

*CSO comments on the project given as intervention during the 11<sup>th</sup> GCF Board Meeting, November 2015*

- Upon closer scrutiny of the proposal, issues arise that should interest the board due to implications on (1) the project's ability to truly raise the adaptive capacity of Fiji and the beneficiaries of the project, and (2) the longer term integrity of the Fund itself: the project appears to, ironically, perversely encourage business-as-usual practices in the Fund's accredited international entities.

The Board should take a keen interest in this issue of what counts as climate change and regular development. This is a very fine line and one with many complexities that must be considered. The inability to access water can indeed be a source of vulnerability to climate change for many people and thus improving access to water can improve resilience. But it is incumbent upon the applicant to clearly make the case.

We believe it is not the intent of this Fund to limit its support to adaptation projects that only address the direct, physical impacts of climate change. The language of the GI and results areas are clear about this. But we also suggest caution. We find it worrying that the Fund could potentially be subsidizing business-as-usual practices of existing international institutions that have a duty to climate-proof their investments, on their own.

- It is highly laudable for the entity to point to dangers associated with increasing Fiji's "external debt". This is a critical issue the Fund needs to consider more seriously as it weighs the greater use of its lending modality. We support David's earlier comments on the way increasing indebtedness can significantly reduce the adaptive capacity of the very country members the Fund seeks to support.

We note as well the lending history of the project proponent: the ADB which warns of "increasing the risk of debt distress" has provided \$417.26 million in loans to Fiji, on top of the \$67.70 million in loans they are extending with this very project, despite requesting grant finance from the GCF.

- Some of the project details are also concerning:
  - The Project is silent on project trade-offs. For instance, there is no discussion about the potential impact of water diversion in urban areas on rural area residents and agriculture.
  - The project could also involve resettlement issues, including displacing indigenous peoples. This involves legal and financial risks that may affect the efficacy of the project.
  - The proposal states "The project will also support WAF to complete its corporatization." What does this mean? Will GCF resources be used to privatize services?