



GREEN
CLIMATE
FUND

GCF REGIONAL DIALOGUE

with THE CARIBBEAN

Saint Kitts and Nevis
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PROJECT IMPLEMENTATION AND ADAPTIVE MANAGEMENT :

Lessons Learned and guidance from implementation

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Session Objectives



Share understanding of the current portfolio under implementation in the Caribbean.



Present key challenges faced by Accredited Entities and lessons learned from implementation of GCF's investments in the Caribbean



Provide guidance on the GCF's Adaptive Management process for Accredited Entities when implementing GCF investments.



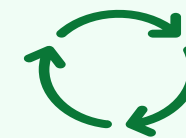
CARIBBEAN PORTFOLIO TRENDS AND KEY STATISTICS



Approved
\$ 714 M
24 FPs
14 Countries



Yet to be Effective
\$ 264 M
7 FPs
9 Countries



Implementation
\$ 450M
17 FPs
14 Countries



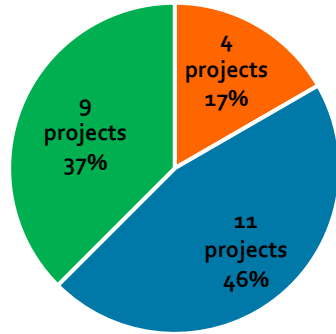
Disbursement rate
14.2%
14 FPs
14 Countries



Completed
\$ 0 M

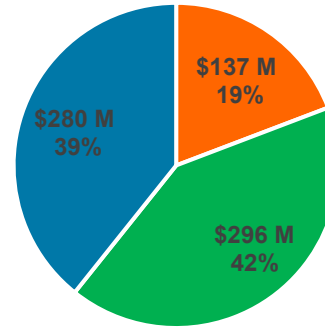
Caribbean Portfolio Breakdown

By theme



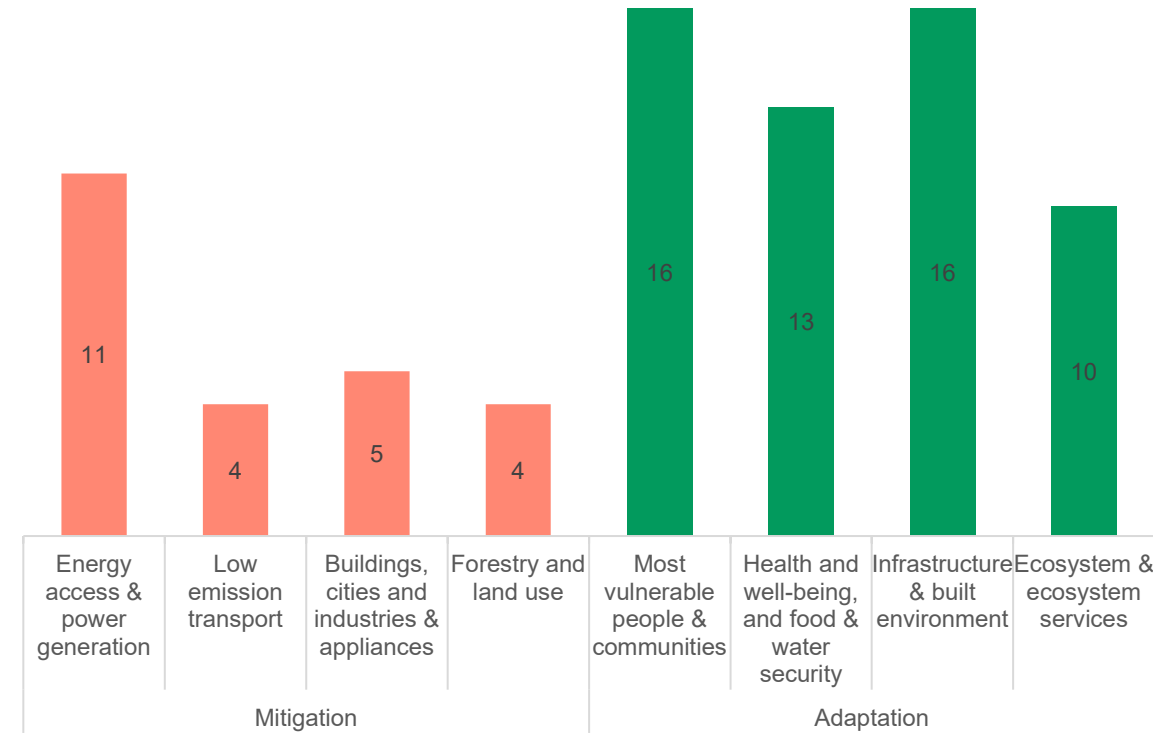
■ Mitigation ■ Adaptation ■ Cross-cutting

GCF approved amount per theme

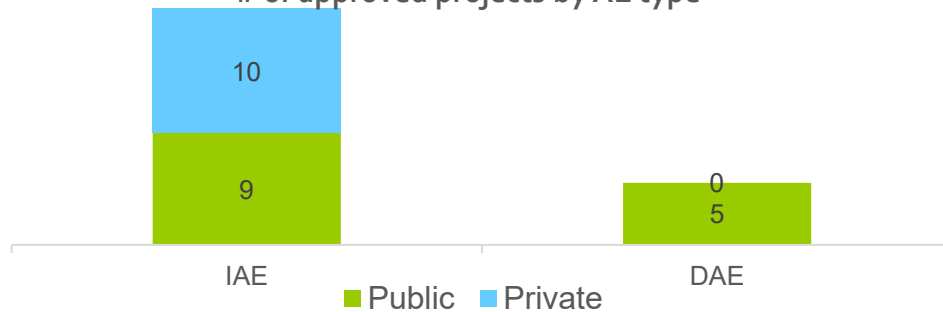


■ Mitigation ■ Adaptation ■ Cross-cutting

Breakdown by result area

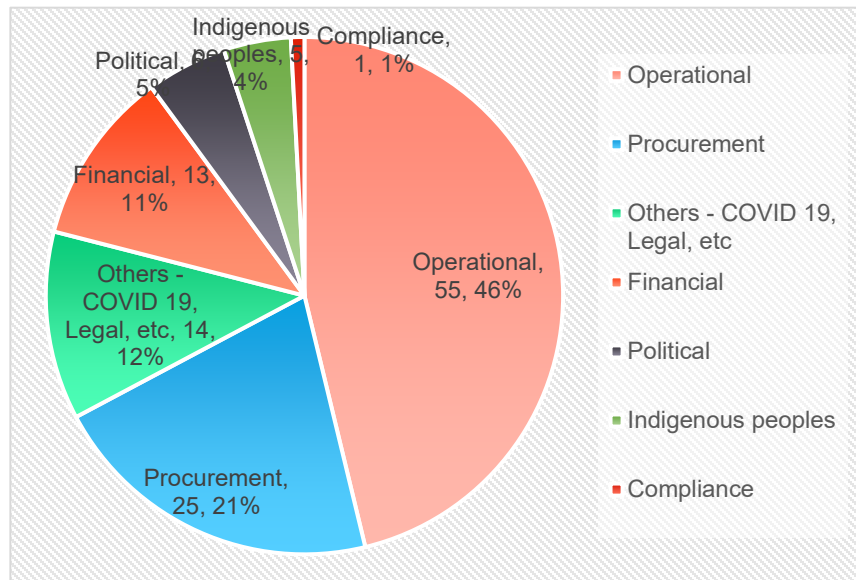


of approved projects by AE type



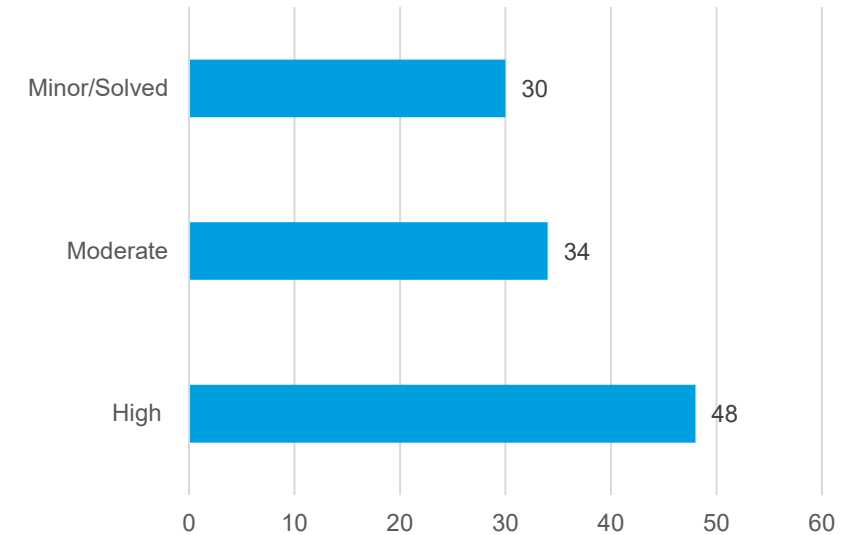
Implementation Challenges

Challenges reported by type during project implementation



Scope of analysis is limited to 12 projects from AEs that have submitted their APRs for CY2023

Challenges reported by impact level during project implementation



Portfolio challenges in 2024 in the Caribbean

Operational

- Supply chain problems (e.g. lack of construction materials)
- Natural disasters – impact of storms on infrastructure and resources
- Capacity at national implementing partners and need for additional TA
- Macro-economic environment impacting the pipeline of projects / sub-loans.
- High turnover of staff
- Lack of familiarity with GCF requirements in the disbursement process

Financial

- Co-financing not fully materializing or delayed (fundraising issues/restricted fiscal space/non-enforceable commitments).
- Cost under estimation at design
- Cost escalation

Portfolio challenges in 2024 in the Caribbean region



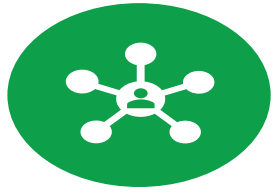
Political

- Escalating conflict / geopolitical uncertainty
- Administrative uncertainties / fiscal challenges.
- Coordination with government partners / turnover of staff
- Government approvals of co-financing delayed as per Cabinet processes.
- Delay of granting concessions (e.g. delayed auctions / new regulatory frameworks).

Other

- Tight implementation schedules/ grant duration.
- Interdependence of activities (single delays trigger sequential delays.
- Increases in ESS risk.
- Procurement: delays in procurement / contracting processes and difficulty in securing suitable consultants. Impacted by sanctions.

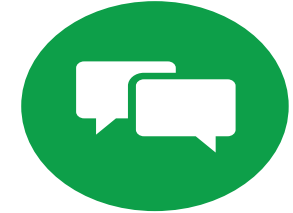
Lessons learned from implementation



Constant and proactive GCF- AE engagement on implementation matters is critical for timely resolution of issues and timely disbursements.



Long times between approval and first disbursement negatively impact outcomes.



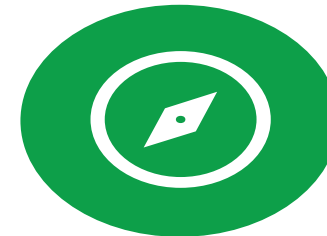
Quality of submitted APRs drive effective engagement with the GCF



Effective communication between AEs and NDAs is a necessity for successful stakeholder management



Compliance with reporting timelines is needed to improve monitoring and reporting performance



Provision of Secretariat's **guidance** to AEs relating to conditions and covenants critical for realistic implementation planning and to mitigate delays

Lessons learned from Financial Management

1. Limited budget structure and project delays lead to budget overruns and / or restructuring.
2. Funding Delays: Slow disbursement processes often lead to delays in project implementation, particularly in small island nations where resources are already stretched thin. This can affect project timelines and overall success.

Lessons learned from Financial Management

- **Blended Finance Approaches:** Blended finance structures help reduce the perceived risk for private investors, making projects more attractive.
- **Robust Risk Management Frameworks:** Stronger risk management frameworks that account for local challenges such as climate change, economic volatility, and political instability have been essential in ensuring project longevity and success.
- **Integrated Monitoring & Evaluation (M&E):** Projects that implemented real-time, tech-driven M&E systems saw better tracking of fund allocation and more accurate reporting. This allowed stakeholders to identify issues earlier and make adjustments to improve financial efficiency.

Actionable Ideas

- **Enhance Local Capacity:** Strengthening the financial management capacity of local institutions is crucial for ensuring that projects are not only sustainable but also able to absorb and manage international funds efficiently.
- **Diversify Funding Sources:** Integrating more private sector involvement and exploring innovative funding mechanisms such as green bonds, social impact bonds, and climate insurance.
- **Tailor Approaches for Small Island States:** Given the unique challenges faced by small island nations, financial management strategies should be tailored to address the distinct risks, including geographic isolation and limited access to capital markets.

Adaptative management measures

Making changes to
projects



GCF approach to project changes

- GCF has a high-risk appetite and project, and programmes have long implementation periods.
- Changes are expected: as result of as changes in the operating environment and as new information that adjusts the underlying assumptions of the project.
- Flexibility during implementation is critical given unique circumstances faced by different regions
- GCF considers adaptive management an important component of project lifecycle to achieve objectives and outcomes.
- As a partnership organization, GCF strive to propose workable solutions for successful implementation performance



What is considered a change?

Policy on Restructuring and Cancellation ([PRC](#))

- This is the key document to consider upon facing a change in an FA under implementation.
 - ✓ Restructuring: **any** modification to a Funded Activity after the execution of the FAA.
 - ✓ Waiver: (i) a relinquishment of a condition set forth in the Approval Decision, (ii) a material deviation from a condition set out in the relevant FP or the term sheet, or (iii) a deviation from any other condition (other than those described in paragraph (m)(ii) above) set forth in the Approval Decision.

Examples of changes

- Extensions in closing and completion dates
- ESS Categorization – **due to change in activities**, E&S risks increase, therefore triggering major change.
- Financial restructuring – changes in market pricing, consideration of hedging provisions, specific/detailed T&Cs, etc
- Changes in geographical scope: e.g. changes in location of project sites.
- Changes in impact/outcomes: e.g. impact of decarbonization of energy matrix, reducing the grid-emission factor.

Changes My project needs a change, what do I do



Change required?

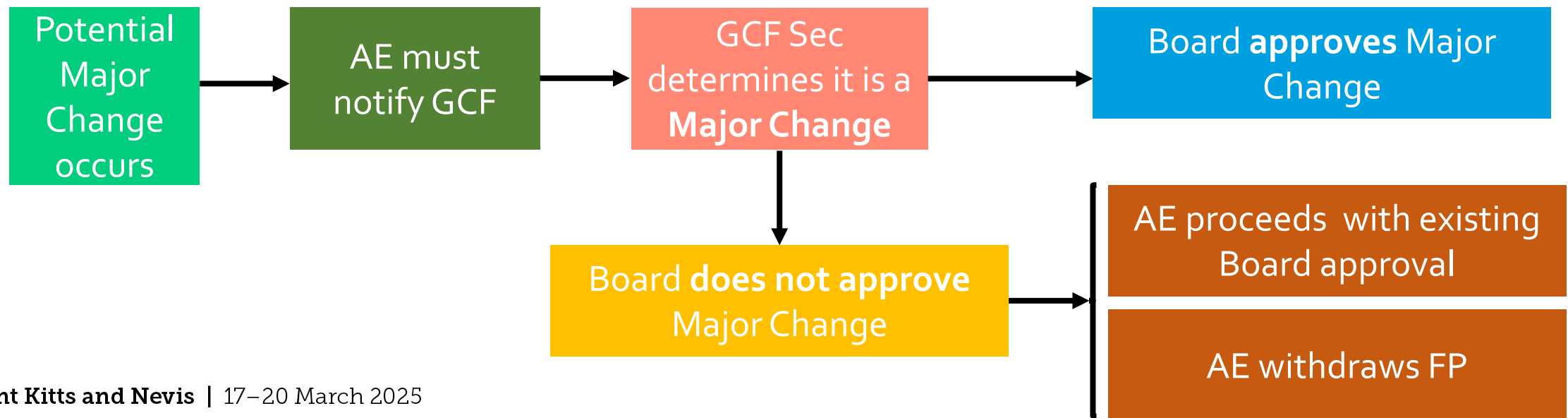
- First reach out to us! Adaptive management takes time. Contact your country focal point or Project manager for your project/programme.
- A meeting/call should be scheduled to discuss the potential change and any other key elements such as timing and inputs required.

Action required

- Requests for extensions – submission or reports, time /duration extensions
- Restructuring proposals
 - ❖ Minor changes that may be approved by Secretariat – waivers of CPs, budget reallocations, etc.,
 - ❖ Major changes must be approved by Board – change in scope, components, co-financing , etc.

Major Change

- The [Policy on Restructuring and Cancellation](#) and the FAA list examples of project changes that could be deemed as Major Changes
- The Board approves the funded activity based on the FP and Term Sheet; if the project deviates significantly from these Board-approved documents, it means the funded activity is not being implemented as approved.





Thank you