



**GREEN  
CLIMATE  
FUND**

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# Consideration of funding proposals - Addendum XXXI

## Response of the AE to the independent Technical Advisory Panel's assessments

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### **Summary**

This addendum contains the response from the accredited entities to the independent Technical Advisory Panel's assessments of funding proposals (FP082-FP099) submitted for the Board's consideration at its twenty-first meeting.

## Table of Contents

FP082	Catalyzing Climate Finance (Shandong Green Development Fund)	1
FP083	Indonesia Geothermal Resource Risk Mitigation Project	5
FP084	Enhancing climate resilience of India's coastal communities	6
FP085	Green BRT Karachi	8
FP086	Green Cities Facility	9
FP087	Building livelihood resilience to climate change in the upper basins of Guatemala's highlands	10
<i>FP088</i>	<i>Not to be considered by the Board at its twenty-first meeting</i>	12
FP089	Upscaling climate resilience measures in the dry corridor agroecosystems of El Salvador (RECLIMA)	13
FP090	Tonga Renewable Energy Project under the Pacific Islands Renewable Energy Investment Program	18
FP091	South Tarawa Water Supply Project	19
FP092	Programme for integrated development and adaptation to climate change in the Niger Basin (PIDACC/NB)	22
FP093	Yeleen Rural Electrification Project in Burkina Faso	23
FP094	Ensuring climate resilient water supplies in the Comoros Islands	25
FP095	Transforming Financial Systems for Climate	28
FP096	DRC Green Mini-Grid Program	30
FP097	Productive Investment Initiative for Adaptation to Climate Change (CAMBio II)	31
FP098	DBSA Climate Finance Facility	33
FP099	Climate Investor One	34

## Reply to the Independent Technical Advisory Panel's assessment (FP082)

Proposal name: Catalyzing Climate Finance (Shandong Green Development Fund)

Accredited entity: Asian Development Bank (ADB)

### Impact potential

The ADB Project Team would like to thank the Independent Technical Advisory Panel for their positive assessment of the impact potential of this Programme, through which the People's Republic of China (PRC) will access low concessional loan funding from the GCF for the first time. The Programme has a high impact on climate issues in Shandong Province of the PRC and beyond by establishing a scalable financing facility targeting mitigation and adaptation, addressing key climate priorities in the PRC, the biggest GHG net emitter and extremely vulnerable to climate impacts.

The PRC is classified an Upper Middle-Income Country in the same category as Brazil and Argentina, already recipients of Green Climate Fund (GCF) funding. The PRC is a developing member country of the Accredited Entity (AE), Asian Development Bank (ADB) and the Programme's cofinanciers Kreditanstalt für Wiederaufbau (KfW) and Agence Française de Development (AFD). PRC requests 12% funding (\$180 million) of the total Project cost with the lowest concessionality available for GCF sovereign operations, to leverage over 5 times the overall Project with public and mostly private, institutional and commercial (PIC) funding.

The Programme will use catalytic funds from GCF to implement a climate financing platform that will maximize climate impact through:

- ensuring that SGDF addresses priority climate impacts and vulnerabilities in Shandong province through incorporating these priorities into its portfolio objectives;
- incorporating a financially sustainable project preparatory facility to develop a pipeline of sustainable and replicable sub-projects that will support project sponsors to achieve high levels of performance against GCF Investment Criteria; and
- structuring to financially incentivize subprojects performing at a high level against GCF Investment Criteria and leveraging PIC finance.

Annex 12 of the Funding Proposal summarizes a pipeline of 10 subprojects currently under consideration, including five subprojects with significant adaptation (with two subprojects prepared at pre-feasibility level, that have been shared with GCF Secretariat and ITAP and are included in Annex 2.1 and 2.2 of the Funding Proposal). The ITAP states that the Programme will "deliver GHG emission reductions of 2 million tons of carbon dioxide equivalent (tCO<sub>2</sub>eq) annually, and 50 million to 75 million tCO<sub>2</sub>eq over the 20-year tenor of SGDF."

While ADB appreciates the positive "Medium/High" assessment, we wish to note that ITAP has previously assessed impact potential as "High" for projects in countries at a comparable state of development, with comparable amounts and terms of GCF funding requested, comparable levels of preparedness of sub-projects, but actually achieving lower outcomes in terms of lifetime GHG emission reductions and adaptation beneficiaries than this PRC Programme.

## Paradigm shift potential

ADB notes that the assessment in this section concludes with “the independent TAP considers the paradigm shift potential of the Programme as ‘Medium/High’”. We therefore assume that the “Scale: Medium” in the heading of section 1.2 Paradigm Potential is an editorial error and would request that the heading be modified to reflect the conclusion.

### Scaling-up:

The Programme shifts the global paradigm in the design of scalable financing facilities for mitigation and adaptation subprojects, addressing key climate priorities in the People’s Republic of China which, to-date, is the biggest GHG emitter and extremely vulnerable to climate impacts. By design, it incorporates GCF Investment Criteria into its assessment processes, assuring the high quality of the climate change mitigation and/or adaptation aspects of the portfolio pipeline of subprojects to be financed by SGDF.

The Programme is “a mechanism to mobilize and channel funding from PIC investors to promote climate change mitigation and adaptation interventions that would otherwise rely on long-term government funding or would not proceed due to a shortage of public funding or perceived high risk” (ITAP). As such it represents “a major shift in the way that public and private finance is allocated” (GCF Secretariat). Given this context, the Programme thus addresses key market failures on a continuing basis, and at a potentially increasing scale.

### Regulatory Framework:

We note that the ITAP has recognized the policy development Component 4 of the Programme: No further comments.

### Learning:

The International Financing Institutions (IFIs) operate in the PRC on the principles of inclusive development as well as global learning, where lessons learned from the Programme can be upscaled to the rest of the country as well as to other DMCs. The Concept of the Programme comes from ADB’s flagship publication (August 2017) “Catalyzing Green Finance, a Concept for Leveraging Blended Finance for Green Development”, an innovative public private financing platform approach mixing climate resilient criteria from the GCF Investment Framework with conventional financing criteria to crowd in PIC finance with catalytic funding from IFIs to finance climate resilient projects.

As such, the impact potential of the Programme is significant with already ongoing preparation of operations in Indonesia and Mongolia, indicative of the replication potential; three knowledge technical assistance (TA) on green and climate finance in the PRC with the Climate Change Department of the Ministry of Ecology and Environment and the People’s Bank of China and Guangdong Province are being approved in 2018 to upscale the Programme in the PRC.

As the GCF Secretariat has noted, “ADB is strategically working on the replication of the Programme through the region, including in Indonesia and other countries that are part of the Association of Southeast Asian Nations, with the potential to unlock large amounts of private investment in climate change in Asia”, adding further to our view that the paradigm shift potential of this Project is in fact “High”.

While ITAP has noted Component 4 in this section, in fact Component 3 contains the major learning, knowledge and system development activities of the project

**Sustainable development potential**

We very much appreciate that ITAP recognizes the multiple environmental, social, economic, and gender co-benefits of the project.

While ITAP describes the co-benefits at the Fund level, significant adaptation co-benefits will also be realized at the subprojects level – incentivized by the green indicator rating system compliant with the GCF Investment Framework and rewarded by differential lending terms for transformational and advanced benefits subprojects. The Programme will act as catalyst for broader adoption of policies and processes which will provide significant air, water and soil quality improvements in Shandong and upscaled in other provinces by the government.

Subprojects will be required, as a minimum, to demonstrate that it has considered ways to maximize the local economic development benefits of the proposed investment, where possible and incorporate gender sensitive design features to enhance women’s inclusion and participation. It should be designed to provide opportunities for enhancing employment either directly within the project or indirectly through enhanced productivity, skills and/or competitiveness. The Programme is designed to meet the AE’s Effective Gender Mainstreaming categorization (second highest level) and gender specific indicators are included in the monitoring framework.

The TA program funded under the ADB loan the Project Preparatory Facility supports these features and their implementation. Furthermore, the TA program will encourage active adoption of climate positive action by stakeholders involved in the subprojects, building their community resilience to climate change impacts and ensures that the investments benefits are shared by lower income / disadvantaged or vulnerable groups in terms of employment, community participation and quality of life.

**Needs of the recipient**

We thank ITAP for the positive assessment.

**Country ownership**

We thank ITAP for the positive assessment.

### **Efficiency and effectiveness**

In this section, ITAP incorrectly states that lifetime emissions reductions of SGDF “will reach 50,000 tCO<sub>2</sub>eq.” In fact, a conservative calculation of expected lifetime emissions reductions shows 50 million tCO<sub>2</sub>eq.

We thank the ITAP for the positive assessment. Based on the mitigation cost, leverage, and exclusive focus on financing viability gaps, we would agree with the GCF Secretariat assessment and consider efficiency and effectiveness of this Programme as “High”.

### ***Overall remarks from the independent Technical Advisory Panel:***

ADB wishes to thank the ITAP for their review of the Funding Proposal.

However, we notice that in its overall remarks, ITAP recommends GCF Board to “consider” the proposed Programme, while for all other projects and programs in the last board meetings— including those with less favourable scaled ratings—ITAP recommended GCF Board to “approve” the projects or programmes.

Given the overall favourable assessments by the ITAP in the individual sections, ITAP may wish to modify the recommendation appropriately and consistent with previous practice.

## **Reply to the Independent Technical Advisory Panel’s assessment (FP083)**

Proposal name: Indonesia Geothermal Resource Risk Mitigation Project  
 Accredited entity: World Bank (WB)

<b>Impact potential</b>
No comment.
<b>Paradigm shift potential</b>
No comment.
<b>Sustainable development potential</b>
No comment.
<b>Needs of the recipient</b>
No comment.
<b>Country ownership</b>
No comment.
<b>Efficiency and effectiveness</b>
No comment.
<b><i>Overall remarks from the independent Technical Advisory Panel:</i></b>
No comment.

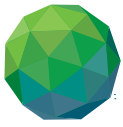
## **Reply to the Independent Technical Advisory Panel’s assessment (FP084)**

Proposal name: Enhancing Climate Resilience of India’s Coastal Communities

Accredited entity: United Nations Development Programme (UNDP)

<b>Impact potential</b>
The HIGH rating is noted.
<b>Paradigm shift potential</b>
The HIGH rating is noted.
<b>Sustainable development potential</b>
The MEDIUM rating is noted. The project has significant synergistic benefits across resilient ecosystems and livelihoods yielding environmental, social, and economic benefits including carbon sequestration; improved safety, food security, and quality of life; as well as improved incomes and job opportunities with strengthened ecosystem services and agricultural value-chains.
<b>Needs of the recipient</b>
The HIGH rating is noted.
<b>Country ownership</b>
The HIGH rating is noted. We note that consultations with community representatives were underestimated, based on a reference to the Feasibility Study, not the Stakeholder Consultations annex which details this information. The Stakeholder Consultation Report, now further updated, details 17 community-level consultations were held between August and December 2016 in the three states.
<b>Efficiency and effectiveness</b>
The MEDIUM rating is noted, with the positive findings on cost-effectiveness and efficiency, co-financing, and application of best practices. With the integrated approach to ecosystem restoration and mutual reinforcing benefits of resilient ecosystems and livelihoods, the project has overall significant economic returns and efficiencies.





***Overall remarks from the independent Technical Advisory Panel:***

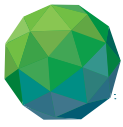
We thank the iTAP for the recommendation approving this project.

We also note the panel's recommendation for a potential "payment for ecosystem services" mechanism and will explore this with the project proponents, the MoEFCC and State Governments, as an opportunity for expansion/scalability.

## Reply to the Independent Technical Advisory Panel's assessment (FP085)

Proposal name: Green BRT Karachi  
 Accredited entity: Asian Development Bank (ADB)

<b>Impact potential</b>
Thank you
<b>Paradigm shift potential</b>
Thank you
<b>Sustainable development potential</b>
Thank you
<b>Needs of the recipient</b>
Thank you
<b>Country ownership</b>
Thank you
<b>Efficiency and effectiveness</b>
Thank you
<b><i>Overall remarks from the independent Technical Advisory Panel:</i></b>
Accepted and will be implemented



## Reply to the Independent Technical Advisory Panel's assessment (FP086)

Proposal name: Green Cities Facility

Accredited entity: European Bank for Reconstruction and Development (EBRD)

### **Impact potential**

Thank you for the positive review.  
No further comments.

### **Paradigm shift potential**

Thank you for the positive review.  
No further comments.

### **Sustainable development potential**

Thank you for the positive review.  
No further comments.

### **Needs of the recipient**

Thank you for the positive review.  
No further comments.

### **Country ownership**

Thank you for the positive review.  
No further comments.

### **Efficiency and effectiveness**

Thank you for the positive review.  
No further comments.

### ***Overall remarks from the independent Technical Advisory Panel:***

Thank you for your recommendation.

## **Reply to the Independent Technical Advisory Panel’s assessment (FP087)**

Proposal name: Building livelihood resilience to climate change in the upper basins of Guatemala’s highlands

Accredited entity: International Union for Conservation of Nature (IUCN)

### **Impact potential**

Thank you for your review, TAP’s comprehensive analysis of the impact potential is appreciated. However, comment 14 requires further clarification:

The rationale for the climate-driven information system supporting the logic of the project’s interventions (explained in page 21 of the FP, and graphically in Figure 6, as well as in Annex 21) reinforces that decision making at the plot level will rely on EbA practices supported by climate-related information delivered to local producers and farmers via an early warning system that is culturally and technologically adapted. The logic for this is that rural Highland farmers are particularly vulnerable to the unpredictability and intensity of hydro-meteorological events, with experience showing that early warning systems can bring benefits to these otherwise marginalized groups. Information will be delivered by using and strengthening existing networks and mechanisms in the area: INSIVUMEH local capacities, local CBOs, extension workers from MAGA and INAB, and via communication means (TV, radio and newspapers).

### **Paradigm shift potential**

Thank you for the positive assessment.

### **Sustainable development potential**

Thank you for the assessment. The proposal has indeed multiple co-benefits that contribute to Guatemala’s sustainable development. Biodiversity enhancement is in fact an underlying principle of EbA. The utilization of native species and use of local biodiversity in EbA practices is stated in Table 1, Annex 21, as a key element for EbA – “EbA makes active use of biodiversity and ecosystem services”; Table 2 as one Dimension that needs to be satisfied to be considered agricultural EbA (Ecosystem-basedness). Additionally, in the FP, Table 1. “Agricultural practices that promote ecosystem-based adaptation, listing relevant species” a list of native and appropriate species are listed according to the EbA practice type.

### **Needs of the recipient**

No further comment, EA appreciates and shares TAP assessment on the high needs of Guatemala as recipient of this project.

**Country ownership**

No further comment, EA appreciates and shares TAP members' assessment on the high level of country ownership.

**Efficiency and effectiveness**

Thank you for your assessment, no further comment.

***Overall remarks from the independent Technical Advisory Panel:***

TAP inputs to the proposal are highly appreciated as well as its endorsement. Interaction with TAP members allowed for a rich and fruitful discussion which enhanced the proposal in several fronts. Regarding the proposed conditions:

Condition 1. A suite of possible EbA practices to be promoted by the Grant Project Mechanism are described in Annex 21 – EbA mainstreaming and implementation mechanisms. These measures must be in response to hydro meteorological events that are both being evidenced, as well as forecast (e.g. such as information disseminated to the agricultural sector through the Regional Climate Forum). In preparing the TORs of the Grant Mechanism's call-for-proposals, specific consideration will be given to the forecasts currently being produced and those that will be fine-tuned to the Guatemalan highlands. A report will be presented to the GCF Secretariat, after signature of the Agreement, to lay out the steps to incorporate climate-related information criteria into each call for proposals.

Condition 2. The condition has been addressed, as the Steering and Evaluation Committees for the Grants accommodate now a broader group of stakeholders (as reflected in Annexes 14 – Governance Structure for the Grant Mechanism and Annex 23 – Grant Mechanism Manual):

Ministry of Planning (Segeplan) and Ministry of Agriculture are now part of the Steering Committee of the Project, as reflected in the Grant Operations Manual; and

Evaluation Committee accommodates a representative from Civil Society and an additional member from academia as reflected in the Grant Operations Manual and Governance Structure for the Grant Mechanism.

## **Reply to the Independent Technical Advisory Panel's assessment (FP088)**

The funding proposal of FP088 will not be considered by the Board at its twenty-first meeting.

## Reply to the Independent Technical Advisory Panel's assessment (FP089)

Proposal name: Upscaling climate resilience measures in the dry corridor  
agroecosystems of El Salvador (RECLIMA)

Accredited entity: Food and Agriculture Organization of the United Nations (FAO)

### Impact potential

We thank the iTAP for reviewing the project. We believe that the project has a significant impact potential on a highly vulnerable setting. The Climate Change Vulnerability Index classifies El Salvador at extreme risk. El Salvador's high dependence on the agriculture sector as a source of income and employment is reflected in this risk classification in terms of its low adaptive capacity. The World Risk Report (2016) ranked El Salvador as the world's 8th in highest in exposure and 1th most at risk. The 2007-2008 agricultural census identified that at least 395,000 farmers struggle to feed their families and generate and sell surplus. The project has a high impact potential targeting a significant number of beneficiaries, in particular it will benefit to 225,000 farmers in 50,000 family farms, representing 12.6% of the total number of farmers of the country and 33% of the most vulnerable being affected by climate change in the Dry Corridor of El Salvador.

We would like to clarify that the number of families to benefit from increased access to safe water supply is 3,930 instead of 1,328 as stated in the assessment.

### Paradigm shift potential

The project is transformative. It will shift practices from the current non-sustainable agricultural production system in the country to a resilient sustainable food system. The main baseline investment, the Paquete Agrícola, provides un-adapted standard seeds (hybrids) and synthetic fertilizer that does not promote climate adaptive practices. Because of the dire state of agriculture in El Salvador and the increasing effects of climate change, the immediate short-term needs is to focus on changing the foundation of the food production system and developing the basic infrastructure, technical expertise and technical knowledge for agricultural sustainability and resilience.

The national priority is to address sustainability and resilience of basic staple foods by transforming the existing national program to Paquete Agrícola ++ that: scales up the use of resilient opened pollination seeds varieties, mainstreams adaptation practices, enriches extension services by enabling learning and integrates the landscape approach, encourages agriculture and environment institutions to work together, and improves water collection and management systems. Beyond the successful transformative shift in the food systems, the project also promotes alternatives and options for crop diversification through supporting vegetable gardens and through technical assistance in farmer field schools, promoting sorghum, cassava, sweet potato, medicinal plants, fruit trees (mango, citrus). However, the staple crops are the priority and these diversification options are typically less water efficient. In the medium- to long-term, the government will have the ability to expand this sustainable system nationally to be able to stabilize food security, diversify the food production system

(including improving access to markets to increase food security and diversify livelihood options)

The approaches promoted in the project are scalable with continued national investments. The project is leveraging on existing national, municipal and community arrangements that can sustain the initiatives beyond the project lifetime. The national government can translate the same approaches to cover other vulnerable communities in the region. The project will collect lessons learned through a robust monitoring and evaluation process, including impact evaluation, on technical aspects, participatory mechanisms, and governance and coordination of government agencies that are key to project success.

### **Sustainable development potential**

We thank the iTAP for the positive feedback. For clarification, the project interventions address behavioral shift at the family farmer level as well as in governance. It aims to change behaviors and practices to a sustainable pathway focusing on agroecosystem-based adaptation, productivity, livelihood and structural diversification, farmer-led technology development and knowledge management, community-based landscape governance ecosystem restoration and provision of increased services and information-led approaches to adaptation. Clustering of beneficiaries and location relative to restoration areas is included in the community-level planning and prioritization exercises to be facilitated by Community Development Associations (ADESCOs). Co-benefits include increased food production leading to savings on food expenditure, increased incomes through the sale of surplus production, improvements of the quality of water used for domestic purposes, improvements in the nutritional quality of the diets and improvements in social cohesion. The financial and economic analyses show that the agro-ecosystem and agroforestry interventions do provide positive benefits relative to the non-adaptive scenario, which could lead the beneficiaries to a resilient sustainable development pathway.

Under Activity 1.3 the project will strengthen human and institutional capacities for sustainability and scaling up of adaptation strategies, involving Farmer Field Schools and ADESCOs for communication between farmers and community members, and local governments as channels for inter-community communication.

The project includes several activities focused on women’s decision-making, and the leadership role of women in land management and agriculture as described in the RECLIMA Gender Action Plan.

### **Needs of the recipient**

We thank the iTAP for the positive feedback. The project will directly reinforce municipal governance and community involvement. The project will work within existing structures at both municipal and community levels that are formally recognized in national legislation with regards to roles, functions and responsibilities, and have been proven to work and to enjoy social legitimacy; and to exercise leverage on local planning processes. The project will focus on municipalities and community-based organizations (CBOs). In particular, ADESCOs will be the principal mechanism for project interaction with local communities. Municipalities and



ADESCOs will be empowered to influence project implementation directly, through their participation in the local level project Territorial Steering Committees (TSC), and focus for self-oversight in local communities. ADESCOs are important for community mobilization and can follow up and oversee actions on the ground. This will be key in ensuring the sustainability of RECLIMA activities, particularly on watershed rehabilitation and restoration.

### **Country ownership**

We thank the iTAP for the positive feedback. We agree with the iTAP that there are complex governance and institutional arrangements at different levels and different sectors. In fact, the project will directly support the increased effectiveness of these institutions. The project approach is in accordance with the principles of “nested governance”, in which resource management based on integrated and well-linked resource systems (nested within national and local agendas, regimes, networks, and legal systems) and with multiple beneficiaries are more robust/resilient than systems with fewer linkages.

We emphasize that as part of the activities, the project will mainstream climate change in already existing governance structures and in planning instruments such as territorial planning documents, watershed management plans, participatory strategic plans, municipal risk management plans, and local sustainable development plans. This is reflected in Activity 3.2.3, where guidelines and training on mainstreaming will be provided to local governments.

### **Efficiency and effectiveness**

The project was designed to integrate with national initiatives. The financial structure, including GCF funding and co-funding, is designed leveraging on different sources to generating a catalytic, coordinated and transformative investment.

The project is not the sum of three different projects from different national agencies. The project draws on different institutions expertise and mandates to leverage national processes and investments in the effective execution of the integrated project. Regarding the Paquete Agrícola (MAG), as mentioned, the project is proposing to transform this Government’s existing programme to a climate-proof one, reducing the climate change risk that could affect this national investment. Regarding the co-financing from FIAES, this will be devoted for implementing restoration actions in buffer/adjacent zones of conservation areas inside the project intervention area, ensuring the provision of ecosystem services. MARN will co-finance human technical capacities development in the areas of disaster risk reduction; climate change adaptation and mitigation; ecosystem and landscape restoration; integrated water management and environmental sanitation; promotion of environmentally responsible citizenship; and environmental assessment services. National investments, together with the project, offer a unique opportunity to be a vehicle for a nationwide upscaling.

Moreover, the Project has a high-level governance board that reports directly to the Environmental Sustainability and Vulnerability Cabinet that brings together six Ministries and its mandate is to coordinate national efforts and investment to comply the National Development Plan on matters of vulnerability reduction and the environment. This ensures cohesion in project implementation and consistency in planning processes and policies.

About market access and financial returns, the project is a targeted investment aimed at improving climate resilience of farmer production systems and enabling them to have food

security and sell excess products to the market. While value chains are important in ensuring sustainability of production systems, the project will leverage on existing initiatives that support them. On the issue of financial schemes for farmer support, the project directly addresses this through Activity 3.2 where the project provides recommendations to Agricultural Development Bank (BFA) for their lending portfolio to cover adaptation measures and target the project beneficiaries.

On sustainability, the project strategy is to leverage on the annual planning of municipalities that allows them to allocate resources to the sustainability of ecosystem services activities. The monetary resources required are reasonable and the maintenance activities are mostly manual weeding, periodic clearance of firebreaks, vigilance against fires and grazing, agricultural clearance, and mobilizing communities for stewardship and awareness campaigns.

***Overall remarks from the independent Technical Advisory Panel:***

Regarding the landscape approach, related family interventions and sustainability of interventions, as mentioned, the project aims to improve the resilience of vulnerable family farmers to climate change through an integrated landscape approach, featuring: the promotion of practical on-farm measures for increasing the resilience of agricultural production systems (which form the principal bases of livelihood support systems); the introduction of household and community level systems for ensuring water supply through rainwater capture and storage; the maintenance of flows of environmental services of importance for livelihoods and agriculture, through improvements to production systems on-farm and the restoration and conservation of degraded ecosystems off farm. By scaling up adaptation measures to landscape and sub-national levels, the project will bring about a paradigm shift in relation to agroecosystem-based climate change adaptation. The project outcomes will be sustained through: i) the selection and promotion of agroecosystem-based adaptation measures that are financially viable and offer economic benefits; ii) participation and ownership in the identification, generation and adoption of adaptation measures, including the participatory identification of areas for ecosystem restoration; iii) the mainstreaming climate change and adaptation measures into existing national programmes; iv) technical support to local financial institutions in designing products that promote adaptation; and v) information sharing to decision-makers and policy formulators to encourage a favorable enabling environment for the sustainability and scaling up of the proposed adaptation and mitigation measures.

Regarding the proposed iTAP conditions, FAO considers that in many cases, the information has been already provided in the funding proposal and respective annexes or they are considered as project activities. Nevertheless we consider that some requested information could be useful to guide sound project implementation.

Condition 1. The communication strategy mentioned by the iTAP under condition 1 to transfer technology and knowledge to communities, is part of the project implementation and it is considered in the funding proposal under inputs: 1.1.1 Facilitation of participatory situation analysis and adaptation technology validation, 1.1.2 Provision of technical assistance for the application of agricultural resilience measures, 1.1.3 Facilitation of the formulation of farm adaptation plans, 1.3.1 Development of capacities for innovation and adaptive management, and 3.1.1 Train local project beneficiary organizations to participate in local planning and decision-making processes. Therefore FAO suggests that consistent with the project design, this should continue to be done in implementation instead of a condition precedent for first disbursement.

All the other elements under this condition can be addressed under the requested plan of action or project operational manual. We suggest for the outline of the plan of action or project operational manual to be agreed with the GCF Secretariat.

Condition 2. The information for the specific water system interventions including technologies, schematic designs, costs, selection processes for beneficiaries, operations and maintenance plans has been included in the funding proposal Section C.3, in the Feasibility Study (pages 94-103) and in supplementary material to Feasibility Study (Annex B.2- Rainwater Harvest System). The proposed systems have been widely tested in the country and elsewhere (Refer to Funding Proposal paragraphs 86- 88). FAO will compile all this information and include it in a revised plan as requested by iTAP. We suggest for the outline to be agreed with the GCF Secretariat.

Condition 3. It is recognized that market access has the potential to support vulnerable families to improve their resilience to face external shocks in the case of farmers having production surpluses. FAO will prepare a plan that involves market and financial mechanisms integrating existing national initiatives from the Ministry of Agriculture and Livestock (Agribusiness Division) that promotes and articulates actions to link producers to sustainable insertion in agricultural markets and offers services for: i) incorporation of producers to marketing events carried out by the MAG, ii) promotion of commercial links between final consumer producers, iii) advice to producers on issues of business management, costing, negotiation and marketing of products; and iv) providing information on markets to the agricultural sector.

This plan will also include the recommendations for the expansion of the Agricultural Development Bank (BFA) lending portfolio to cover adaptation measures and target the project beneficiaries (refer to funding proposal activity 3.2). The suggested plan can constitute a project activity ideally implemented around the mid-term, rather than a condition for disbursement. As these are project activities, we suggest that the delivery of the plan itself is not considered as a condition prior to the first disbursement, but could be delivered in the implementation phase.

## **Reply to the Independent Technical Advisory Panel’s assessment (FP090)**

Proposal name: Tonga Renewable Energy Project under the Pacific Islands Renewable Energy Investment Program

Accredited entity: Asian Development Bank (ADB)

<b>Impact potential</b>
<p>Thanks a lot for iTAP’s positive comments with the ‘High’ rating. A couple of minor corrections are as follows:</p> <ul style="list-style-type: none"> <li>(i) Under Phase 3, 4 MW solar PV farms 3.8 MW wind farm are expected to be developed by the private sector;</li> <li>(ii) A total target installed capacity of BESS on Tongatapu is 10.1 MW/19.9 MWh.</li> </ul>
<b>Paradigm shift potential</b>
<p>Thanks a lot for iTAP’s positive comments with the ‘High’ rating.</p>
<b>Sustainable development potential</b>
<p>Thanks a lot for iTAP’s positive comments with the ‘High’ rating.</p>
<b>Needs of the recipient</b>
<p>Thanks a lot for iTAP’s positive comments with the ‘High’ rating.</p>
<b>Country ownership</b>
<p>Thanks a lot for iTAP’s positive comments with the ‘High’ rating. A minor correction is that so far GCF’s Board approved three funding proposals for the Pacific prepared by ADB (Fiji, Nauru and the Cook Islands). The funding proposal has been revised accordingly.</p>
<b>Efficiency and effectiveness</b>
<p>Thanks a lot for iTAP’s positive comments with the ‘High’ rating. A minor correction is that ADB is expected to provide USD 12.20 million in the form of a grant</p>
<b><i>Overall remarks from the independent Technical Advisory Panel:</i></b>
<p>Thanks a lot for recommending that the Board approve this project funding proposal. As part of ADB’s standard project preparatory requirements, the project administration manual (PAM) will be prepared. As iTAP requested, we will include the methodology covering GHG emissions reductions brought about by the funded activity in the PAM and submit it to the GCF secretariat prior to the FAA execution.</p>

## Reply to the Independent Technical Advisory Panel's assessment (FP091)

Proposal name: South Tarawa Water Supply Project

Accredited entity: Asian Development Bank (ADB)

### Impact potential

Thank you for your comments and the positive review. We agree with the assessment that the impact potential is high, especially given the project will directly increase climate resilience of the entire population of South Tarawa (53% of Kiribati's population).

(6) Sea level rise *will* increase the incidence of overtopping. However, current and future incidences are not *known*. Note the return periods provided are based on models, not measurements.

(8) Although there are no recorded incidents of climate events affecting the lens yield; best available projections are that climate change will result in future events. Further, as overtopping and prolonged drought are separate phenomena, they could occur simultaneously with catastrophic impact.

(16) The climate change and WASH awareness program has been designed to reach all South Tarawa's communities.

(18) Solar offset in 2041 (73%) is conservative, assuming the balance of renewables/fossil-fuel generated electricity is the same in 2041. Government plans to increase the proportion of renewable energy in Tarawa hence it is expected that solar offset in 2041 will be higher than the 73% indicated.

(footnote 6): The FP and Annex 5 analyzed and interpreted BIVA's findings. The FP did not refer to BIVA's conclusions.

### Paradigm shift potential

Thank you for your comments and positive review. We agree that the project has significant potential for replication in other Pacific Islands.

(21) On innovation, desalination at the scale proposed for South Tarawa has not been implemented to-date in the Pacific Islands, nor has any desalination project in the Pacific had a renewable energy offset at the scale proposed. Further, performance-based contracts are considered an innovative approach to contracting water supply services in the Pacific.

(24) The updated figure for additional support to offset PUB's operating losses is around A\$1.5m (\$1.1m). Government has provided a community service obligation (CSO) in recent years to assist PUB to deliver water and wastewater services to the people of South Tarawa. The CSO has varied year to year and been as high as A\$1.85m (\$1.4m).

### **Sustainable development potential**

Thank you for your comments and positive review. We agree that the most significant social co-benefit relates to the improvement in health that will be achieved by the significant increase of safe potable water availability. Overall, we expect the provision of a safe, sufficient, climate-resilient water supply will be a truly transformative event in the lives of all people in South Tarawa, and that the health, social, gender, economic and environmental co-benefits will be significant.

(30) Non-physical environmental co-benefits (such as improved use, management and conservation of freshwater) will be derived through environmental, health and safety training, capacity building, and implementation of the water conservation and WASH awareness program.

(33) Expected results of the South Tarawa Sanitation Improvement Sector Project include that 80% of the South Tarawa community in the 3 main population centers (Bairiki, Betio, and Bikenibeu) will have access to improved sanitation by end-2019. Refer <https://www.adb.org/projects/documents/kir-south-tarawa-sanitation-improvement-af-rrp>.

### **Needs of the recipient**

Thank you for your comments and positive review. We agree that the needs of Kiribati are high, given the country's high vulnerability to climate change; its classification as a SIDS, Fragile State and Least Developed Country; and limited financial capacity.

(40) See response to para 8 above.

(footnote 21) note that BIVA (not prepared for this project) modelled sea overtopping in different scenarios. This Proposal analyzed BIVA's findings. It found that serious overtopping could be expected every 100 years in current climate. With climate change, it can be expected every twenty years.

### **Country ownership**

Thank you for your comments and positive review. We agree that Kiribati's ownership of this project is high, as reflected in national policies and strategies; Government's significant contribution to the project and commitment to meeting the balance of financial resources needed for ongoing O&M; and the high level of engagement with civil society that will continue during project implementation.

Please note the figure of \$1.5m presented for the Government's contribution reflects only the cash contribution, and excludes the significant in-kind contribution made by the Government (e.g. tax exemptions, the utility's involvement in pipe-laying works, land, staff assigned to the PMU and office space). The \$1.5m cash contribution will fully finance the implementation of safeguards, gender action plan, participation plan and stakeholder communication strategy, as well as part of the water supply network rehabilitation. Government is also financing (parallel to the project) the provision of rainwater tanks to all households in Kiribati – an important complementary initiative that will further strengthen the resilience of Kiribati's water sector.

### **Efficiency and effectiveness**

Thank you for your comments and positive review. Please note the following:

(52) Selection of desalination is based on investigations over several years by different institutions - see FP F.2.

(55) Overall per capita cost represents the relatively high costs of infrastructure and project implementation in a remote island context. As noted in the assessment, desalination is the most cost-effective and reliable climate resilient option for meeting South Tarawa's water needs.

(58) Please note update to EIRR = 13%

(61) Please note update to GCF funding = 49%

(62) Baseline design considered traditional water meters for operational simplicity. Should PUB wish to introduce prepaid meters, the project could undertake deeper assessment/piloting of feasibility in some South Tarawa's communities with PUB's capacity.

### ***Overall remarks from the independent Technical Advisory Panel:***

Thank you for your positive review and remarks on the STWSP.

The current drinking water system depends on water supply from the underground lenses and then distribution through a reticulated network. Current problems are with the network – it is dilapidated due to lack of investment and O&M. Currently, the lenses are in good condition – although withdrawals are close to the sustainable limit. Looking into the near future, the water in these lenses is seriously threatened by climate change and they can no longer be fully relied upon as the main source of water. It is this urgent need for a climate resilient water source to which this project, with GCF support, responds. The project also responds to the development needs (i.e. rehabilitating the network) and this will be financed by the ADB and World Bank.

Willingness to pay has been demonstrated through (i) several studies outlined in the FP section F.1; and (ii) the fact that many are already paying for water at a rate much higher than that presented in the “working tariff”. A willingness to pay study is ongoing as of June 2018 and results are expected mid-2018. 100% of South Tarawa's population will have access to treated water through household connections, and community tap stands will provide free water as a safety net for the poor. The latter is expected to minimize the likelihood that consumers would still choose to use contaminated groundwater over charged piped water.

## Reply to the Independent Technical Advisory Panel's assessment (FP092)

Proposal name: Programme of integrated development and adaptation to climate change in the Niger basin (PIDACC/NB)

Accredited entity: African Development Bank (AfDB)

### Impact potential

Thank you for the positive review.

No further comments.

### Paradigm shift potential

Thank you for the positive review.

No further comments.

### Sustainable development potential

Thank you for the positive review.

No further comments.

### Needs of the recipient

Thank you for the positive review.

No further comments.

### Country ownership

Thank you for the positive review.

No further comments.

### Efficiency and effectiveness

Thank you for the positive review.

No further comments.

### *Overall remarks from the independent Technical Advisory Panel:*

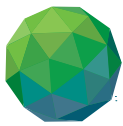
Thank you for your recommendation.



## **Reply to the Independent Technical Advisory Panel’s assessment (FP093)**

Proposal name: Yeleen Rural Electrification Project in Burkina Faso  
 Accredited entity: African Development Bank (AfDB)

<b>Impact potential</b>
<p>Thank you for the positive review.</p> <p>Two regions to be selected with the Government of Burkina Faso according to the following criteria: (i) distance from existing national electricity network, (ii) population density, (iii) power purchase of the population and economic activity in the region, and (iv) security. At this stage, two potential regions have been identified for fast track implementation: Boucle de Mouhoun and Hauts-Bassins. Final decision on the regions will be taken through Component 1.</p> <p>Further, successful developers will be contracted for mini-grid operation for the term of the concession, which tenor could be adjusted depending on the recommendations from the execution of Component 1.</p>
<b>Paradigm shift potential</b>
<p>Thank you for the positive review.</p> <p>No further comments.</p>
<b>Sustainable development potential</b>
<p>Thank you for the positive review.</p> <p>No further comments.</p>
<b>Needs of the recipient</b>
<p>Thank you for the positive review.</p> <p>No further comments.</p>
<b>Country ownership</b>
<p>Thank you for the positive review.</p> <p>No further comments.</p>
<b>Efficiency and effectiveness</b>



Thank you for the positive review.

No further comments.

***Overall remarks from the independent Technical Advisory Panel:***

Thank you for your recommendation.

## Reply to the Independent Technical Advisory Panel’s assessment (FP094)

Proposal name: Ensuring climate resilient water supplies in the Comoros Islands

Accredited entity: United Nations Development Programme (UNDP)

### Impact potential

**ITAP comment:** “Activity 2.2, related to the implementation of EbA measures, is briefly described, lacking data on implementation areas and means. As per table 1 of funding proposal, only US\$190,000 would be allocated for the implementation of these measures. This represents 0,3% of total project budget. In response to comments from the iTAP, the proponent explained that the funds would not be used to finance the implementation cost of the EbA activities but rather to mobilize watershed stakeholders to alter their land use practices to improve the resilience of local water supplies. Given the lack of an adequate description of previously identified EbA measures and coverage, the impact potential of this activity cannot be properly assessed.” (Pg. 2 Paragraph 7)

**UNDP Response:** The EbA measures are: reforestation, re-vegetation in riparian zones, buffer no-go areas, and improved farming and other land-use practices in priority sites to promote anti-erosion, slope stabilization, water retention and run-off capture in 32 catchments (FP pg. 21, 33, 63, 95). The expected results are reduced impact of climate extreme events on water supply quantity and quality and improved quality and quantity of groundwater recharge and surface water (Annex II Pg. 93, 117, 118). This will secure year-round access to reliable and safe water supply and additional health, economic and social benefits for 450,000 residents, including 229,500 women.

### Paradigm shift potential

**ITAP comment:** “The implementation of EbA measures could be considered innovative, but the impact potential of this activity cannot be properly assessed.” (Pg. 3 Paragraph 17)

**UNDP Response:** We thank the iTAP for recognizing the innovative aspects of the EbA measures. These measures will contribute to improved quantity and quality of water resources by reducing flood and drought induced pollution on surface water and improving groundwater recharge. These measures will reduce soil erosion and restore watershed habitats through reforestation and re-vegetation with native drought-tolerant species. These measures will improve drinking water quantity and quality, particularly in periods of drought, cyclones and associated flooding events. These measures will increase the climate resilience of agriculture and food production, that also contributes to combatting food insecurity, malnutrition and slow development rates.

### Sustainable development potential

**Environmental co-benefits**

**ITAP comment:** *“Other environmental co-benefits reside on the EbA measures. Even though potential EbA measures are mentioned but not described on the proposal, it can be said that, in general, re-vegetation of riparian zones, reforestation of river basins, and improvement of farming practices and other land use practices will have positive impacts on water quality, soil erosion, siltation of riverbeds, biodiversity and groundwater recharge. Nevertheless, the impact potential of this activity cannot be properly assessed because of lack of data.” (Pg. 5 Paragraph 4)*

**UNDP Response:** We thank the iTAP for recognizing the environmental benefits of the EbA measures. These measures will reduce time lost by women and girls in fetching/carrying water during dry seasons for approximately 2 km/day (FP pg.60). The time saved enables increased school attendance and/or household income, as women are responsible for household food production. The improved baseflows, reduced flood flows and reduced stream turbidity will contribute to healthier aquatic eco-systems (SDG 6,15,14). Additionally, these measures will contribute to SDG1, SDG2 hunger, SDG3 good health and well-being (benefitting 1,300,000 people/ of which 604,500 are women) and SDG5 gender (benefitting 604,500 women).

**Needs of the recipient**

**ITAP comment:** *“The proposal states that the upgrade of water treatment systems, as included in the project, is required to overcome the decrease in raw water quality as a result of more frequent storms due to climate change. However, the majority of water destined for domestic use in the Comoros is not treated, and when it is treated, the treatment includes only minimal chlorination. Water-borne diseases are increasingly common: typhoid fever and diarrhoea are the leading sicknesses for children between 3 and 5 years. This shows that the most important issue is the lack of efficient water treatment and not the effects of climate change.” (Pg. 6 Paragraph 17)*

**UNDP Response:** The impacts of climate change on water resource availability in Comoros is scientifically determined (Annex II pg. 20-32; FP pg. 9-13). We recognize that there are development challenges, as there is in any least developed country. These challenges are being handled by other development initiatives. This project is focused on reducing climate change impacts and increasing the resilience of safe water access by addressing: the risks of increased water turbidity and loading due to climate change; and the increased need for water storage due to intake shut-offs in Anjouan and Moheli and controlled pumping in Grande Comore (FP pg. 17-20).

**Country ownership**

**UNDP Response:** We acknowledge the ITAP comments.

**Efficiency and effectiveness**

**UNDP Response:** We acknowledge the ITAP comments.

***Overall remarks from the independent Technical Advisory Panel:***

**UNDP Response:** We acknowledge the ITAP comments.

## Reply to the Independent Technical Advisory Panel's assessment (FP095)

Proposal name: Transforming Financial Systems for Climate (The "TFSC programme")  
 Accredited entity: Agence Française de Développement (AFD)

<b>Impact potential</b>
/
<b>Paradigm shift potential</b>
/
<b>Sustainable development potential</b>
/
<b>Needs of the recipient</b>
/
<b>Country ownership</b>
/
<b>Efficiency and effectiveness</b>
/
<p><b>Overall remarks from the independent Technical Advisory Panel:</b>          Thank you for your positive assessment. We would like to add the following comment related to AFD's engagement with Direct Access Entities (DAEs):</p> <p>AFD, as an international entity, committed through its AMA signed with the GCF to support potential subnational, national and regional entities to meet the accreditation requirements of the GCF in order to enhance country ownership.</p> <p>Through the implementation of the TFSC Programme, which includes a TA component aiming at strengthening the capacities of the LFPs targeted by the Programme, AFD will play this role. While the financial component will provide additional climate finance flows to the countries, the TA component is designed to remove the barriers preventing the financial institutions from financing climate investments. In addition, peers dialogue between LFPs and AFD teams could take place during the implementation of the Programme on climate finance, E&amp;S standards and risk management, compliance and fight against money laundering and terrorism financing or procurement process.</p> <p>Through this specific and tailor-made technical support, the implementation of the TFSC Programme will help the LFPs wishing to directly access the GCF resources, to develop their capacities, awareness, operational track record, climate strategies and E&amp;S standards, all required in the GCF accreditation process.</p>



AFD does not have any other significant comment with respect to the TAP assessment.

## **Reply to the Independent Technical Advisory Panel’s assessment (FP096)**

Proposal name: DRC Green Mini-Grid Program  
 Accredited entity: African Development Bank (AfDB)

<b>Impact potential</b>
Noted and no further comments.
<b>Paradigm shift potential</b>
A need to involve local technical experts, private sector and renewable energy professionals to build their capacity for green mini-grid design and implementation for future replication is well noted. This has been captured in the TA budget funded by GCF and AfDB (USD 200,000).
<b>Sustainable development potential</b>
Noted and no further comments.
<b>Needs of the recipient</b>
Noted and no further comments.
<b>Country ownership</b>
Noted. AfDB will ensure the development of a pool of local professionals for future green mini-grids through the TA support.
<b>Efficiency and effectiveness</b>
Noted and no further comments.
<b>Overall remarks from the independent Technical Advisory Panel:</b>
The recommendation from the ITAP to produce a revised plan for local technical capacity building is well noted.



## **Reply to the Independent Technical Advisory Panel’s assessment (FP097)**

Proposal name: Productive Investment Initiative for Adaptation to Climate Change  
(CAMBio II)

Accredited entity: Central American Bank for Economic Integration (CABEI)

### **Impact potential**

AE concurs with iTAP assessment and recommendation.

It is important to note that the Programme will involve at least 21 financial intermediaries (IFIs), from CABEI's network which has nowadays 98 institutions. Therefore, a substantial number of additional IFIs could eventually be eligible for the Programme if they meet the requirements.

On another note, in addition of the targets of 5,000 rural MSMEs (17,000 direct and 50,000 indirect beneficiaries), the Programme aims to reach objectives that increase ecosystems' resilience. The targets are 63,776 hectares of agricultural land made more resilient and 60,478 hectares of strengthened ecosystems in response to climate variability and change.

The Programme Management Unit (PMU) will be composed of an Adaptation Specialist, an Environmental and Social Specialist and a Capacity Building Officer that will count with administrative support, and that will team up with the Monitoring and Evaluation Specialist (CABEI as Accredited Entity) and the Country Officers that are already part of CABEI for the management of intermediated programmes. CABEI will provide as well technical support to the PMU, besides its other functions as Accredited Entity.

Finally, CABEI agrees with iTAP in the importance of concentrating loans in areas that could potentially have more borrowers who are able to work together to facilitate the adaptation of ecosystems in a more effective manner. For this reason, the Programme has included associative projects and the consideration of the landscape approach among its priority criteria. This will be added to the efforts of the strategies for monitoring and learning from successful adaptation models in prioritized subsectors that, as highlighted by iTAP, will have the potential to be scaled up and eventually have aggregated impacts.

### **Paradigm shift potential**

AE concurs with iTAP assessment

### **Sustainable development potential**

AE concurs with iTAP assessment and recommendation.

Consideration of loans within similar geographic locations is taken into account in the Programme. It will be reinforced by the prioritization of associative projects and the landscape approach.

**Needs of the recipient**

AE concurs with iTAP assessment.

As a complementary comment: according to Germanwatch's last report (2018), Honduras has been the most affected country in the world by extreme weather events in the last 20-year period (1997-2016). Nicaragua and the Dominican Republic are as well in the list of the 10 most affected countries in this period.

**Country ownership**

AE concurs with iTAP assessment and recommendation.

With regards to the iTAP's recommendation, CABEI confirms that its long-term alliances with strategic qualified partners will enable the engagement of Technical Assistance Providers (TASPs) that will be translated into a successful incorporation of suggestions and approach to developing operational manuals, workshops and technical assistance with an appropriate climate change focus.

**Efficiency and effectiveness**

AE concurs with ITAP assessment.

**Overall remarks from the independent Technical Advisory Panel:**

AE concurs with ITAP remarks and recommendation.

## **Reply to the Independent Technical Advisory Panel’s assessment (FP098)**

Proposal name: DBSA Climate Finance Facility  
 Accredited entity: Development Bank of Southern Africa (DBSA)

<b>Impact potential</b>
AE concurs with ITAP assessment
<b>Paradigm shift potential</b>
AE concurs with ITAP assessment
<b>Sustainable development potential</b>
AE concurs with ITAP assessment
<b>Needs of the recipient</b>
AE concurs with ITAP assessment
<b>Country ownership</b>
AE concurs with ITAP assessment
<b>Efficiency and effectiveness</b>
AE concurs with ITAP assessment
<b>Overall remarks from the independent Technical Advisory Panel:</b>
AE concurs with ITAP remarks and recommendation

## **Reply to the Independent Technical Advisory Panel’s assessment (FP099)**

Proposal name: Climate Investor One  
 Accredited entity: Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden  
N.V. (FMO)

<b>Impact potential</b>
<p>Many thanks for iTAP’s comments and assessment. We would like to add that CIO’s impact is created not only via the renewable energy capacity installed in target countries, but also through catalyzing and attracting funding from investors that have little to no footprint in CIO’s geographies, nor asset type, such as institutional investors. We agree that DFI’s and multilateral development agencies are active in our target countries, however large pension funds and asset managers are largely absent in Africa and developing Asia, especially in unlisted and long-term vehicles such as CIO. We would like to stress that in order to meet the funding requirements to keep temperature rise below 2<sup>o</sup>C this type of institutional and commercial investor capital must be mobilized, which is what CIO is designed to accelerate and amplify.</p> <p>We would also like to note that the assistance provided by CFM alongside Development Fund funding, includes not only financial, legal and technical, but also focuses on E&amp;S issues to ensure project sustainability and positive impact on local communities, that includes gender related issues, assessed by and addressed with the CIO Gender Action Plan.</p>
<b>Paradigm shift potential</b>
<p>Many thanks for iTAP’s comments and assessment. We would like to highlight the paradigm shift and transformational potential of CIO’s innovation in developing a renewable energy financing mechanism, which opens the door to capital providers that would not otherwise invest in renewable energy projects in developing countries as well as provides project developers with a unique whole- of-life funding solution. As a whole CIO is a new instrument in the development and climate finance toolbox.</p>
<b>Sustainable development potential</b>
<p>Many thanks for iTAP’s comments and assessment.</p>
<b>Needs of the recipient</b>
<p>Many thanks for iTAP’s comments and assessment. We would like to add that the country list includes Indonesia, which in its NDC has set unconditional emissions reduction target of 29% and conditional reduction target up to 41% of the business as usual scenario by 2030 as well as a target of new renewable energy of at least 23% in 2025 and at least 31% in 2050. The CIO current pipeline includes a portfolio of run-of-river hydro and solar PV projects.</p>
<b>Country ownership</b>



Many thanks for iTAP's comments and assessment. We would like to add that the vast majority of projects will sign a Power Purchase Agreement (PPA) with a public off-taker and increasingly project opportunities are obtained via government tender. Hence, the government will be involved and express approval for projects in the form of a PPA and required permits.

**Efficiency and effectiveness**

Many thanks for iTAP's comments and assessment.

***Overall remarks from the independent Technical Advisory Panel:***

Many thanks for iTAP's comments and assessment, we have no further comments.