3 (Civil society)	3	1.5	Approval criteria for grant applications includes at least 50% in co-financing from proponents	Approved on-granting applications
Output 4 (Revolving Fund private sector)	6	11	Loan agreements with borrowers establish agreed repayment schedules	Financial statements tracking reflows into the Revolving Funds

Total Co-financing	**20**	**18.5**		

Across sectors, the project will attract at estimated US$18.5 million of counterpart financing and in-kind support. This project will leverage over US$11 million of private sector financing through repayments in the revolving fund structure in Output 4 over the course of 10 years. Civil society organizations will contribute an estimated US$1.5 million of their own financing and in-kind support to the interventions under Output 3. Governments are expected to provide counterpart and in-kind support of US$6 million for Output 1 and Output 2. For more information, see *Section E.6. Efficiency and effectiveness*.

The Governments are already self-financing adaptation and are investing millions into natural disaster shock recovery. The IMF has estimated that Grenada increases expenditure by a total of 5 percent of GDP in the two years following a hurricane to cover reconstruction costs resulting from the hurricane[103].

Natural disaster shocks in the Eastern Caribbean result in lower growth scenarios and higher debt paths. Each of the pilot countries have experienced devastating hurricanes, which have resulted in economic shocks, increased debt, and resulted in constrained fiscal space and debt restructuring programmes. As a result, the participating Governments, which are currently or have recently undergone IMF restructuring measures, do not have the fiscal space to contribute "new and additional" financing for the project. Furthermore, the OECS is already borrowing approximately one third of its climate finance. The total amount of climate finance for the 2010-15 period to the 6 OECS members was US 101 million, of which one third (USD 30 million) was in the form of loans. This contrasts with other SIDS regions where all climate finance so far has been grant-based[104].

E.6.2. Co-financing, leveraging and mobilized long-term investments (mitigation only)

N/A

E.6.3. Financial viability

N/A

E.6.4. Application of best practices

Please explain how best available technologies and practices are considered and applied. If applicable, specify the innovations/modifications/adjustments that are made based on industry best practices.

The End of Project Monitoring and Evaluation for the USAID RRACC (Rallying the Region to Adapt to Climate Change) was produced in September 2016 for the USAID project implemented in Antigua and Barbuda, Dominica, Grenada and Petite Martinique, St. Kitts and Nevis, Saint Lucia and St. Vincent and the Grenadines between 2011 and 2016.

Lessons learned from the RRACC will support the EDA to use the best available technologies and practices. The terminal report is provided as an Appendix, however some of the key findings of the evaluation are presented below.

Best practices from the RRACC:

- ✓ Community based revetment and drainage projects are good examples of how SIDS can adapt to climate change. In particular, the Mero community in Dominica benefited from drainage enhancements that prevented significant losses when Tropical Storm Erica struck the island in 2015.
- ✓ Dominica's demonstration project in Mero is also a model of project synergies. This was primarily the implementation of a Climate Change Adaptation Plan based on work conducted under the CDEMA/OECS

[103] IMF, 2016. Grenada Debt Sustainability Analysis https://www.imf.org/external/pubs/ft/dsa/pdf/2016/dsacr16133.pdf Accessed 7 September 2017

[104] Stockholm Environment Institute (SEI), 2017. Climate finance to the Small Island States of the Eastern Caribbean: An overview of financial support provided from 2010 to 2015. Fourth Council of Ministers, Environmental Sustainability, April 2017, Grenada.

implemented Comprehensive Disaster Management Harmonized Implementation Program (CDMHIP). The project therefore found ready acceptance and has great potential for reproduction and sustainability.

- ✓ There were a number of rainwater harvesting projects which while not being very innovative, show how SIDS can use low impact technology to mitigate increased periods of drought, especially for schools, disaster shelters and the agricultural sector
- ✓ Geographic Information System (GIS) activities that produced maps and data were very well received and impactful, particularly for water sector monitoring
- ✓ The Communications Strategy succeeded in the engagement and education of media professionals on climate change issues

Table 10. Lessons learned from the RRACC project and corresponding innovations, modifications and/or adjustments in the EDA project

Lessons learned from the RRACC project	Innovations/modifications/adjustments under the EDA
There was no evidence of uptake of legislation or policy that was developed under the project. The evaluators noted that this result could improve over time as stakeholders may return to the documents developed when they are ready to be implemented	The RRACC project developed the following policies: OECS Model Integrated Coastal Zone Management Policy, Model Water Policy and Act, and a National Land Use policy for Grenada, Carriacou and Petite Martinique. The fact that the legislation and policy was developed under the RRACC project but there was no evidence of uptake suggests that the legal and policy environment was not the key barrier to achieving the intended outcome. As illustrated in Section E.5.1., there is quite a comprehensive legal and policy framework for implementing climate change in the Eastern Caribbean. The region was some of the first countries to ratify the Paris Agreement and pass national climate change laws. The EDA project has determined that the key barriers to mainstreaming adaptation are: 1) lack of institutional capacity in key departments and executing entities to sustain long-term adaptation impact, and 2) lack of adequate and predictable finance for adaptation and resilience in MSMEs and the public sector. The EDA project there is designed not as a policy-focused project, but rather it is an implementing and mainstreaming project to promote adaptation and climate resilience. This will incentivize compliance with the legal and policy framework, thereby mainstreaming the laws and policies in a learning-by-doing approach.
Knowledge products were highly oriented to utilizing wording that may not be understood by the general public. The materials reviewed also failed to strongly link key national issues like crime, unemployment and poverty to that of climate change, which was a recommendation in the Communications Strategy but not followed in implementation	The EDA project will use GIS as the basis for knowledge products. Maps and visual illustrations are highly effective knowledge and communication tools, from the local/community level right up to high level decision-makers, and this was also documented as a best practice in the RRACC. The EDA project's M&E system will be GIS-based to easily track and present project results using maps and visual formats.
Much of the activities undertaken by the Public Awareness Output are actually	Tailor knowledge products to audiences and make the products more issue-focused and less project-focused. For example, knowledge products will focus on the national Climate Funds and access mechanisms as opposed to EDA project branding.

not sustainable because they were very project specific	
Project outputs were not able to be clearly linked to the national development agenda	Evaluation criteria for Outputs 2, 3 and 4 for the public, private and CSO sectors respectively will require that direct linkages with the national development and climate change goals of the respective country are explicit in the funding proposals Relevant national development and climate change policies for each participating country are listed in Section E.5.1.
The project experienced a delay of 9 months; the demonstration projects also experienced significant delays in most countries	Most projects, including the RRACC, tend to establish project-specific units and project-specific oversight committees. This arrangement is taxing on human resources in small island developing states, where Government agency units can consist of just 3-4 staff. In addition, creating parallel implementation and oversight processes duplicates existing arrangements. To overcome the challenge of lack of institutional capacity, the EDA is structured to implement the project implementation using existing institutions and decision-making processes in each of the pilot countries, and building the capacity of the project management unit. The structure and staffing of the PMU will be approved by the Project Management Committee (PMC). The OECS Commission Monitoring and Evaluation Unit will for the first time provide external M&E services to a project to independently evaluate project results, and this will provide another layer of accountability to deliver timely results.

E.6.5. Key efficiency and effectiveness indicators

GCF core indicators	Estimated cost per t CO_2 eq, defined as total investment cost / expected lifetime emission reductions (mitigation only)	
	(a) Total project financing	US$_____
	(b) Requested GCF amount	US$_____
	(c) Expected lifetime emission reductions overtime	_____ tCO_2eq
	(d) Estimated cost per tCO_2eq (d = a / c)	US$_____ **/ tCO_2eq**
	(e) Estimated GCF cost per tCO_2eq removed (e = b / c)	US$_____ **/ tCO_2eq**
	N.A.	
	Expected volume of finance to be leveraged by the proposed project/programme and as a result of the Fund's financing, disaggregated by public and private sources (mitigation only)	
	N.A.	

Other relevant indicators (e.g. estimated cost per co-benefit generated as a result of the project/programme)	

**** The information can be drawn from the project/programme appraisal document.***

F.1. Economic and Financial Analysis

Please provide the narrative and rationale for the detailed economic and financial analysis (including the financial model, taking into consideration the information provided in section E.6.3).
Based on the above analysis, please provide economic and financial justification (both qualitative and quantitative) for the concessionality that GCF provides, with a reference to the financial structure proposed in section B.2.

The cost-effectiveness analysis of the proposed project is addressed in Section E.6.1. This section covers additional and specific financial analysis information on the Revolving Fund loans for adaptation (see Appendix for full report). The Revolving Fund is structured as a Quasi-Debt/Quasi-Grant facility. The debt structure of the facility is primarily driven by the creation of new concessional financing by the recycling of the principal repayments of initial concessional financing through amortization - this process is also known as the "revolver". The "grant" funding occurs through discretionary financing forgiveness and payment flexibility to certain categories of borrowers for whom repayment, even at concessionary rates may be difficult, instead of pursuing legal recourse against such defaulted borrowers.

A Detailed Credit Assessment and Loan Management Guide has been developed to guide the handling of distressed and defaulted borrowers, outlining the approach towards loan forgiveness, debt restructuring, write-off policies and flexible payback periods, for example in the case of a Category 5 hurricane severely impacting a significant number of borrowers (see Case Study 6). This strategy will be supported by the following risk management measures to promote high repayment rates:

- Automatic wage deduction for borrowers who are employed, such as civil servants
- A property lien associated with the beneficiary facility, registered at Inland Revenue Department (legal claim on the real estate granting the SIRF Fund a specified amount of money upon the sale of the property). This was a recommendation of the Attorney General's Office.
- Marketing of the loan facility as a SIRF Fund initiative, which is separate from the Government, to manage the right message to borrowers
- A strong collections platform that communicates and reinforces the value of the financing and the interventions that they facilitate, in order to achieve desired low default rates
- Maximizing the value to the borrowers, including through tax exemption of purchased materials, and promoting the registration and review of contractors so that beneficiaries get the best value for their loan
- Mandatory workshops are also being piloted with both the beneficiaries and contractors under the Adaptation Fund revolving loan project in Antigua and Barbuda. If this has a positive impact on repayment, then this can be implemented under the EDA (workshops have been included in the budget).
- The strong and independent M&E framework for the project will analyze the data and make recommendations for policy interventions that increase repayment but do not trigger ESS risks.

The Credit Assessment Guide will be validated and approved upon project approval.

Case Study 6: Revolving Fund debt forgiveness/repayment restructuring

On 7 September 2017, Barbuda sustained a direct hit by Hurricane Irma (Category 5). An extreme weather event of this magnitude could trigger loan forgiveness, debt restructuring, write-off policies and flexible payback periods for Revolving Fund borrowers. A Detailed Credit Assessment and Loan Management Guide will be developed to guide this process.

Photo of homes destroyed in Barbuda post-Hurricane Irma (Photos:

Given the relationship-based community lending approach of the Revolving Fund's pilot, it is important to understand the credit context and risks that the Fund will face in order to achieve a resilient and impactful portfolio in this pilot project.

The analysis presented here considers the impact of an initial capitalization of US$3 million for the Revolving Fund to facilitate unsecured lending primarily to individuals, and to small and medium enterprises (SMEs). The proposed delivery mechanism is through concessional financing ranging from US$5,000 to US$75,000 at concessional rates between 2 and 4%. This focus is on individual and SME lending rather than traditional group-based microfinance lending where the borrowers are joint-and-severally liable for debt.

The financial analysis assesses the Revolving Fund's pilot and considers borrower and portfolio risks, providing guidance and recommendations for the Financing Board and Technical Expert Committee on mechanics, credit assessment and portfolio strategies.

Impact of the Revolving Fund capitalization

- The financial model suggests that approximately US$5.8 million in additional concessional financing can be created without replenishment of the initial US$3 million through the revolving fund structure over the financial model's 10-year projected period.
- An average sum of US$645,000 is projected to be annually originated through revolving fund disbursal, primarily using principal repayments and other cash surplus, and assuming average repayment terms of 5 years. See annex for sensitivities around the revolver's impact.
- Due to modeled net write-offs of 2.5% of the gross portfolio annually, an average of US$78,000 is expected to be lost due to defaulted funds. These accumulated write offs total US$774,000 over the projected years.

Key Drivers in the Revolving Fund for Adaptation Analysis

- The model portfolio initially assumes six concessional financing categories divided by size of financing approved.
- The concessional financing is all assumed to amortize, this is where repayments of both interest and principal are made in tandem and the principal balance outstanding decreases as the financing matures. Terms of the disbursements are averaged at 5 years.
- The initial interest rates have a weighted average of 3.1%.
- The revolving fund, which begins to be repaid in the second year, are driven by the use of cash returned from principal repayments and other cash sources, with a residual amount held in cash balances. They assume a 5 year term and an interest rate of 3%.
- Net write-offs are assumed at 2.5% annually, and the gross portfolio decreases by 2.5% on average annually (2% - 3% is the target portfolio attrition rate).
- The model is most sensitive to the following parameters: 1) Interest rate charged; 2) Write off rates; and 3) Term (duration) of the financing.

Strategies for Managing Portfolio Risks of the Revolving Fund Pilot

In addition to borrower credit metrics, the Revolving Fund pilot may also consider assessing the portfolio along the qualitative metrics below that will help to identify risk, concentration and provide indications for new directions. The following are recommendations for managing portfolio risk:

- *Decentralize Borrower Concentration Risk*: No borrower should owe more than 2% of the gross capital allocated for the financing, without special review by a Credit Committee, the Ministry of Finance or designated authority. The maximum financing amount outlined for this pilot is US$75,000 which is 2.5% of the financing allocation, and obtaining collateral in addition to direct salary deductions for any financing requests exceeding this amount should be considered, along with other strategies determined by the Ministry of Finance.
- *Shorter Financing Terms (when possible):* The financing duration drives the principal repayment timing – Shorter financing terms will facilitate more cash inflows that allow greater revolver disbursal capacity, and

increases the overall impact of the Fund pilot. Up to a certain point as well, shorter terms reduces risk of default because of less exposure to episodic impacts to people's salary and job status. However, this is counterbalanced by the borrower's ability to service heavier debt payments resulting from a shorter repayment timeline. An average portfolio financing term of 5 years is currently modeled - See sensitivity schedule and borrower analysis in annex for further details.

- *Diversifying Products and Services Financed by the Financing:* Certain products financed by the financing will be sensitive to natural shocks such as hurricanes, and in the event that there is mass damage to them, disruption in financing payments can be expected. Keeping track on the use of funds and frequent reviews of the portfolio should be able to quantify this exposure, and obtaining guarantees or insurance structures for the Fund, in addition to product and service warranties as discussed above will mitigate this portfolio risk.

F.2. Technical Evaluation

Please provide an assessment from the technical perspective. If a particular technological solution has been chosen, describe why it is the most appropriate for this project/programme.

The technical solutions proposed for the focus areas of this EDA project are: 1) adaptation in buildings, 2) adaptation in waterways and drainage systems, and 3) ecosystem-based adaptation. Narrowing the focus areas of the EDA is an efficient way for the project to meet its objectives by focusing resources on devolved decision-making and stakeholder engagement. The proposed technical adaptation solutions are informed by baseline work in the pilot countries, including inter alia the Adaptation Fund, the SCCF, the USAID RRACC, and the GCCA projects.

The model OECS climate resilient Building Code was developed over the period of 2014 – 2016 by consultants procured through an open and competitive international bidding process, with funding from the Global Climate Change Alliance (GCCA) project managed by the OECS Commission for the sub-region. Sections 6, 8, and 13 of the OECS model Building Code address adaptation to climate change using civil engineering methods. Design adaptation measures in the revised Building Code include:

- Low flow facilities for sanitary systems
- Increased load on drainage systems due to extreme rainfall
- Separate sewage and runoff systems to avoid overloading septic systems
- Sea level rise provisions in coastal low-lying areas: ground floor structure shall be at least 3ft above the predicted high tide level; sea walls, gabions and revetments (rock armor placed on the slope); coastal set-backs for construction
- Slope stabilization techniques

During construction (Section 6), the following adaptation measures are advised:

- Special hurricane precautions (clause 624): avoiding when possible works during peak hurricane season; tying down and securing all materials for hurricane preparation
- Adaptation to temperature rise (clause 625): managing risks to workers from temperature rise via ventilation; purchasing and storing materials that are adapted to higher temperatures
- Impact-resistant glass or shutters

In addition, the OECS Building Code includes mitigation measures to reduce the carbon footprint of cement, such as local alternatives (Montserrat ash from the volcano was cited as a possible substitute), and repurposing the concrete waste from the hurricane wreckage will be investigated as a recycled additive to concrete.

Technical quality of the adaptation interventions will be ensured through the flexible project implementation and management arrangements, which are designed to utilize experts in the local public and private sectors. A Technical Expert Committee (TEC) will be formed to review applications and constituted according to required expertise, for example the Revolving Fund pilot for adaptation in buildings would include:

- Building Inspectors (Physical Planning Authority)
- Fire Officers (Fire Department)
- Civil Engineer (Department of Environment)

- Electrician (private sector)
- Carpenter (Antigua and Barbuda Institute for Continuing Education)
- ESS and Gender Expert (Community Development Division)

In addition, the project will include certification or rating of contractors that is transparent and will promote accountability to the client and improve performance for the project.

Antigua and Barbuda also has a framework agreement with the UN Office of Project Services (UNOPS)[105] Caribbean Office, which is headquartered in the OECS region (St. Lucia) and active with ongoing projects in all three of the pilot countries. The EDA project will engage UNOPS for the role of technical backstopping and quality assurance, as needed, in the following areas:

- Evaluation of existing infrastructure
- Design, review, preparation of technical construction studies
- Updating and application of basic construction codes
- Capacity building in sustainable procurement processes
- Consistency checks of the maximum value established for each contract
- Maintenance and sustainable solutions for infrastructure
- Evaluation of installed capacity and staff training plans
- Minimum quality standards for infrastructure projects and value-for-money

The Government of Antigua and Barbuda and UNOPS entered into a Memorandum of Understanding (MOU) in March 2017.

F.3. Environmental, Social Assessment, including Gender Considerations

Describe the main outcome of the environment and social impact assessment. Specify the Environmental and Social Management Plan, and how the project/programme will avoid or mitigate negative impacts at each stage (e.g. preparation, implementation and operation), in accordance with the Fund's Environmental and Social Safeguard (ESS) standard. Also describe how the gender aspect is considered in accordance with the Fund's Gender Policy and Action Plan.

The Environmental and Social Management Plan assessed the likely ESS and gender impacts and ranked each Output accordingly (see table below). These risks are compiled in the project Risk Register, which will be updated on a quarterly basis and inform the annual compliance reports to the GCF.

Table 11. Risk management during implementation will be in conjunction with the risk categorization for each Output

EDA Project Output	Assessment of Risk by Output	Risk Categorization
Output 1. Enhanced capacity for climate adaptation planning, implementation, and monitoring and evaluation via direct access	No adverse Environmental, Social and Gender impacts are expected to result from this Outputs' activities.	Category C
Output 2. Governments implement concrete adaptation measures using ecosystem-based approaches where appropriate	Potential adverse impacts resulting from this Output include works that could result in adverse impacts, however these will be few in number, small scale and less widespread. Through the Environmental Impact Assessment physical planning requirements, these impacts are reversible or easily mitigated.	Category B

[105] United Nations Office for Project Services (UNOPS) https://www.unops.org/english/Pages/Home.aspx

Output 3. Community resilience to climate impacts is enhanced through tangible adaptation benefits	These activities will be small scale adaptation actions based in community facilities and with no adverse Environmental, Social and Gender impacts expected.	Category C
Output 4. Privately owned physical assets of vulnerable populations are more resilient to climate variability and change through concessional microfinancing	These activities will be small scale adaptation actions based in buildings and with no adverse Environmental, Social and Gender impacts expected.	Category C

Information on excluded projects that may cause significant adverse environmental and/or social risks, as well as the scale of the sub-projects in Output 2 and 4 is provided in *Table 3. Criteria and guidelines for the selection of enhanced direct access activities by the decision-making bodies*.

Information disclosure requirements

The initial Environmental and Social Management Plan will be disclosed by the Accredited Entity via electronic links in the AE's website and convenient locations for affected peoples, and the GCF discloses such reports on its website, in accordance with the GCF Information Disclosure Policy. For the EDA as a Category B/1-2 project, this is required to be posted 30 days before the GCF's Board date.

Subsequent EIAs and other environmental reports will be posted online 30 days prior to Committee meetings where funding decisions will be taken for Output 2 (public sector adaptation interventions).

Monitoring and Evaluation reports will be posted on the OECS and Department of Environment websites, in accordance with the GCF Information Disclosure Policy[106].

Prior to their implementation, details of individual projects or programmes will be made accessible to the public via the websites of the respective NDAs, the OECS Commission and the accredited entity. These websites are:

- OECS Commission: www.oecs.org
- Accredited Entity: www.environmentdivision.info

Grievance Mechanism

The Department of Environment has an established Complaints Procedure, which will be used as the project's Grievance Mechanism. This is covered in the DOE's Code of Conduct and Ethics[107], which all staff, Committee members, project consultants and contractors are required to sign and adhere. Complaints pertaining to project activities will be direct to designated personnel in the Project Management Unit (PMU).

The public can submit complaints related to the mandate of the Department of Environment via the following channels:

- On the DoE's website: http://www.environmentdivision.info/submit_a_complaint_en_365cms.htm
- Filling out the form and emailing it to antiguaenvironmentdivision@gmail.com
- In writing to: Director, Department of Environment, Ministry of Health and the Environment, #1 Victoria Park Botanical Garden, P.O. Box W693, St. John's Antigua
- By email: antiguaenvironmentdivision@gmail.com
- By Phone: Monday to Thursday: 8am to 2pm, Fridays: 8 am to 12 pm, by calling: (+1 268) 462 4625; (268) 562-2568; (268) 460-7278

[106] Summary of Information Disclosure Requirements for key GCF documents: http://www.greenclimate.fund/documents/20182/401322/Summary_of_disclosure_standards_for_key_GCF_documents.pdf/7ab36636-654e-4d0a-912d-6df445c031c4

[107] Code of Conduct and Ethics, Department of Environment: http://www.environmentdivision.info/UserFiles/File/NIE_-_Code_of_Conduct_-_Working_draft_NN-1.pdf

- Depending on the nature of the complaint, or if for any reason the complainant is unwilling to make a report to the Department of Environment, they can submit a complaint to their parliamentary representative.

When a complaint is communicated, the following information is recorded:

- The nature of the problem
- The location of the problem
- When the problem occurred (date and time)
- Who or what is the perceived source of the problem
- Any information or evidence you may have—particularly eyewitness information, documents or photographs, a videotape, or a water or soil sample (the information or evidence must be credible and relate directly to the incident being reported).
- The contact information of the complainant

Figure 23. YouTube video with the legal officer explaining how to submit a complaint to the Department of Environment
https://www.youtube.com/watch?v=XUk77GaB2-4

A Grievance Mechanism will be established at the OECS Commission sub-regional level as part of the M&E requirements, and at the national level via the Executing Entities. The requirement for the establishment/operationalization of the Complaints Mechanism is reflected in the Subsidiary Agreement between the Accredited Entity and the Executing Entities.

Environmental social and gender risk management

An Environmental and Social Impact Assessment and Management Plan, including a Gender Action Plan, has been developed and included as an appendix to the project document. These documents detail project screening procedures, monitoring and evaluation principles, and roles and responsibilities to provide oversight and implementation of ESS compliance. The AE will, along with ongoing Readiness support to Dominica and Grenada, building the capacity and strengthen the track record of the Executing Entities in ensuring that they adhere to the ESS Standards. Key aspects of ESS and gender risk management under the EDA project are:

- Environmental, social and gender considerations reflected in the application templates
- The national decision-making committee includes at least 1 woman and 1 person with disabilities from a CSO/NGO to represent these key issues on the decision-making
- The evaluation criteria used by the national decision-making committee includes environmental, social and gender considerations (see *Table 3. Criteria and guidelines for the selection of enhanced direct access activities by the decision-making bodies*)

- The Oversight Committee is responsible for monitoring that the activities approved are in compliance with the project's Environmental and Social Management Plan, as well as the AE's and the GCF's ESS and Gender Policies
- The OECS Commission provides ongoing gender-sensitive M&E, reporting to the AE

The above steps are considered comprehensive for Outputs 3 and 4, which have a risk level of Category C. Activities to be funded under Output 2, estimated to have a risk level of Category B, are required to conduct Environmental Impact Assessments (EIAs) which include social and gender aspects for endorsed Concept Notes. The EIAs are part of the development approval process. See *Figure 19. Decision-making approval process for the EDA project in the public, NGO and private sectors* for a diagram of the above steps.

An environment and social impact assessment will be conducted for activities under Output 2, consistent with an enhanced direct access approach, as activities are only indicative at this stage and will be fully defined by proponents during EDA implementation. The figure on the following page elaborates the EIA process required to secure physical planning approvals. Risks identified via the EIA process will be documented in the project Risk Register and the implementation of risk mitigation measures will be monitored.

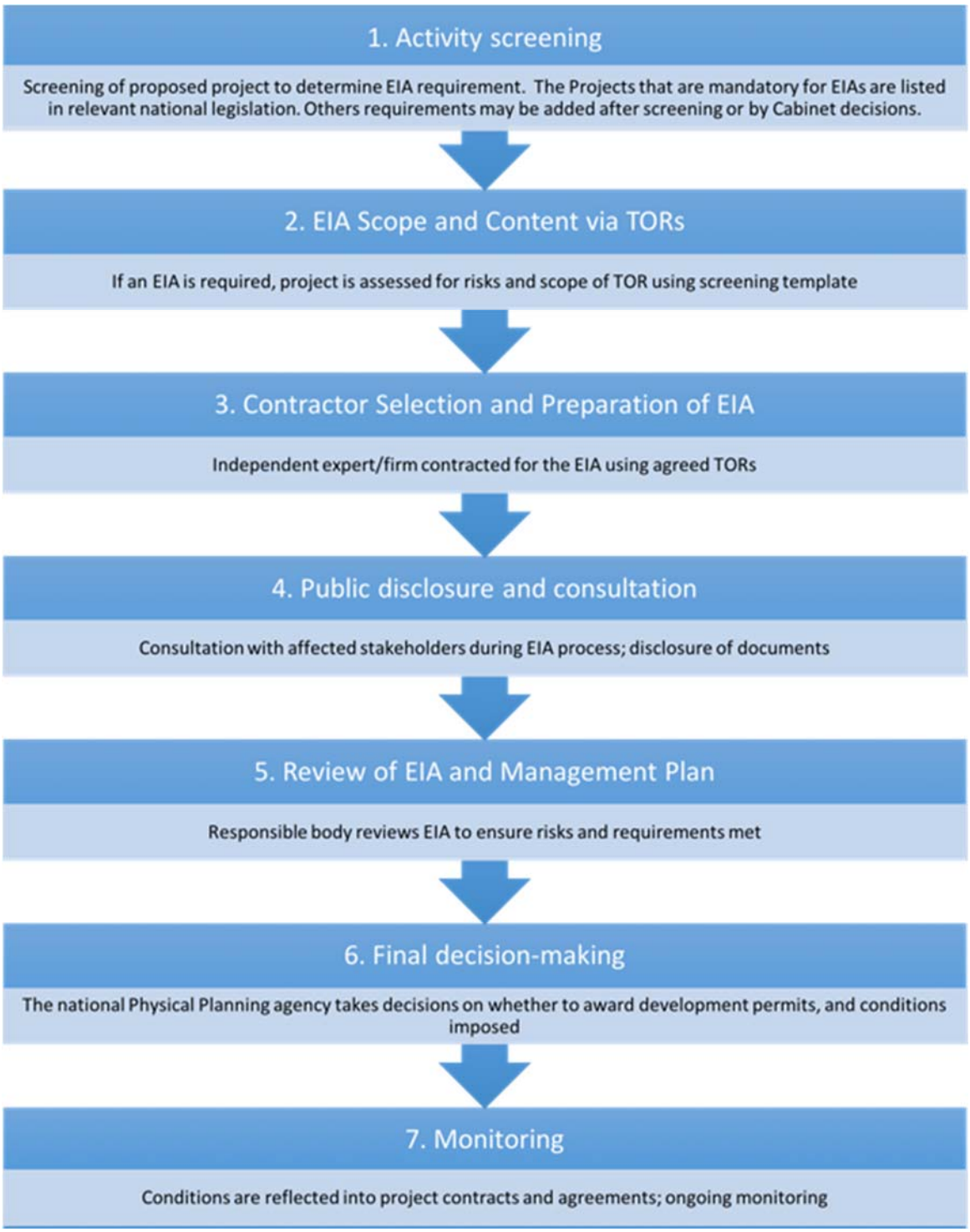


Figure 24. Summary of the Environmental Impact Assessment process for all proponents

F.4. Financial Management and Procurement

Describe the project/programme's financial management and procurement, including financial accounting, disbursement methods and auditing.

Financial Management

The Department of Environment has expertise in working with donor funds and has a good track record in implementing 27 programmes and projects using its sound financial management practices. The Accounts Unit adheres to policies and procedures that meets the requirements of multilateral and bilateral requirements. For this project, it will be responsible for fiduciary aspects and will be accountable for all financial activities.

International accounting and financial reporting standards will be applied to the project. The Department of Environment follows standard accounting procedures for auditing project expenditure, and assumes overall responsibility for financial management of the projects, ensuring that funds are used efficiently to support the funded activities. A qualified, internationally recognized auditing firm, competitively selected by the AE, will audit the EDA project in compliance with International Standards on Auditing, and will submit all project-related accounts to the GCF on an annual basis. The audits are documented by a signed audit report. The auditor will submit all project-related accounts to the GCF on an annual basis. The audits are documented by a signed audit report.

Procurement

The Department of Environment's Procurement Policy is in accordance with the GCF's and World Bank standards, and compliant with national laws. The DOE's Procurement Policy will be used for this EDA project, in order to facilitate procurement within a standardized framework. These are the procedures for which the Department of Environment was accredited to the GCF in 2017. As the OECS Commission and the EEs develop/update their policies and apply for accreditation to the GCF, once accredited the OECS Commission and the EEs will use their own Procurement policies and procedures.

Table 12. Thresholds in the DOE Procurement Policy – Purchases (Goods, Works and non-Consulting Services)

Cost Threshold (EC$)	Method of Procurement	Approval Authority
Less than $10,000	Price verification – non-competitive – Shopping	Director
$54,338 (or US$20,000) or below	Competitive – RFQ - 3 Quotations	Director (Final Approval) Project Coordinator (initial approval of the requisition)
Over $54,338 (or US$20,000) to $1,358,450 (or US$500,000)	Competitive – ITB	Director (final approval with endorsement from the PMC) Project Coordinator (initial approval of requisition)
Over $1,358,450 (or US$500,000)	Competitive – ITB	Minister of Finance (final approval) Director (initial approval of requisition with endorsement from PMC)

Table 13. Thresholds in the DOE Procurement Policy – Purchases (Consulting Services)

Cost Threshold (EC$)	Method of Procurement	Approval Authority
$54,338 (US$20,000) or below	Competitive – RFP -3 Bids/Proposals	Director (final approval) Project Coordinator (initial approval of requisition)

Over $54,338 (US$20,000) to $1,358,450 (US$500,000)	Competitive – RFP	Director (final approval with endorsement from the PMC) Project Coordinator (initial approval of requisition)
Over $1,358,450 (US$500,000)	Competitive - RFP	Minister of Finance (final approval) Director (initial approval of requisition with endorsement from PMC requisition)

An 18-month procurement plan for the EDA project is included in the Appendix.

The AE will conduct updated capacity assessments to structure Executing Entity (EE) responsibilities over the first year, consistent with a risk-based approach, upon endorsement of this project by the GCF Board. At the end of Year 1 of implementation, a capacity audit will be conducted and the full delegation of EE responsibilities will be contingent on the results of this capacity audit.

Based on initial assessments, the EEs have adequate capacity in the area of procurement. The capacity assessment of the EE in Grenada concluded that its procurement standards meet World Bank standards: "The Project Coordination Unit (PCU) applies World Bank procurement guidelines and practices in case of World Bank projects and CDB procurement guidelines and practices in case of CDB projects…the PCU employs two permanent staff for procurement... If the procurement function was eventually outsourced to the Ministry of Finance, this would eventually result in non-compliance with the GCF standard. Based on current arrangements the GCF standard is complied with."[108]

The project is structured with flexible implementation arrangements, and this ensure that procurement is conducted in accordance with the AE standards until EEs can demonstrate that standards meet the GCF criteria. Prior to first disbursement to an Executing Entity, it is a requirement that the Parliament of the respective country pass regulations via negative resolution in Parliament specific to the funds to be managed under the GCF EDA project.

Oversight

The Department of Environment, working with the OECS Commission who is the independent evaluator for the project, will ensure: (i) the substantive quality of the project implementation and compliance with procurement guidelines, (ii) the effective use of resources including value for money, (iii) the availability of national contributions to support project implementation, and (iv) the proper coordination among all project stakeholders, in particular sub-regional partners in the three pilot countries.

Output 1 of the project will build capacity in sustainable procurement, and the project's procurement plan will be designed to meet ISO 20400:2017. Sustainable procurement is an opportunity for market transformation in commoditized markets with competitive supplier pools. The EDA project will benefit from significant training and capacity building in procurement under this activity to demonstrate ISO standards on Sustainable Procurement under the project, as a pilot for establishing an OECS sub-regional sustainable procurement policy.

[108] Æquilibrium Consulting GmbH, 2016. Gap Analysis and Road Map for Green Climate Fund National Implementing Entity Accreditation in Grenada. With support from GCF Readiness.

G.1. Risk Assessment Summary

Please provide a summary of main risk factors. Detailed description of risk factors and mitigation measures can be elaborated in G.2.

Assumptions underlying the project Proposal

The project is conceived based on the following main assumptions: firstly, that OECS countries would partner with Antigua and Barbuda to participate in the project. Secondly, the countries will remain committed to the provisions on climate change set forth in their Nationally Determined Contributions (NDCs); and finally, that the OECS Secretariat will have the requisite capacity to successfully provide oversight for the effective and implementation of the project.

Risk register and methodology

A project risk register has been developed to list all identified risks that may affect the project. The register was compiled using the following baseline documents and records:

- Pre-Feasibility Studies for the EDA project implementation in Antigua and Barbuda, Dominica and Grenada, and the OECS Commission M&E Unit
- Consultations with project partners between April 2016 and June 2017 (four in-person consultations, several phone calls, and circulation of project update briefs)
- Environmental and Social Impact Assessments for similar activities, including the seed pilot in Antigua and Barbuda
- Financial model and feasibility analysis of the Revolving Fund Programme for Adaptation in Antigua and Barbuda
- IPCC AR5 (2014) and its recommendations for Small Island Developing States

The register is also based on the historical knowledge of the culture and socio-political history of the pilot countries. The risks identified within the studies and consultations are listed within the table.

The risk register identifies risks in the following categories: Strategic, Reputational, Operational, ESS and Gender, Legal, Compliance, Performance, Funding, and Market risks. The register lists risk mitigation measures, and ranks the residual risks by probability and impact. The risks with the greatest potential impact are presented in Section G.2.

The project staff, consultants, the Accredited Entity and project partners will maintain continued monitoring and evaluation of the implementation of the project to identify new or latent risks. Further, the audit plan for the project will include detailed assessment of identified risks to track assumptions as the project is implemented.

The Project Manager with oversight by the Project Management Committee and the Audit Committee, the Legal Unit of the Accredited Entity and the respective national decision-making committees will provide necessary technical support. Detailed risk studies will be conducted by independent consultants hired by the project during implementation. Mitigation measures will be implemented by the Project Coordinator and the Project Management Unit.

G.2. Risk Factors and Mitigation Measures

Please describe financial, technical and operational, social and environmental and other risks that might prevent the project/programme objectives from being achieved. Also describe the proposed risk mitigation measures.

Selected Risk Factor 1 Staff and HR capacity

Description	Risk category	Level of impact	Probability of risk occurring
Risk: Unavailability of appropriate personnel to undertake the assignment in pilot countries The three pre-feasibility studies for this project identified a lack of capacity for implementation as a key risk to the project. For example, in Grenada, it was explained that the	Technical and operational	High (>20% of project value)	High

Climate Change Focal Point is one person and the Environment Division is currently staffed by four persons inclusive of the Permanent Secretary. This clearly shows that there is a major need for strengthening the Environment Division. Similar situations were assessed for the OECS Commission, and Dominica. Triggers: • Failure in recruitment, retention, succession planning, integrity and morale among project staff			

Mitigation Measure(s)

Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?

- Expand the pool of qualified people in each country: the project should primarily use Local Consultants and, where necessary, couple local consultants with international expertise in a learning-by-doing approach, instead of outsourcing professional consultancies to firms that do not build experience and expertise within the region
- Transition from a project-by-project approach to a programmatic implementation approach, via the establishment of a Project Management Unit that is a permanent entity and not project-specific. This will help to retain staff beyond the life of any one individual project and improve knowledge management systems
- Sub-regional and flexible arrangements (such as remote staffing arrangements) could be another option for HR under the project. In addition, OECS has a free movement of labour, and the Commission can consider establishing a Technical Assistance programme to facilitate implementation across OECS member states
- 7.5% of the project budget is dedicated to building institutional and project management capacity of the key institutions in the recipient countries to implement the project efficiently and with maximum impact. Budget allocations under Output 1 include USD 500k for *1.1 Capacity building to strengthen financial institutions, devolve decision-making, stakeholder engagement for transparency, and sustainable procurement*, and USD 1 M for *1.2 Project management*. Activities under this Output include: Appoint implementation, oversight and transparency mechanisms with adequate capacity; Support accreditation of direct access entities in pilot countries, including conducting capacity self-assessments to build ownership over capacity-building activities, and; Facilitate effective project management, monitoring and evaluation, and lessons learned consistent with an enhanced direct access approach
- Secure Cabinet decisions during project pre-inception phase (within 6 months of project approval) to approve the required human resources and make sure they are available to support enhanced direct access implementation; promote country ownership
- Use Government secondment to supplement capacity and expertise in established project management units
- Use existing institutions and decision-making processes in each of the pilot countries (do not establish new units or committees)
- Promote learning opportunities and empower implementers

Selected Risk Factor 2 USD to ECD conversion loss

Description	Risk category	Level of impact	Probability of risk occurring
The Eastern Caribbean Dollar (ECD) is pegged to the USD, however the USD is bought at Eastern Caribbean (ECD) 2.67 but sold at ECD 2.71 – this will result in a total project budget conversion loss of USD 800,000.	Financial	Low (<5% of project value)	High

Mitigation Measure(s)
Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level? • Report conversion loss in the financial audits • Minimize loss by avoiding multiple conversions • Account for conversion loss in all signed contracts, on-granting and on-lending transfers

Selected Risk Factor 3 Failure to achieve country ownership in the pilot SIDS

Description	Risk category	Level of impact	Probability of risk occurring
Country ownership is key to the success of the EDA project. Failure to empower countries, communities and businesses will result in low responses to the Call for Proposals for grants, and low applications for the Revolving Fund. Lack of capacity in pilot countries can cause delays in overall project implementation. Triggers: • Lack of in-country absorption capacity • Bureaucratic and slow procedures are not "customer-friendly" or tailored to local circumstances	Social and environmental	Medium (5.1-20% of project value)	Low

Mitigation Measure(s)
Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level? • Streamline procedures, e.g. using ICT solutions to make processes more efficient • Reduce duplication in approvals and decision-making processes • Clearly define roles and responsibilities, and maintain open communication with staff and consultants • Establish a system for transparent reallocation of budget lines in case of political or operational barriers that prevent implementation within the project timeframe • Operationalize a sub-regional OECS sustainable fund for on-granting and on-lending that can be an alternative option for countries to benefit from project funds (this would enable the country to benefit from the project even if for example, the banks are unwilling to manage the concessional Revolving Fund and/or there is not capacity or will to establish a national Revolving Fund)

Selected Risk Factor 4 Scope Creep

Description	Risk category	Level of impact	Probability of risk occurring
Scope creep is a risk to this project given so many agencies and NGOs each with their priorities. At the end of the consultation exercise there are normally more projects and	Technical and operational	Medium (5.1-20% of project value)	Medium

activities than budget. The process of rationalizing this must be carefully handled. Triggers • Scope creep results in overruns of time and/or money			

Mitigation Measure(s)

Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?

- Project scope is limited to demonstrating devolved decision-making (e.g. not addressing policy and legal changes)
- Limit the types (sectors) of adaptation interventions and programs (ecosystem-based adaptation in waterways and watersheds, private buildings, and community buildings)
- Build on existing systems and where necessary strengthen accountability and transparency within the systems

Selected Risk Factor 5 Timing mismatch between the cash inflows and cash outflows

Description	Risk category	Level of impact	Probability of risk occurring
Expected disbursements to the Accredited Entity from the Green Climate Fund do not materialize within the expected time frames, resulting in delays and project cost over-runs. Triggers • Accredited Entity is unable to on-grant or on-lend to recipients • Loss of confidence due to disbursement delays • Budget over-runs as staff are paid but activities are delayed	Financial	Low (<5% of project value)	Medium

Mitigation Measure(s)

Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?

- Reduce the number of disbursements to facilitate the enhanced direct access approach
- Establish responsive on-lending on-granting systems that are responsive to decision-making
- Request large upfront disbursement from the GCF

Selected Risk Factor 6 Price fluctuations of goods, works and services

Description	Risk category	Level of impact	Probability of risk occurring
The pilot countries have small populations all under 150,000 in each island, and small private sectors, which makes	Financial	Low (<5% of project value)	Medium

supply and demand susceptible to price distortion. The risk is that with the activity of the EDA, this will distort prices and result in higher prices for goods, works and services. In addition, construction materials for adaptation include sand, wood, etc., and the procurement of these materials could negatively impact natural resources. Triggers 1. Distorted cost of construction materials (concrete, sand, wood, quarry rocks) 2. Higher demand for limited supply of services in SIDS pushes prices up			

Mitigation Measure(s)

Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?

- Develop a Sustainable Procurement policy for bulk procurement to lower the cost of construction materials for adaptation activities
- Conduct training on joint proposal development and on tendering processes
- Publish procurement plans online to promote advance planning
- Raise profile of Tender opportunities

Other Potential Risks in the Horizon

Please describe other potential issues which will be monitored as "emerging risks" during the life of the projects (i.e., issues that have not yet raised to the level of "risk factor" but which will need monitoring). This could include issues related to external stakeholders such as project beneficiaries or the pool of potential contractors.

A risk register has been prepared and is included in the Appendices that addresses ESS and Gender risks specific to each EDA Output, as well as other low risk strategic/operational/etc. to the project as a whole.

The project focuses its scope of risk as those impacting the project. When working with low income individuals the non-climate change related risks can be extensive. The project will be vigilant and track the risks to the project and its outcomes. The project will also work closely with the Government and the community to ensure that potential risk mitigation measures are available and mobilized.

** Please expand this sub-section when needed to address all potential material and relevant risks.*

H.1. Logic Framework.

Please specify the logic framework in accordance with the GCF's Performance Measurement Framework under the Results Management Framework.

Note about gender disaggregation:

The GCF core indicators are gender disaggregated, which means that the M&E of the project sub-activities will track female and male representation in order to track overall impact. All of the "other relevant indicators" are gender disaggregated, and all of the Gender Action Plan indicators are gender disaggregated. Further the entire M&E plan for the project per the M&E and Gender policies is gender disaggregated. Gender disaggregation in the indicators has been bolded for ease of reference.

H.1.1. Paradigm Shift Objectives and Impacts at the Fund level[109]

Paradigm shift objectives	
Increased climate-resilient sustainable development	*Please elaborate on the paradigm shift objectives to which the project/programme contributes.* The paradigm shift objective of this EDA project is to promote country ownership of climate adaptation actions through devolved decision-making in the Government, private and NGO sectors that, through the direct access modalities in the Eastern Caribbean pilot countries, will set the foundation and framework to increase access to financing to increase resilience to climate variability of 20% of the population.

Expected Result	**Indicator**	**Means of Verification (MoV)**	**Baseline**	**Target**		**Assumptions**
				Mid-term (if applicable)	Final	
Fund-level impacts						
A1.0 Increased resilience and enhanced livelihoods of the most vulnerable people, communities and regions	*1.1 Number of **males and females** benefiting from the adoption of diversified, climate – resilient livelihood options*	Public sector funding proposals, EIAs and development permits	0 males 0 females	7,000 males 7,000 females	15,650 males 15,650 females	100 people trained; climate resilient drainage benefits 18,000; adaptation in community buildings benefit

[109] Information on the Fund's expected results and indicators can be found in its Performance Measurement Frameworks available at the following link (Please note that some indicators are under refinement): http://www.gcfund.org/fileadmin/00_customer/documents/Operations/5.3_Initial_PMF.pdf

		Loan and grant agreements Minutes of meetings M&E progress reports				12,000; and the Revolving Fund benefits 1,200, of which 50% are men and 50% are women
A3.0 Increased resilience of infrastructure and the built environment to climate change	*3.1 Value of physical assets made more resilient to climate variability and change, considering human benefits (reported where applicable)*	Signed loan agreements	Increased resilience of physical assets with a total value of $0	Increased resilience of physical assets with a total value of $17 M	Increased resilience of physical assets with a total value of $25 M	Total EDA funding for public sector interventions is USD 9 M (USD 3 M in each pilot country). Climate adaptation cost of infrastructure projects is approx. 35% of total value of physical asset[110], which leverages a dollar value of 3:1 in protected assets PSIP programmes in Antigua and Barbuda, Grenada and Dominica
A4.0 Improved resilience of ecosystems and ecosystem services	*4.1 Coverage/scale of ecosystems protected and strengthened in response to climate variability and change*	Legal protections completed; Community reports and consultations; Waterway structures that	0 hectares of ecosystems protected and strengthened	30 hectares of ecosystems protected and strengthened	45 hectares of ecosystems services protected and strengthened	Approximately 6 hectares of direct ecosystem rehabilitation, and 9 hectares of secondary ecosystem benefits[111]

[110] The cost of adaptation to climate change in physical assets is estimated to approximately 35% using infrastructure case studies in Antigua and Barbuda: 15% increase in cost to adapt to flooding - increase height/width of drain systems, raise site elevations, etc.; 5% for back-up power (use of solar power and batteries); and 15% for hurricane force winds.
[111] Indicative public-sector adaptation projects include creation and rehabilitating ponds and natural wetlands to facilitate infiltration and attenuation of peak storm flows where feasible (depending on prevailing soils), among other interventions. Calculation of coverage/scale of ecosystems to be protected is highly speculative until specific interventions have been proposed, evaluated and selected. The targeted impact is calculated based on the physical adaptation interventions proposed under the GCCA project, which includes approximately 6 hectares of direct ecosystem rehabilitation, and 9 hectares of secondary ecosystem benefits (e.g. wetland restoration of 6 ha resulting in an additional 9 ha of improved coastal ecosystem quality), totalling 15 ha of ecosystem restoration per country

		benefit from interventions;				Climate conditions do not undermine interventions (drought, severe hurricanes, flooding could negatively impact ecosystem services)

H.1.2. Outcomes, Outputs, Activities and Inputs at Project/Programme level						
Expected Result	**Indicator**	**Means of Verification (MoV)**	**Baseline**	**Target**		**Assumptions**
				Mid-term (if applicable)	Final	
Project/programme outcomes	**Outcomes that contribute to Fund-level impacts**					
5.0 Strengthened institutional and regulatory systems access climate finance from the GCF and other funds.	5.2 Number and level of effective coordination mechanisms[112] strengthening of finance related by-laws, regulations and operational procedures	Number of GCF policies and procedures incorporated into financing policies and procedures;	0 effective coordination mechanisms that meet GCF criteria	3 effective coordination mechanisms meet GCF criteria	6 effective coordination mechanisms meet GCF criteria	Countries are willing to amend their policies and procedures to access GCF financing.
A7.0 Strengthened adaptive capacity and reduced exposure to climate risks	7.1: Use by vulnerable households, communities, businesses and public-sector services of Fund-supported tools, instruments, strategies and activities to respond to climate change and variability Households: **disaggregated by male-headed**	Revolving fund loan agreements Grant reports and grant agreements	0 direct beneficiaries	6,600 direct beneficiaries	13,200 direct beneficiaries	Direct beneficiaries are those who receive the grant or loan awards Grants: estimate 60 grants at USD50,000 each benefiting 200 people per grant Loans: estimate 400 loans at USD15,000 on average benefitting 3 people per household

[112] GCF Performance Measurement Framework: This indicator seeks to measure evidence of measures taken for promoting coordination and synergy at the regional and international levels, including between and among relevant agencies and with regard to other multilateral environmental agreements.

	and female-headed					
Project/programme outputs	**Outputs that contribute to outcomes**					
Output 1. Enhanced capacity for climate adaptation planning, implementation, and monitoring and evaluation via direct access	Number of transparent sustainable financing mechanisms supporting adaptation in the OECS sub-region	Minutes of meetings Results of capacity evaluations Management responses to capacity assessments	0 sustainable financing mechanisms for adaptation	3 funding mechanisms meet GCF criteria	6 funding mechanisms meet GCF criteria	The Ministers in the OECS region continue to be supportive of establishing a sub-regional sustainable financing mechanism for climate change
Output 2. Governments implement concrete adaptation measures using ecosystem-based approaches where appropriate	Number and value of physical assets made more resilient to climate variability and change, considering human benefits Coverage/scale of ecosystems protected and strengthened in response to climate variability and change	Monitoring and implementation progress reports via appropriate modalities, such as Public Sector Investment Programme (PSIP)	0 physical assets $0 value of physical assets 0 hectares of ecosystems protected and strengthened	$17 value of physical assets 30 hectares of ecosystems protected and strengthened	$25 M value of physical assets 45 hectares of ecosystems services protected and strengthened	Total EDA funding for public sector interventions is USD 9 M (USD 3 M in each pilot country). Climate adaptation cost of infrastructure projects is approx. 35% of total value of physical asset[113], which leverages a dollar value of 3:1 in protected assets PSIP programmes in Antigua and Barbuda, Grenada and Dominica. Includes 5 ha of restored ecosystem and 4,000

[113] The cost of adaptation to climate change in physical assets is estimated to approximately 35% using infrastructure case studies in Antigua and Barbuda: 15% increase in cost to adapt to flooding - increase height/width of drain systems, raise site elevations, etc.; 5% for back-up power (use of solar power and batteries); and 15% for hurricane force winds.

						beneficiaries per USD 1 M investment
Output 3. Community resilience to climate impacts is enhanced through tangible adaptation benefits	Number of direct beneficiaries (**disaggregated by gender**) of Fund-supported small grants for adaptation to respond to climate change and variability	Publicly available list (on a website) of small grant beneficiaries Signed grant agreements	0 small grants	30 small grants	60 small grants	Total EDA allocation to on-granting is USD 3 M (USD 1 M in each pilot country), and the average grant is USD 50,000 (with 200 beneficiaries per grant)
Output 4. Privately owned physical assets of vulnerable populations are more resilient to climate variability and change through concessional microfinancing	Number of vulnerable households and businesses that use Fund-supported instruments to respond to climate change and variability (Households: **disaggregated by male-headed and female-headed**)	Signed loan agreements	0 loans for climate adaptation	At least 200 small grants (150 households; 50 businesses) 50% are female-headed homes or businesses	At least 400 small grants (300 households; 100 businesses) 50% are female-headed homes or businesses	Total EDA allocation to the Revolving Fund is USD 6 M (USD 2 M in each pilot country) and the average loan is USD 15,000 Impact does not include the added value of the Revolving loan credit and redistribution
Activities	**Description**		**Inputs**		**Description**	
1.1. Establish implementation and oversight mechanisms with adequate capacity	Assess national (in Antigua and Barbuda, Dominica and Grenada) and sub-regional (at the OECS) institutional arrangements and capacity against GCF fiduciary criteria and environmental/social safeguards Establish coordination mechanisms where necessary		1.1.1. Committees, Project Management Units, line ministries, consultancy		Assess capacity building needs of oversight committees and Executing Entities using the assessment checklists for GCF criteria Review TORs for Committees and revise as necessary Enter into Agreements	

	Address capacity gaps, review/update detailed guides and manuals for each of the countries, based on regional standards and relevant expertise, validate adaptation criteria, and provide training Support the accreditation of National Implementing Entities (NIEs) in Dominica, Grenada, and of the OECS Commission		Lessons learned from project management arrangements of previous projects Prioritize and implement capacity building activities for the project's Executing Entities and Committees Finalize selection and evaluation criteria for the project approval processes
1.2. Design a Sustainable Procurement system for construction supplies in pilot countries	Develop criteria and identify sustainable sources of construction materials (wood, sand, quarry rocks, etc.) Design a sub-region procurement system to lower the cost of procuring building supplies and ensure that sustainable materials are procured	1.1.2. Consultancy	Assess lessons learned from the OECS sub-regional Procurement system that lowered the cost of medical supplies Sustainable Procurement system to follow international standards: ISO 20400:2017 – Sustainable procurement
1.3. Support accreditation of direct access entities in the Eastern Caribbean	Potential entities conduct self-assessments Workshop on targeted capacity building for nominated entities Endorsements from respective NDAs	1.1.3. Regional travel, nominated entities, Committees, NDAs, consultancy	Lessons learned from direct access AEs in the Caribbean (SIDS mentoring programme)
1.4. Facilitate effective project management, monitoring and evaluation, and lessons learned consistent with an enhanced direct access approach	Consultatively develop project tracking tools Monthly progress reports Quarterly oversight Committee meetings Quarterly updates to the risk registry Annual performance reports Baseline assessment Mid-term assessment End-of-project assessment Develop and implement a gender-sensitive communications plan	1.1.4. OECS M&E Unit, tracking tools, executing entities, Committees, Project Management Units, communications team	Define roles and responsibilities for project management, oversight and update TORs accordingly OECS leads monitoring and evaluation frameworks, including development of project tracking tools for climate adaptation
2.1. Competitively solicit priority interventions for	Issue call for proposals for public sector adaptation interventions using the Public Sector Investment Programme (PSIP) as appropriate to	2.1.1. Line ministries, Committees	Capacity of Executing Entities was built under Input 1.1.1. to manage processes

adaptation in the public sector	the Governments of Antigua and Barbuda, Dominica and Grenada Evaluate applications using pre-defined criteria Notify successful applicants Collect baseline **gender-disaggregated socio-economic** and geophysical GIS data, update national and sub-regional repositories		Selection of priorities according to transparent technical and socio-economic criteria Post all approved projects, studies, ESIAs, and contract awards online
2.2. Undertake due diligence and studies on public sector adaptation interventions as needed	Award project preparation grants and/or contract consultants to develop detailed designs of proposed adaptation interventions where necessary Conduct environmental impact assessments and management plans Stakeholder consultations Secure relevant physical planning approvals	2.2.1. Project preparation grants, consultancy, Physical planning authorities	EIAs and ESMPs to be developed in a learning/training-by-doing approach At least 1 month to secure physical planning approvals
2.3. Implement pilot approaches for adaptation in public infrastructure	Enter into grant agreements/MOAs Implement the approved adaptation projects Monitor and evaluate results	2.3.1. Works and services, consultancy	Capacity of Executing Entities in the public sector was built under Input 1.1.1. to manage implementation
3.1. Select community adaptation projects through a competitive small grants facility	Thematic priorities, forms, procedures and criteria are finalized for the small grants facility in each country Public awareness and media outreach of grant opportunity Call for proposals are issued, evaluated and selected Project preparation grants are awarded for priority projects and full funding proposals are re-submitted and approved	3.1.1. Executing entities, Committees, Technical evaluation teams, stakeholders	Capacity of Executing Entities (issuing call for proposals) was built under Input 1.1.1. to manage processes Technical evaluation teams inspect beneficiary buildings using climate resilient Building Code/guidelines Manage websites and content
3.2. Communities implement adaptation projects with tangible benefits	Enter into grant agreements Provide financing, technical assistance monitor reports and evaluate impact	3.2.1. Direct financial contribution, OECS M&E Unit	Technical assistance for community groups

4.1. Launch the private sector Revolving Fund for adaptation in buildings	Public awareness and media outreach of loan opportunity to finance adaptation for low income households and businesses Issue applications and follow procedures for the Revolving Fund	4.1.1. Committees, Technical evaluation teams, Direct financial contribution	Capacity of Executing Entities was built under Input 1.1.1. to manage processes Technical evaluation teams Manage website and content
4.2. Finance adaptation in buildings and manage repayments	Enter into loan agreements Manage repayments Monitor and evaluate implementation	4.2.1. Homeowners, businesses, executing entity, direct financial contribution	Technical assistance on adaptation in buildings OECS M&E Unit to provide training on best practices and guidance/accountability

H.2. Arrangements for Monitoring, Reporting and Evaluation

Besides the arrangements (e.g. semi-annual performance reports) laid out in AMA, please provide project/programme specific institutional setting and implementation arrangements for monitoring and reporting and evaluation. Please indicate how the interim/mid-term and final evaluations will be organized, including the timing.
Please provide methodologies for monitoring and reporting of the key outcomes of the project/programme.

A robust M&E framework for enhancing direct access

A robust monitoring, reporting, evaluation and importantly a learning framework will be established via the OECS Commission and national counterparts in partnership with regional/international research institutions. This is a key feature of the EDA project as a new pilot modality for the GCF, and a new approach to programming climate financing for adaptation in the target populations.

The overall theory of change for the EDA project is that on-granting and concessional on-lending directly to beneficiaries will provide resources to communities, home owners and building owners, and that these beneficiaries will implement changes in their communities, homes and buildings as a result of this financing. There are important assumptions in this overall theory of change. Critically, it assumes that i) the target group (at risk communities, home and building owners) consider climate change and weather events to be sufficiently important to take loans for (and consider paying interest); ii) the target group is reached through the financing mechanism (the targeting question); iii) once a loan is secured, the target group spends its resources on home and building related adaptation improvements; iv) the revolving fund will improve the overall resilience of targeted communities and possibly exert some peer pressure on others to adopt similar behaviors (impact).

Baseline exploratory work has been done to examine the potential feasibility of these assumptions[114]. Upon approval of the EDA project, structured and rigorous testing will need to be undertaken if this approach is to be scaled in Antigua and Barbuda, Dominica and Grenada, and across the Eastern Caribbean by working closely with the Organization of Eastern Caribbean States (OECS) Commission in St. Lucia. Learning from this will also help the GCF design a robust EDA modality, and help other island nations and vulnerable communities adopt impactful EDA approaches.

Through the implementation arrangements below, and through the development of partnerships with regional and international experts, evaluative research approaches will examine the following questions:

- Are the EDA project decision-making processes resulting in funding awards that target the vulnerable section of the population?
- Are the EDA project's on-granting and on-lending awards leading to increased adaptation action of the target population? If yes, by how much?
- Are people becoming more resilient as a consequence of the on-granting and on-lending awards?
- What type of adaptation actions/options are being pursued by the target population through the EDA's on – granting/on – lending approaches (e.g. economic, ecological adaptations; social vulnerability approaches aimed at addressing underlying social issues; approaches focused on enhancing a systems resilience; adaptation approaches which target actions to specific climate change risks)?
- What knowledge has been gathered, what are the lessons learned and what is the scope for replication?

[114] Social Market research on the demand for Revolving Fund loans for Adaptation: http://www.environmentdivision.info/UserFiles/File/A4.Social_Market_Research_on_Demand_for_Loans.pdf

It is the intention of the project proponents upon approval of the EDA project to allocate resources to evidence informed evaluative learning, that can help all stakeholders learn what works to increase adaptation action, for whom, and under what circumstances. This approach will achieve the accountability and transparency requirements of the EDA Request for Proposals.

Implementation arrangements for reporting and M&E

The Organization of Eastern Caribbean States (OECS) Commission will provide monitoring and independent evaluation (M&E) services to the enhanced direct access project, to maximize learning and upscaling opportunities of the EDA project (see Appendix for OECS M&E Policy and a terminal evaluation of the baseline USAID RRACC project). The OECS Commission will also aim to build capacity at the national levels to support data aggregation at the regional level, as presented in the OECS Scoping Study appendix. This will be achieved by through the M&E structure in Figure 26, where a full-time M&E associate will be stationed in the data units of each pilot EDA country. This Associate will be responsible for ensuring routine, concurrent and participatory monitoring processes.

Figure 25. Integrated approach of the OECS M&E Policy

At the OECS Commission, the Programme Management Unit (PMU) is responsible for Projects, Procurement and M&E (refer to the OECS Scoping Study in the Appendix). Its core functions include the coordination of operational procedures for development of Annual Work Plans, reporting processes, monitoring and evaluation. The work of the PMU is complimented by that of the Commission's Statistical Services Unit (SSU) which provides general statistical data, where available, to inform project-level M&E. Under the OECS Treaty, Member States provide data to the Commission.

The OECS Commission will facilitate **gender sensitive and gender disaggregated monitoring and evaluation** in accordance with the *Gender Equality Mainstreaming Policy for the Organisation of Eastern Caribbean States (OECS) Secretariat*. Gender mainstreaming is defined in the policy as identifying gaps in gender equality through gender analysis of sex-disaggregated data, raising awareness about the gaps, building support for change, developing strategies to close those gaps, monitoring implementation, and holding individuals and households accountable for results. The OECS Commission's M&E using a gender sensitive approach will enable the project to adaptively respond to different needs during implementation.

Inception Report

The inception report provides an update on any changes in the project environment since the project was submitted; results of the baseline capacity assessments of the Executing Entities and the respective Committees; any changes in the project activities or approval processes, and validation of the proposed timeframes; updates and recommendations on key issues; a monthly work plan and procurement plan for Year 1; Terms of Reference for key positions; revised procurement plan; updated risk log; and the project budget (revised if necessary and adequately justified).

Monthly reports to the Public Sector Investment Programme (PSIP)

The Public Sector Investment Programme (PSIP) in the Ministry of Finance in the EDA pilot countries require that a Public Sector Investment Submission Form be prepared (irrespective of the source of funds), and the PSIP requires submission of monthly update reports throughout project implementation. Templates and guidelines for reporting are provided by the respective PSIP offices. Monthly PSIP update reports will be prepared by the Project Coordinator and submitted to the PSIP.

Annual performance report (APR)

A reporting template for the Annual performance report will be provided by the GCF Secretariat within three months from the approval of the EDA project. The Project Coordinator with the M&E Associate in each country will collect and with the OECS Commission M&E experts prepare the information for the APR. The country reports will be submitted to the Accredited Entity for technical review and synthesis across the three pilots. The Department of Environment will submit these to the National Steering Committee in accordance with the EDA RFP[115] and annually to the Secretariat within two months of the year end.

The APR will include as a minimum:

- A narrative report on implementation progress based on the logical framework and project Tracking Tool (cumulative)
- Project outputs delivered per project outcome (annual)
- Considerations on the ongoing performance of the EDA project against the Fund's investment framework criteria, including updates on the indicators as per the guidance provided by the Fund's results management framework
- An overview of the project's Risk Register and how the project has been responding to risk (annual)
- A section specific to consultative processes, ESS and gender, and any updates to the Environmental Social Management Plan
- The work plan for the upcoming year
- Recommendations and any necessary corrective measures

The Annual performance reports will be published on the Accredited Entity website and the OECS Commission website (http://www.oecs.org/oecs-commission), on a project page that will be established upon approval of the EDA.

Interim/mid-term evaluation

The EDA project will undergo an independent Mid-Term Evaluation in year 2 of implementation in accordance with best international practice and the project's procurement plan.

The evaluation methodology will achieve the two-fold objectives of 1) promoting learning for the GCF's EDA modality, and 2) assessing adaptation and resilience benefits for beneficiaries through participatory processes.

For the first objective, the independent evaluators will use the table in *Annex 2. Alignment of the Enhancing Direct Access proposal for the Eastern Caribbean against GCF EDA Request for Proposals criteria* to assess the performance of the project against the objectives stated in the EDA RFP. This will include conducting systemic, institutional, and individual capacity assessments of the executing entities, the procedures and track record of the decision-making bodies, and the function of the oversight committee. The assessments will include semi-structured interviews with a variety of stakeholders both within and outside of the decision-making process, as well as inspection of minutes, contracts, communications and other project records.

With respect to assessing adaptation and resilience benefits for beneficiaries, the project's M&E will use a spatial GIS M&E approach, which is the project's proposed approach for moving from project-specific M&E to programmatic M&E that can benefit from and contribute to national development indicators and the SDGs. The project will geo-reference watershed-scale interventions and the distribution of individual and community beneficiaries, where possible and appropriate. This will facilitate correlation analysis of interventions and reduced exposure to climate impacts. To establish causality, the project will use qualitative methods, including semi-structured interviews/focus groups and a household survey in target communities before, during and after project interventions. The EDA project proponents are also interested in partnering with a reputable university to design and deliver data collection that will enable more robust statistical analysis, such as randomized control trials, which have been applied to micro-loan programmes in various parts

[115] EDA RFP page 4: *Oversight and steering activities may include: Review of reporting by the accredited entity.*

of the world. Initial interest has been expressed by some University professors, and this will be pursued upon project approval.

The M&E report will be published on the OECS Commission's website (http://www.oecs.org/oecs-commission), on a project page that will be established upon approval of the EDA.

Final evaluation

The EDA project will undergo an independent Final Evaluation in year 4 of implementation. The evaluation will be conducted by the OECS Commission M&E Unit according to best international practice and the project's procurement plan. The final evaluation will use a similar approach as the Mid-term evaluation, adjusted based on lessons learned through monitoring and evaluation throughout the lift of the project. See the RRACC Terminal Evaluation for an example of the terminal evaluation.

The report will be published on the Accredited Entity's website and on the OECS Commission's website (http://www.oecs.org/oecs-commission), on a project page that will be established upon approval of the EDA.

Upon approval of the EDA project by the GCF Board, the monitoring and evaluation preparatory activities will be undertaken during the project inception phase, prior project implementation of any adaptation projects.

Table 14. Work plan for monitoring and evaluation arrangements during the EDA project inception phase (source: OECS M&E Scoping Study)

	Activity	Requirement(s)	Lead/Responsible
1	Budget approval for M&E support - OECS Commission technical assistance and in-country associates	Agreement in principle	DOE
2	Development of MOU/SLA; negations; and sign off	Agreement in principle	DOE and OECS Commission
3	Development of M&E work plan for DOE's approval	Agreement in principle	OECS PMU
4	Terms of Reference for in-country M&E Associates	Agreement in principle	OECS PMU in consultation with DOE and NDAs
5	Recruitment of in-country M&E Associates	M&E Associate Terms of Reference	DOE
6	Development of M&E framework to be approved by the DOE	MOU/SLA	PMU
7	M&E inception activities including: orientation/training for M&E associates; orientation for stakeholders; initial stakeholder consultations (could be conducted by in-country associates supported by NDA representative(s).	MOU/SLA M&E Framework	PMU and/or M&E Associates with support from NDAs

Roles and responsibilities for the sub-regional project are provided below; additional information on the M&E approach is elaborated in the OECS M&E Scoping Study.

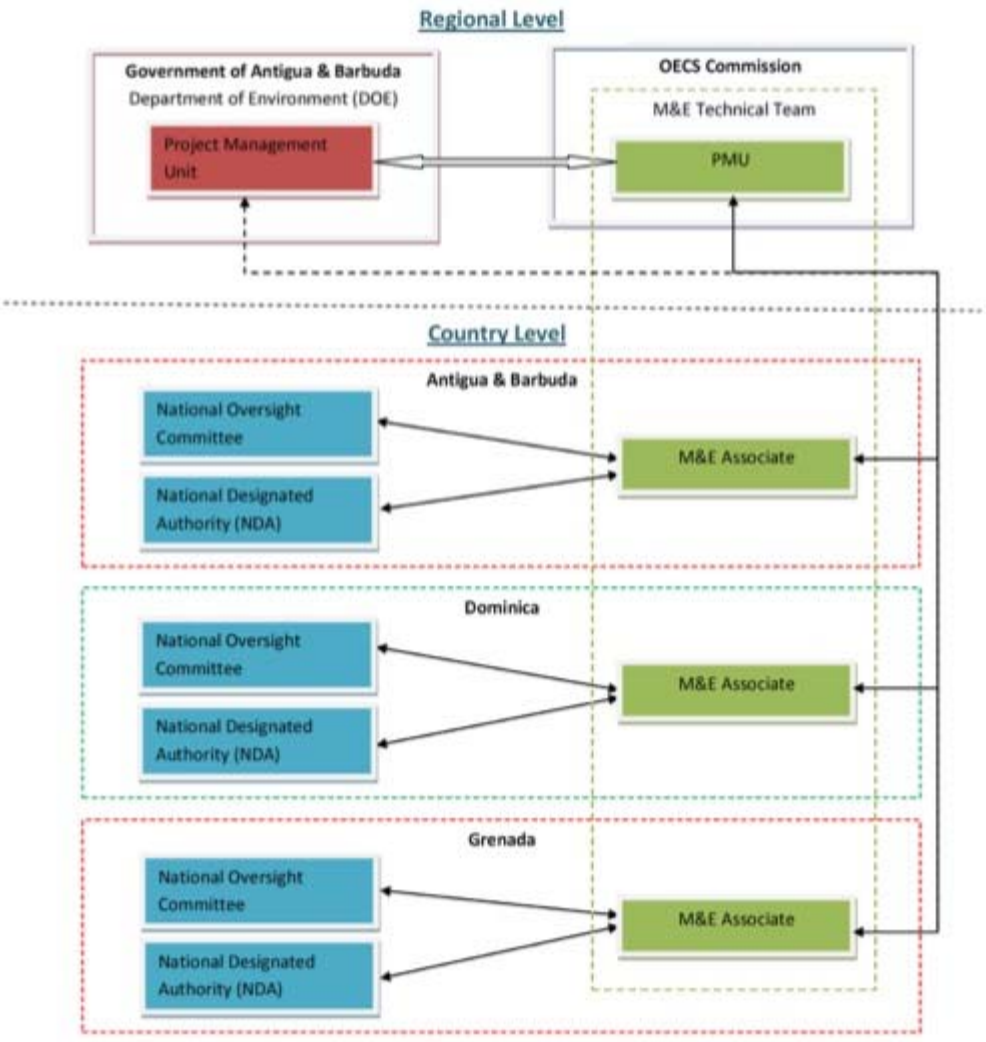


Figure 26. Institutional arrangements for EDA monitoring and independent evaluation by the OECS Commission

Country coordination mechanisms are important in supporting the ongoing monitoring and evaluation of the Fund's projects and programmes, thus allowing for a process for evaluation at various stages of the project cycle[116].

[116] GCF Board decision B.08/10 – Annex XIV: Initial best-practice options for country coordination and multi-stakeholder engagement, page 91 http://www.greenclimate.fund/documents/20182/24946/GCF_B.08_45_-_Decisions_of_the_Board_-_Eighth_Meeting_of_the_Board__14-17_October_2014.pdf/1dd5389c-5955-4243-90c9-7c63e810c86d

Table 15. GCF Enhancing direct access project tracking tool, disaggregated by gender and vulnerability group where possible

Project identification						
Project title:	Integrated physical adaptation and community resilience through an enhanced direct access pilot in the public, private, and civil society sectors of three Eastern Caribbean small island developing states					
Country(ies):	Antigua and Barbuda/Dominica/Grenada			**GCF project ID:**		
GCF Accredited Entity:	Department of Environment, Antigua and Barbuda			**Project approval date:**		
Executing Partner(s):	To be confirmed at project inception					
Status of Tracking Tools:	To be validated at project inception					
Project baselines, targets and outcomes						
Indicator	**Unit of measurement**	**Baseline**	**Target**	**Actual at mid-term**	**Actual at completion**	**Comments (e.g. specify unit of measurement)**
Project Goal: Enhanced financing channels that implement climate change policies and programmes to support transformational change						
Project Outcome: Country ownership of climate adaptation through devolving decision-making in the Government, private and NGO sectors						
Indicator 1: Number of beneficiaries, **disaggregated by gender**	number of direct beneficiaries	0	13,200			
	number of indirect beneficiaries	0	68,100			
	% female	0	50%			
Indicator 2: Number of beneficiaries relative to total population	% of total population	0	5%			
Objective 1: Country ownership of climate adaptation actions through devolved decision-making in the Government, private and NGO sectors						
Outcome 1.1: Enhanced capacity for climate adaptation planning and implementation via direct access						
Indicator 3: Number of people trained to identify, prioritize, implement, monitor and evaluate adaptation strategies and measures	number of people	0	100			
	% female		50%			

Outcome 1.2: Transparency and accountability of project activities through responsive and inclusive decision-making systems						
Indicator 4: Proportion of beneficiaries who believe project-related decision making is inclusive and responsive, **by sex, age, disability and population group**	proportion of beneficiaries satisfied	0%	90%			
	% female	0%	90%			
	% with disabilities	0%	90%			
	% under 25	0%	90%			
	other					
Objective 2: Operational enhanced direct access modalities in the Eastern Caribbean pilot countries						
Outcome 2.1: Increased awareness and use of direct access financing for climate adaptation						
Indicator 5: Public awareness activities carried out and population reached	number of knowledge products	0	5			
	number of people	0	50,000			
	% female	0%	50%			
Indicator 6: Number of transparent sustainable financing mechanisms supporting adaptation in the OECS sub-region	number of financing mechanisms	0	3			
	score					
	number of direct access accredited entities	0	3			
Indicator 7: Number of vulnerable households and businesses that use Fund-supported microfinancing to respond to climate change and variability	number of households	0	300			
	number of businesses	0	100			
	% female	0	50%			
Objective 3: Increased resilience to climate variability and enhanced livelihoods of vulnerable people and communities						
Outcome 3.1: Physical assets of vulnerable populations are more resilient to climate variability and change as a result of project activities						
Indicator 8: Value of physical assets made more resilient to climate variability and change,	ha of land	0				
	km of drainage	0				
	km of coast	0				

considering human benefits (reported where applicable)	km of roads	0				
	number of buildings	0				
	other		US$ 25 M			
Indicator 9: Number of **males and females** benefiting from the adoption of climate resilient technologies and practices	**number of males**	0	15,650			
	number of females	0	15,650			
Outcome 3.2: Ecosystem-based adaptation to climate change is implemented where appropriate						
Indicator 10: Coverage/scale of ecosystems restored, protected or strengthened in response to climate variability and change	ha of wetlands	0	TBD			
	km of waterways	0	TBD			
	ha of forests	0	TBD			
	other					
Reporting on gender indicators						
Q1: Has a gender analysis been conducted during project preparation?			YES	NA	NA	
Q2: Does the project results framework include gender-responsive indicators, and sex-disaggregated data?			YES			
Q3: Does the activity evaluation criteria used by the decision-making bodies incorporate gender dimensions?			YES			
Q4: At mid-term/ completion, does the mid-term review/ terminal evaluation assess progress and results in terms of gender equality and empowerment?			NA			

I. Supporting Documents for Funding Proposal

☒	NDA No-objection Letter
☒	Feasibility Study (**Pre-Feasibility Studies in Appendix**)
☒	Integrated Financial Model that provides sensitivity analysis of critical elements (xls format, if applicable)
☐	Confirmation letter or letter of commitment for co-financing commitment (**not applicable**)
☐	Project/Programme Confirmation/Term Sheet (including cost/budget breakdown, disbursement schedule, etc.) – *see the Accreditation Master Agreement, Annex I*
☒	Environmental and Social Impact Assessment (ESIA) or Environmental and Social Management Plan (If applicable)
☐	Appraisal Report or Due Diligence Report with recommendations (**not applicable**)
☒	Evaluation Report of the baseline project (**Evaluation of the OECS RRACC project**)
☒	Map indicating the location of the project/programme (**Annex 3**)
☒	Timetable of project/programme implementation

** Please note that a funding proposal will be considered complete only upon receipt of all the applicable supporting documents.*

Annex 1. 2016 Request for Proposals to pilot Enhancing Direct Access modality

Enhancing Direct Access Request for Proposals

I. Background

1. The Green Climate Fund (GCF) was established with the purpose of making a significant and ambitious contribution to global efforts towards attaining the goals set by the international community to combat climate change. In the context of sustainable development, the Fund will promote a paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change.

2. The Fund was designated as an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC). It is governed and supervised by a Board that has responsibility for funding decisions pursuant to the Governing Instrument (GI) for the Green Climate Fund. It is supported by an independent Secretariat, accountable to the Board, having management capabilities to execute day-to-day operations of the Fund, providing administrative, legal and financial expertise. The Fund's headquarters is located in Songdo, Incheon, Republic of Korea.

3. The Governing Instrument of the Fund establishes the direct access modality for recipient countries to access the Fund, through sub-national, national and regional implementing entities accredited by the Fund. The GI also states that the Board will consider additional modalities that further enhance direct access.

4. In that framework, the objective of Enhancing Direct Access (EDA) is to enhance country ownership of projects and programmes by devolving decision making at country level, thereby allowing greater involvement and input from impacted stakeholders. EDA is designed to provide an opportunity for accredited entities and countries to move beyond the financing of individual, bankable projects towards a more comprehensive, stakeholder driven programmatic approach, which is based on transparent criteria that are aligned with the Fund's investment criteria and results management framework.

5. At its tenth meeting, the Board agreed to initially allocate USD 200 million for at least 10 pilots, including at least four pilots to be implemented in small island developing States, the least developed countries and African states.

II. Terms of reference for a pilot phase enhancing direct access to the Green Climate Fund

2.1 Objective of the pilot phase

6. The objective of the pilot phase for Enhancing Direct Access is to allow for an effective operationalization of modalities with the potential to enhance access by sub-national, national and regional public and private entities to the Fund. This will include devolved decision-making to such entities, once accredited, and stronger local multi-stakeholder engagement. The pilot phase will offer the Fund an opportunity to gain experience and additional insights through such an approach.

7. In addition, the pilot phase can also be used to draw lessons learned with regard to:

(a) Promoting the paradigm shift towards low-emission and climate-resilient development pathways;

(b) Country coordination and multi-stakeholder engagement, replication and sustainability;

(c) Governance standards; and

(d) Targeted readiness support.

8. Learning processes will be supported by a specific monitoring and evaluation plan for each pilot at the country level, where key performance indicators will be specifically designed for this purpose. A final evaluation at the country level and over all pilots will consolidate the lessons learned, allowing scalability and mainstreaming.

9. The pilot phase will be evaluated and lessons learned will lead to potential scaling up. The evaluation timing will be set for assessing mid-term outcomes (two to three years) and longer-term impacts and lessons to be learned (five years or more).

2.2 Steps of the pilot phase

10. Enhancing direct access is necessary mainly because decision-making on the specific projects and programmes to be funded will be made at the national or subnational level,[1] and such direct access is a means by which to increase the level of country ownership[2] over those projects and programmes. This implies that the screening, assessment and selection of specific pilot activities would be made at the regional, national or subnational level. At the same time, mechanisms will be set up to increase national oversight and multi-stakeholder engagement at the country level.

11. The following steps will be conducted in the pilot phase:

(a) A request for pilot proposals by the Secretariat;

(b) The selection and nomination of a prospective accredited entity (e.g. subnational, national or regional entity) through a consultative process by the National Designated Authority (NDA) or focal point under the direct access modality;

(c) If not already accredited, application by the prospective entity for accreditation. Access to the Fund's resources will be through accredited entities. As such, nominated entities must be accredited by the Fund prior to the submission of their pilot proposals to the Board;

(d) The process will follow the accreditation framework, including decisions related to fit-for-purpose and fast-tracking;

(e) Submission of a proposal developed by the accredited entity (or by the prospective accredited entity), in consultation with the NDA or focal point, to the Fund for approval. Unlike the traditional direct access modality, there will be no submission of individual projects or programmes to the Fund because decision-making for the funding of specific pilot activities will be devolved to the country level;

(f) The assessment of each individual pilot proposal received will follow the Fund's initial approval process;

[1] Direct Access to Climate Finance: Experiences and Lessons Learned, United Nations Development Programme/Overseas Development Institute, 2011.
[2] Enhancing Direct Access and Country Ownership, Müller B, 2014.

(g) Legal arrangements between the Fund and the accredited entity for the Fund-approved pilot; and

(h) Decision-making by the entity on the specific pilot activities under the Fund-approved pilot, in consultation with the NDA or focal point, the institution fulfilling the oversight function, and various stakeholders in the multi-stakeholder engagement process.

2.3 Role of NDAs and focal points

12. The NDA or focal point will have a strong role in the pilot, in consultation with relevant national stakeholders, by:

(a) Communicating the country's strategic frameworks within which prospective entities will develop pilot proposals;

(b) Inviting and selecting subnational, national and regional entities, from the public and private sectors, to propose pilot proposals for consideration by the Fund;

(c) Nominating the selected entities for accreditation by the Fund; and

(d) Participating in the appraisal of the pilot proposals and subsequently in the monitoring and evaluation of the country pilot in accordance with the Fund's relevant guidelines.

2.4 National oversight and steering function and multi-stakeholder engagement

13. Countries participating in the Enhancing Direct Access pilot are required to exercise oversight on the activities to ensure transparency. For this purpose, it is recommended that countries identify an existing institution that will fulfil this role.

14. Oversight and steering activities may include:

(a) A provision of regular strategic guidance regarding the country pilot(s) to the accredited entities;

(b) Review of reporting by the accredited entity;

(c) Periodic field visits; and

(d) Regular communication with relevant stakeholders and the Fund.

15. The oversight function should include the NDA or focal point and representatives of relevant stakeholders, such as government, the private sector, academia, civil society organizations, and women's organizations.

16. In the elaboration and implementation of the country pilot, countries are expected to consider the criteria included in the Fund's initial best-practice options for country coordination and multi-stakeholder engagement, as set out in Annex XIV to decision B.08/10 and the priorities identified in the countries' climate strategies and action plans.

17. Readiness funding could be provided to support the strengthening or establishment of such processes.

18. Prior to their implementation, details of individual projects or programmes will be made accessible to the public via the websites of the NDA or focal point, and the accredited entity.

19. The Secretariat will provide guidance on the set up and operations of these processes.

2.5 Type of entities to be involved in implementation

20. NDAs or focal points can nominate an entity for the implementation of the country pilot, such as a public sector institution (e.g. development bank, national fund, etc.) or private sector entity (e.g. commercial bank, investment fund, etc.) and non-governmental organizations operating at the regional, national or subnational levels.

21. In order to ensure the inclusion of a wide range of stakeholders, the selected entity will work with various types of local actors, especially those addressing the needs of vulnerable communities and gender aspects, which may include public institutions, local bodies, non-governmental organizations, community-based organizations, actors from the informal sector, and private enterprises, particularly small and medium-sized enterprises (SMEs).

22. Interested countries can include a request for readiness support in their pilot proposals, particularly to provide support in multi-stakeholder engagement and the strengthening of oversight mechanisms to enhance accountability and transparency.

2.6 Accreditation and the Fund's standards

23. Entities will have to be accredited before being able to fund activities with the Fund's resources. They will have to demonstrate compliance with the Fund's standards in the accreditation process, which includes the assessment of entities' capabilities, competencies and track records in having and undertaking financial, environmental and social risk mitigation measures. These include the basic fiduciary standards and relevant specialized fiduciary standards for project management, grant award and/or funding allocation mechanisms on-lending and/or blending (for loans, equity, and/or guarantees)[3] through the Fund's accreditation process, and the Fund's environmental and social safeguards[4] and Gender Policy[5]. Accredited entities will be accountable for the financial management of activities under the pilot in accordance with the Fund's policies. Compliance with the Fund's standards and safeguards will be assessed in accordance with the Fund's monitoring and accountability framework and its processes and procedures.

24. In line with the terms of the Accreditation Master Agreement with the GCF, accredited entities are responsible for imposing compliance by all executing entities in the pilot, with their own rules, policies and procedures that should enable them to comply with the Fund's standards, policies and procedures, including the environmental and social standards and the information disclosure policies.

25. Activities financed under the EDA pilot will initially be limited to environmental categories B and C.

26. Compliance with the Fund's specialized fiduciary standards on grant award and/or funding allocation mechanisms, and on-lending and/or blending[6] may be required depending on the nature of the activities to be undertaken.

27. Readiness support can be provided to assist entities through the accreditation process.

[3] Annex II to decision B.07/02.
[4] Annex III to decision B.07/02.
[5] Annex XIII to decision B.09/11.
[6] Annex III to decision B.07/02.

2.7 Type of activities to be considered

28. The country pilots can include both adaptation and mitigation activities that will contribute to one or more of the Fund's result areas. A gender-sensitive approach in developing the activities of the pilots is recommended in accordance to the Fund's Gender Action Plan. A significant share of small-scale activities should directly support communities or SMEs through, for example, small-scale grants or extended lines of credit.

29. The entities nominated by the NDA or focal point for accreditation will work through various types of local actors in the development of potential projects and programmes, particularly local intermediaries and those addressing the needs of vulnerable communities, which may include public institutions, non-governmental organizations and private enterprises, especially SMEs.

30. Depending on the type of accreditation of the selected entity and its capacity, Fund resources may be deployed in the form of the following financial instruments in the pilot: grants, loans, equity and guarantees.[7]

2.8 Indicative content of proposals

31. The proposals should contain the following contents at a minimum:

(a) Background and contact information (including the name of institution or organization proposing the activities, contact information of key person(s), etc.);

(b) A description of the consultation and selection process facilitated by the NDA or focal point of the nominated direct access accredited entity;

(c) A description of the proposed scope of activities, including objectives, type, sectors, size and geographic locations. The pilot's specific objectives and goals should be aligned with the Fund's results management framework;[8]

(d) A description of the approval process and selection criteria for the activities, which should be consistent with the Fund's initial investment framework and proposal approval process;[9]

(e) A composition of the decision-making body that will be housed and managed by the entity. The decision-making body should include civil society, the private sector and other relevant stakeholders, and should be sensitive to gender considerations;

(f) A description of how the entity intends to meet the disclosure requirements in the implementation of the pilot;

(g) A composition of the oversight function, which may include representatives from organizations such as those indicated in paragraph 15;

(h) A description of the multi-stakeholder engagement process the entity plans to set-up;

(i) A timeframe of implementation, including start date and duration;

(j) The funding amount to be requested, including the financial instrument (e.g. grant, loan, equity, guarantee);

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[7] The Board, by decision B.08/12, decided that the Fund will work through accredited entities, who may deploy the resources in approved projects and programmes, by using financial instruments, focusing on grants, concessional loans, equity and guarantees.

[8] Document GCF/B.07/04.

[9] Document GCF/B.07/06.

(k) Risk assessment and management, including assumptions, factors, ratings, and mitigation measures; and

(l) Monitoring and evaluation, including logical frameworks, methods, criteria, information to be reported, frequency, responsibilities, means of verification and evaluation plans.

32. In addition, entities are advised to include in their pilot proposals information on the pipeline of sub-projects they have identified and detailed description of a few examples of such sub-projects (objectives, financial structure, alignment with GCF investment criteria and results areas, implementation arrangement).

33. Accredited entities are encouraged in the development of their pilot proposals to adopt gender-sensitive and participatory approaches in planning, and monitoring and evaluation so as to assure that the needs of communities are appropriately addressed.

2.9 Monitoring, evaluation and timeline of the pilot phase

34. Each of the pilots will report to the Secretariat on the progress of the implementation on an annual basis and when specifically requested.

35. The Secretariat will report to the Board on an annual basis, detailing the progress of the pilot phase based on the reports provided by the accredited entity and NDA or focal point.[10] This will follow the guidance on monitoring, reporting and evaluation initially described in Section 6.2 of the Fund's results management framework.[11] The monitoring will also follow the initial monitoring and accountability framework for accredited entities of the Fund.[12]

36. Each country pilot will be reviewed by the Fund two years after its approval, and will be evaluated after five years to assess its impact, effectiveness and lessons learned on potential scalability.

37. The overall pilot phase will be evaluated after five years.

38. The monitoring, reporting and evaluation system for the overall pilot phase will be aligned with the standards of the Fund's results management framework and will be regularly reviewed for improvement once lessons from implementation are made be available. This is aligned with the decisions of the fifth meeting of the Board[13] that recognize that the Fund is a continuously learning institution and will maintain the flexibility to refine its results management framework and indicators.

39. Target groups of projects or programmes and other relevant stakeholders, such as government, the private sector, academia or civil society, will actively participate in monitoring the pilots.

2.10 Financial volume of the pilot phase

40. The pilot phase will initially aim to provide up to USD 200 million for at least ten pilots, including at least four pilots to be implemented in small island developing States, the least developed countries and African States. The proposals will be selected on the basis of the Fund's initial proposal approval process, investment framework and results management framework and will be approved by the Board.

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[10] As indicated in decision B.08/10, Annex XIII, Chapter II.
[11] Document GCF/B.07/04.
[12] Progress report provided in document GCF/B.10/Inf.10.
[13] Decision B.05/03, paragraph (h).

III. Submission of application

41. Interested entities are requested to submit first a concept note to fundingproposal@gcfund.org in consultation with their NDAs or focal points.

42. Following reception of the concept note, the Secretariat will provide feedback to help in the preparation of the full funding proposal. Readiness support or project preparation funding can be requested at this stage to support the setup of institutional arrangements and finalize studies.

43. When submitting a concept note or a funding proposal, kindly ensure that the submission includes the information requested in Section 2.8 "Indicative content of proposals".

44. The Secretariat will aim to present a first batch of proposals to the Board by December 2016 and a second batch by June 2017. Therefore, applicants are encouraged to submit concept notes by the end of July 2016 to be considered in the first batch, and by the end of January 2017 to be considered in the second batch.

Annex 2. Alignment of the Enhancing Direct Access proposal for the Eastern Caribbean against GCF RfP criteria

EDA RFP reference	Requirements per the EDA RFP	Eligibility of the proposed EDA pilot
Para 8	*Learning processes will be supported by a specific monitoring and evaluation plan for each pilot at the country level, where key performance indicators will be specifically designed for this purpose.*	The OECS Commission during project preparation designed a M&E framework (*Section H.2. Arrangements for Monitoring, Reporting and Evaluation*) that will facilitate country level monitoring, reporting and evaluation. Antigua and Barbuda, Dominica and Grenada have committed USD 100k each (USD 300k total) of their Readiness support to the OECS Commission to *inter alia* design and operationalize the project's M&E framework. Key performance indicators are provided in *Section H.1.2. Outcomes, Outputs, Activities and Inputs at Project/Programme level*
Para 8	*A final evaluation at the country level and over all pilots will consolidate the lessons learned, allowing scalability and mainstreaming.*	The proposed EDA project has a comprehensive M&E framework to maximize learning opportunities for the GCF on this new pilot modality. The Accredited Entity will oversee and be accountable for overall M&E. The project's approach to promoting continuous M&E and learning is to sub-contract the OECS Commission, to build capacity for M&E at the national level in accordance with the OECS M&E Policy. See *Section H.2. Arrangements for Monitoring, Reporting and Evaluation*
Para 9	*The pilot phase will be evaluated and lessons learned will lead to potential scaling up. The evaluation timing will be set for assessing mid-term outcomes (two to three years) and longer-term impacts and lessons to be learned (five years or more).*	The EDA project will undergo an independent Mid-Term Evaluation in year 2 of implementation, and an independent Final Evaluation in year 4 of implementation (*Section H.2. Arrangements for Monitoring, Reporting and Evaluation*)
Para 12	*The NDA or focal point will have a strong role in the pilot, in consultation with relevant national stakeholders.*	Antigua and Barbuda has used part of its first and second Readiness grants to undertake consultations with NDAs and other stakeholders for the EDA project. NDAs will continue to have a strong role in the pilot EDA project, with NDAs serving in the oversight function of the project. NDAs will be responsible for nominating and endorsing DA entities to be accredited under the project. The Accredited Entity will convene NDAs in person annually via the OECS Council of Ministers for Environmental Sustainability, and opportunistically in other forums.

EDA RFP reference	Requirements per the EDA RFP	Eligibility of the proposed EDA pilot
		For more information see *Section E.5.3. Engagement with NDAs, civil society organizations and other relevant stakeholders*.
Para 13	*Countries participating in the Enhancing Direct Access pilot are required to exercise oversight on the activities to ensure transparency. For this purpose, it is recommended that countries identify an existing institution that will fulfil this role.*	National multi-stakeholder Steering Committees have been identified in Feasibility studies for each of the EDA pilot countries. These are: - Antigua and Barbuda's Project Management Committee (this body will also serve as the sub-regional Steering Committee) - Dominica's National Climate Change Steering Committee (NSC) - Grenada's National Climate Change Committee (NCCC) In addition, the OECS Climate Finance Working Group will provide an added level of oversight, with a view to supporting sub-regional scaling up of the EDA pilot. These oversight Committees will benefit from capacity building in Output 1.
Para 15	*The oversight function should include the NDA or focal point and representatives of relevant stakeholders, such as government, the private sector, academia, civil society organizations, and women's organizations.*	National multi-stakeholder Steering Committee, with the NDA represented, public, private, NGO and/or women's organization will provide the oversight function, in accordance with the Fund's initial best-practice options, as set out in Annex XIV to decision B.08/10. (Section C.7. *Institutional / Implementation Arrangements*)
Para 18	*Prior to their implementation, details of individual projects or programmes will be made accessible to the public via the websites of the NDA or focal point, and the accredited entity.*	Public position of the individual sub-projects prior to implementation will be via the OECS Commission and the accredited entity. These websites are: OECS Commission: www.oecs.org Accredited Entity: www.environmentdivision.info (Section F.3. *Environmental, Social Assessment, including Gender Considerations*)
Para 21	*In order to ensure the inclusion of a wide range of stakeholders, the selected entity will work with various types of local actors, especially those addressing the needs of vulnerable communities and gender aspects, which may include public institutions, local bodies, non-governmental organizations, community-based organizations, actors from the informal sector, and private enterprises, particularly small and medium-sized enterprises (SMEs).*	The EDA proposal will work with various types of local actors in the public, private (vulnerable home and business owners) and CSO sectors to demonstrated and integrated approach to climate resilience, designed to meet the needs of vulnerable communities and gender aspects. Refer to the Environmental Social Gender Management Plan.

EDA RFP reference	Requirements per the EDA RFP	Eligibility of the proposed EDA pilot
Para 23	*Entities will have to be accredited before being able to fund activities with the Fund's resources.*	The Department of Environment submitted its application for Accreditation in 2016 via the fast track modality, and was accredited to the GCF in October 2017.
Para 25	*Activities financed under the EDA pilot will initially be limited to environmental categories B and C.*	Per Section F.3. *Environmental, Social Assessment, including Gender Considerations*, the EDA pilot will primarily finance Category C sub-projects, with Output 2 (public sector) financing Category B sub-projects.
Para 28	*The country pilots can include both adaptation and mitigation activities that will contribute to one or more of the Fund's result areas.*	The EDA pilot will finance adaptation projects with mitigation co-benefits. This will be the first GCF-financed adaptation project for the Caribbean; previous GCF funding proposals for the region have only financed mitigation.
Para 28	*A gender-sensitive approach in developing the activities of the pilots is recommended in accordance to the Fund's Gender Action Plan.*	The Environmental Social Gender Management Plan includes a standalone Gender Analysis and a Gender Action Plan in accordance with GCF guidance.
Para 28	*A significant share of small-scale activities should directly support communities or SMEs through, for example, small-scale grants or extended lines of credit.*	USD 9 million or 45% of the total project budget will directly support community groups/CSOs and SMEs (home and small business owners) through small-scale grants and the micro-Revolving Fund Loan Programme for Adaptation.
Para 29	*The entities nominated by the NDA or focal point for accreditation will work through various types of local actors in the development of potential projects and programmes, particularly local intermediaries and those addressing the needs of vulnerable communities, which may include public institutions, non-governmental organizations and private enterprises, especially SMEs.*	The project will work through the following types of local actors in the development of potential projects; these entities will be assessed during implementation and up to 3 will be nominated for accreditation in on-granting and on-lending: - National development banks - National funds - National trust funds - Sub-regional fund (OECS) See Section C.4. *Background Information on Project / Programme Sponsor (Executing Entity)*
Para 30	*Depending on the type of accreditation of the selected entity and its capacity, Fund resources may be deployed in the form of the following financial instruments in the pilot: grants, loans, equity and guarantees.*	The DOE was accredited to the Green Climate Fund by its governing Board in October 2017, in the following fit-for-purpose categories: - Project management and on-granting: Small (up to USD 50 million) - On-lending: Micro (up to USD 10 million) The project is requesting USD 20 million in grants from the GCF, of which USD 6 million will be used to pilot a highly concessional Revolving Fund Loan Programme for Adaptation. The rationale for the grant financial instrument is provided in Section E.6.1. *Cost-effectiveness and efficiency,* based on a financial analysis of the Revolving Fund Loan Programme identifying

EDA RFP reference	Requirements per the EDA RFP	Eligibility of the proposed EDA pilot
		modelled net write-offs of 2.5% of the gross portfolio annually due to the high-risk borrowers, highly concessional lending of the programme. The Revolving Fund is considered to be an "innovative financial instrument" that can programme highly concessional funds directly to beneficiaries, thereby passing on the concessionality while maximizing cost effectiveness and overall impact as funds are repaid and "revolved" through the mechanism to new borrowers.
Indicative content of proposals – checklist		
31 (b)	*A description of the consultation and selection process facilitated by the NDA or focal point of the nominated direct access accredited entity*	Section E.5.3. *Engagement with NDAs, civil society organizations and other relevant stakeholders* (sub-section: Selection of Accredited Entity; Country ownership)
31 (c)	*A description of the proposed scope of activities, including objectives, type, sectors, size and geographic locations.* *The pilot's specific objectives and goals should be aligned with the Fund's results management framework*	Details on each of the EDA project Outputs in: Section *C.3. Project / Programme Description* The EDA project's Logic Framework (Section H.1.) uses indicators adapted from the GCF's results management framework. The project's objectives and goals are directly aligned with achieving the project's Logic Framework (Section C.3. Project / Programme Description – Theory of Change)
31 (d)	*A description of the approval process and selection criteria for the activities, which should be consistent with the Fund's initial investment framework and proposal approval process*	Section C.7. *Institutional / Implementation Arrangements* (sub-section: Decision-making/Approval process) *Table 3. Criteria and guidelines for the selection of enhanced direct access activities by the decision-making bodies*
31 (e)	*A composition of the decision-making body that will be housed and managed by the entity. The decision-making body should include civil society, the private sector and other relevant stakeholders, and should be sensitive to gender considerations*	Section E.5.3. *Engagement with NDAs, civil society organizations and other relevant stakeholders*
31 (f)	*A description of how the entity intends to meet the disclosure requirements in the implementation of the pilot*	Section F.3. *Environmental, Social Assessment, including Gender Considerations*
31 (g)	*A composition of the oversight function*	Section E.5.3. *Engagement with NDAs, civil society organizations and other relevant stakeholders*
31 (h)	*A description of the multi-stakeholder engagement process that the entity plans to setup*	Section E.5.3. *Engagement with NDAs, civil society organizations and other relevant stakeholders*

EDA RFP reference	Requirements per the EDA RFP	Eligibility of the proposed EDA pilot
31 (i)	*A timeframe of implementation, including start date and duration*	See section C.8. *Timetable of Project/Programme Implementation* Project Inception: March – September 2018 Start: October 2018 End: November 2022
31 (j)	*The funding amount to be requested, including the financial instrument (e.g. grant, loan, equity, guarantee)*	USD 20 million in grants is being requested. It is expected that the EDA will secure USD 18.5 M in co-financing, leveraged financing, and in-kind support (see *Table 7. Counterpart, leveraged financing and in-kind support to be realized during EDA implementation*)
31 (k)	*Risk assessment and management, including assumptions, factors, ratings, and mitigation measures*	Section G.1. *Risk Assessment Summary*
31 (l)	*Monitoring and evaluation, including logical frameworks, methods, criteria, information to be reported, frequency, responsibilities, means of verification and evaluation plans*	Section H.1.2. *Outcomes, Outputs, Activities and Inputs at Project/Programme level* M&E: - Logical frameworks - Criteria - Information to be reported - Means of verification Section H.2. *Arrangements for Monitoring, Reporting and Evaluation:* - Responsibilities - Frequency See *Figure 25. Institutional arrangements for EDA monitoring and independent evaluation by the OECS Commission* - Responsibilities
Para 32	*Entities are advised to include in their pilot proposals information on the pipeline of sub-projects they have identified and detailed description of a few examples of such sub-projects (objectives, financial structure, alignment with GCF investment criteria and results areas, implementation arrangement).*	Case Study 1: *Example of sub-project under Output 2 (per EDA RFP)* presents details of an indicative pilot project under Output 2 (public sector) in Antigua and Barbuda Other pilots are listed in the Environmental and Social Management Plan
Para 33	*Accredited entities are encouraged in the development of their pilot proposals to adopt gender-sensitive and participatory approaches in planning, and monitoring and evaluation so as to assure that the needs of communities are appropriately addressed*	The Environmental Social Management Plan includes the following standalone sections: - Gender Analysis - Gender Action Plan Monitoring and evaluation is disaggregated by gender as evidenced in the following sections: - E.1.2. *Key impact potential indicator*

EDA RFP reference	Requirements per the EDA RFP	Eligibility of the proposed EDA pilot
		- H.1.1. *Paradigm Shift Objectives and Impacts at the Fund level* - Table 10. *GCF Enhancing direct access project tracking tool*
Para 40	*The pilot phase will initially aim to provide up to USD 200 million for at least ten pilots, including at least four pilots to be implemented in small island developing States, the least developed countries and African States.*	Since the issuance of the RFP in 2016, the GCF has approved EDA projects totaling USD 10 million. The presented proposal requests USD 20 million from the GCF and targets three small island developing States in the Eastern Caribbean (approximately USD 6.5 per country).

Annex 3. Map of the Organization of Eastern Caribbean States (OECS) and participating countries in the enhanced direct access pilot (underlined in red)