

GREEN CLIMATE FUND READINESS SUPPORT FOR STRENGTHENING BELIZE
PRIVATE SECTOR ACCESS TO CLIMATE FINANCE

CONSULTANCY SERVICES FOR IMPLEMENTATION OF READINESS
PROJECT ACTIVITIES

DRAFT TERMS OF REFERENCE

1. BACKGROUND

1.01 The country of Belize is highly exposed and vulnerable to climate change and natural hazards. Among small states, Belize ranks 3rd at risk for natural disasters, and 5th at risk from climate change¹. It already faces hurricanes, flooding, sea-level rise, coastal erosion, coral bleaching, and droughts, with impacts likely to intensify based on climate change projections. Belize's annual average loss from wind-related events and floods averages just under USD123 million (mn), or 7 percent (%) of Gross Domestic Product (International Monetary Fund [IMF], 2018). Of that USD123 mn, roughly USD88 mn is the estimated replacement values associated with direct, physical damage. Most of the northern half and much of the southern third of the country, plus the entire coastal area and all the islands, are flat and low-lying. Large sections of the coastline have an elevation of less than one metre to a distance of several kilometres inland². The primary impact of climate change is expected to be large-scale inundation from sea-level rise and from more severe storm surges. Belize's major infrastructure such as public buildings, health, commercial, and transportation facilities are located on or near the coast which makes them extremely susceptible to sea-level rise.

1.02 Belize's national climate change strategies, policies and action plans highlight the country's commitment to making its territory and people resilient to climate variability and change. The country also remains keen on contributing to global efforts to keep mean temperature increase below two Degrees Celsius. The Nationally Determined Contribution (NDC) highlights Belize's efforts to source 85% of its energy needs from renewable energy by 2030³. This is mainly to be achieved by implementing hydropower, solar, wind, and biomass energy resources. In addition, the country intends to reduce the use of fossil fuels by 20% through improving efficiency in the transport sector. The NDC also emphasizes the country's intention to improve its carbon capture and storage capacities via improved and sustainable forest management, reduction of fuel wood consumption by 27% to 66% and protection and restoration of mangrove forests. Targets set out in the NDC are complemented by the government's National Climate Change Policy, Strategy and Action Plan (NCCPSAP), the National Adaptation Strategy (Agriculture sector) and the Low Carbon Development Roadmap (LCDR). These policy instruments are supported by the Growth and Sustainable Development Strategy (GSDS) which is Belize's medium-term development plan. The GSDS recognises the importance of achieving sustainable development in a changing climate and is aligned with the NDC, NCCPSAP and LCDR.

1.03 Significant investment will be needed to implement Belize's NDC and National Climate Change Strategy. The financial resources to be mobilised cannot come from the government alone due to fiscal constraints and hence, will need the support of the private sector. The private sector in Belize, especially Micro, Small and Medium Size Enterprises (MSMEs) plays a central role in economic growth and has the opportunity to be a key player in addressing climate change. According to a 2019 study - "Challenges Faced by Micro and Small Businesses in Belize"⁴, MSMEs have generated over 70% of private sector employment and income and contribute significantly to GDP. However, the role of the private sector, especially small and medium size enterprises (SMEs), in driving climate change actions has been limited. A 2017 GCF Regional Readiness and Support Programme – "Mobilising

¹ Belize Climate Change Policy Assessment, IMF Country Report No. 18/329 (2018).

² First National Communication to the Conference of the Parties of the United Nations Framework Convention on Climate Change (2002).

³ https://unfccc.int/files/focus/ndc_registry/application/pdf/belize_ndc.pdf.

⁴ International Journal of Business and Applied Social Science, March 2019.

Private Sector to Support Low Carbon and Climate Resilient Development in Jamaica and other CARICOM States⁵”, identified some of the challenges faced by the private sector in accessing climate finance, such as: lack of financial capacity to implement climate change projects; lack of awareness and knowledge of the various climate funds and the risk in accessing these funds; and a lack of technical capacity and skills to evaluate investment options and develop strong climate change projects. An IMF Country Report (2018)⁶ for Belize also supported some of these challenges, noting that Belize’s private sector was hindered by technical demands and the time it took to apply to the global climate funds for financing.

1.04 Owing to the small size of the GCF grant, this Readiness and Preparatory Support Project is targeting SMEs but can be scaled-up to include the wider private sector. The project seeks to strengthen SMEs engagement with the GCF through the transfer of knowledge about GCF operations and processes. It will conduct a barrier assessment to better understand the challenges faced by SMEs in accessing climate finance, building on the 2017 GCF Regional Study, and to develop an action plan to address these challenges. Further, the project will evaluate project ideas and deliver training to SMEs on how to develop strong GCF Project Concept Notes. As the first GCF Readiness intervention for the private sector, the Government of Belize (GOBZ) will use this project as a demonstration towards scaling-up private sector actions in climate change. The Belize Chamber of Commerce and Industry (BCCI) has been identified as the agency to benefit from this first intervention. With a membership of over 300 businesses, most of them SMEs from a wide cross-section of sectors, the BCCI emerges as a strong champion of the private sector and the agency whose members can significantly benefit from this project. With a full-time administrative staff, who have created, implemented and monitored programmes, the BCCI is committed to reaching out to its SMEs members, women entrepreneurs and other stakeholders, to ensure their participation in the project.

1.05 The Project will give special focus to female owned private entities, as it is acknowledged that male dominated businesses tended to be larger and better capitalised, than women owned businesses giving them an advantage in accessing climate finance. According to the Caribbean Development Bank (CDB) financed Country Gender Assessment for Belize (2016), anecdotal evidence points to a male domination of MSMEs in the country with gender discrimination noted against female-led MSMEs in non-traditional areas such as construction or distribution. Also, women and men experience differential access to credit and loans. While micro-credits are easily accessible, accessing larger loans seems to be more difficult for women who often operate in the informal sector and lack collateral. The Project will therefore encourage the participation of female-led/owned businesses using targeted communication tools that will be developed during the life of the project. It will also collect data on the particular needs of female-led/owned businesses during the barrier assessment that will be done.

1.06 Prior to this Readiness Project, Belize would have benefitted from other GCF Readiness projects. The first was strengthening capacity within the National Designated Authority (NDA)⁷ and the development of a country programme. The second was building the NDAs coordination mechanism to allow it to manage the non-objection procedure and associated platforms. The third was supporting a regional effort to articulate clear actions to combat climate change in the Caribbean. Currently, the Belize Development Finance Corporation (DFC) is undergoing an assessment for accreditation to the GCF. The accreditation of the DFC will provide further capacity to support SMEs and other private sector actors to access GCF funding.

1.07 For CDB, the private sector is an essential pillar for sustainable economic growth and poverty reduction. The sector also has a critical part to play in assisting in climate change mitigation and environmental sustainability. According to CDB’s Private Sector Development Policy and Strategy (PSDPS), support will be provided to help MSMEs access long-term finance working through the Development Finance Institutions (DFIs) and eligible FIs. CDB aims to work with its BMCs to leverage

⁵ Note that CARICOM States includes fifteen Caribbean nations and dependencies; it comprises of the English-speaking Caribbean, including Belize, and includes the Dutch-speaking territory, Suriname, and French-speaking island territory of Haiti.

⁶ Belize Climate Change Policy Assessment, IMF Country Report No. 18/329 (2018).

⁷The Ministry of Economic Development, Petroleum, Investment, Trade and Commerce is the Belize NDA.

resources to encourage private sector participation in investments with adaptation and mitigation co-benefits. The project will contribute to this aim by mobilising private sector participation and building the capacity to design climate change projects for access to GCF financing.

2. OBJECTIVE OF CONSULTANCY

2.01 The overall objective of this consultancy is to identify the barriers preventing SMEs from unlocking GCF funding for climate change investments. This is to be achieved through a scoping study to identify the challenges and provide recommendations/roadmap to address them. The consultancy will also build SMEs capacity to understand GCF operations and prepare Project Idea Notes (PINs) that will be developed and submitted to the GCF.

3. SCOPE OF SERVICES

3.01 The Consultancy Firm will be required to undertake the following tasks:

- (a) Organise a one-day capacity building and discussion forum with public and private stakeholders with the objective of sensitising persons on the GCF processes and examining the private sector's potential to unlock GCF resources, thereby contributing to climate actions in Belize. Specifically, the forum will:
 - (i) Address the role, relevance, and significance of private sector entities in investing in climate mitigation and adaptation initiatives.
 - (ii) Discuss the relevance of having the private sector involved in climate related activities.
 - (iii) Raise awareness within the private sector about GCF project design and development, financing and concessionality, and the modalities for accessing the GCF Private Sector Facility.
 - (iv) Agree on a plan of action to keep the private sector engaged with GCF.
 - (v) Ensure wide participation of female-led and/or women-owned enterprises and the indigenous community.
- (b) Conduct an assessment of barriers to private sector investment in low carbon and climate resilient development with recommendations/roadmap to address the barriers; specifically, the Consultancy Firm will undertake a detailed scoping study to include:
 - (i) analysing the barriers to climate change investments such as - policy/regulatory, local markets, access to finance, technology.
 - (ii) recommendations to crowding-in and maximising the engagement of the SMEs in climate change initiatives.
 - (iii) identifying and assessing two potential private sector entities for GCF accreditation.
- (c) Present the findings of the scoping study to the Government, the BCCI, and other stakeholders at a roundtable session.
- (d) Develop an Action Plan outlining the priority initiatives to overcome the barriers identified in the scoping study with support from the GCF.

- (e) Prepare a Readiness request that can be developed to address the priority capacity needs and gaps identified in the Action Plan.
- (a) Identify two (2) project ideas, for both mitigation and adaptation, which can be developed into PINs; actions to be taken includes:
 - (i) Prepare and issue a “Request Call for Project Proposals” from private sector entities (SMEs) who are members of the BCCI.
 - (ii) Evaluate and prioritise two proposals, from the call for request, using GCF’s investment criteria and selections guidelines that will be developed and approved by CDB and the NDA.
 - (iii) Engage the selected private sector entities and collaborate closely with them and the BCCI to develop PINs using a format acceptable to CDB.
- (b) Working with the Communication Specialist, design and produce information and awareness-raising materials on unlocking private sector investment in low carbon, climate-resilient development in Belize.

4. DELIVERABLES

4.01 The Consultant will submit the following:

- (a) An Inception Report and Detailed Work Plan submitted to CDB.
- (b) A Report of the Capacity Building and Discussion Forum and Plan of Action submitted to CDB and the NDA for approval.
- (c) A Report of the Scoping Study assessing the barriers to private sector (SMEs) investment in climate change with a Road Map for Action, including a Readiness request, submitted to CDB and NDA for approval.
- (d) Two (2) PINs completed and submitted to NDA and GCF for approval.

5. QUALIFICATIONS AND EXPERIENCE

- (a) The Consulting Team should consist of persons having the appropriate professional and academic qualifications and a minimum of six years relevant experience in project management, environmental science/climate change, and international development.
- (b) The Team should have knowledge of the GCF and experience working with GCF projects and programmes, including the Readiness Support Programme.
- (c) Experience working in climate change, for Bilateral and Multilateral Organisations, and with a cross-section of stakeholders including - government officials, private sector, Civil Society Organisations etc.

6. DURATION

6.01 The Consultancy is to be implemented intermittently over a period of six months.