



GEF/LDCF.SCCF.10/4/Rev.4

May 26 2011

LDCF/SCCF Council
May 26, 2011

Agenda Item 4

**A JOINT WORK PROGRAM FOR THE
LEAST DEVELOPED COUNTRIES FUND
AND THE SPECIAL CLIMATE CHANGE FUND
SUBMITTED FOR THE LDCF/SCCF COUNCIL APPROVAL**

RECOMMENDED COUNCIL DECISION

The LDCF/SCCF Council, having reviewed document GEF/LDCF.SCCF.10/4, *Joint Work Program for the Least Developed Countries Fund and the Special Climate Change Fund Submitted for LDCF/SCCF Council Approval*, approved the work program comprising three project concepts and one programmatic approach, subject to comments made during the Council meeting and additional comments that may be submitted in writing to the Secretariat by June 9, 2011.

Total resources requested in this work program amounted to \$19.65 million for SCCF and \$16 million for LDCF which included project grants and Agency fees. The approved work program is comprised of the following:

[List of PIFs and PFD]

[With respect to the following __ projects, the LDCF/SCCF Council requested the Secretariat to arrange for Council members to receive draft final project documents and to transmit to the CEO within four weeks any concerns they may have prior to the CEO's endorsing a project document for final approval by the GEF Agency.

(List of PIFs requested for second review)*

With respect to the __PIFs approved as part of the work program, the Council finds that each of these PIFs (i) is, or would be, consistent with the Instrument and GEF Policies and procedures, and (ii) may be endorsed by the CEO for final approval by the GEF Agency, provided that the final project documents fully incorporate and address the Council's comments on the work program, and that the CEO confirms that the project continues to be consistent with the Instrument and GEF policies and procedures.

With respect to any PIF approved in this work program, the final project document will be posted on the GEF website for information after CEO endorsement. If the GEF CEO determines that there have been major changes to the project scope and approach since PIF approval, the final project document shall be posted on the web for Council review for four weeks prior to CEO endorsement.

**This paragraph will apply only should Council requests projects to be reviewed by them prior to CEO endorsement*

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Executive Summary

1. The work program presented by the Secretariat for LDCF/SCCF Council review and approval is a joint work program presenting two stand-alone SCCF-A projects as well as 2 multi-trust fund initiatives that draw resources from the GEFTF, SCCF and LDCF.
2. The total SCCF-A resources requested through this work program amount to \$19.65 million, which includes \$17.95 million in project grants and \$1.70 million in Agency fees. Total co-financing amounts to \$152 million. Each dollar of SCCF grant is matched by \$8.47 in co-financing.
3. The total LDCF resources requested through this work program amount to \$16 million which includes \$14.81 million in project grants and \$1.18 million in Agency fees. Each dollar of LDCF grant is matched by \$17.62 in co-financing.
4. The proposed work program includes a multi-trust fund program, namely the programmatic approach for *Sahel and West Africa Program Supporting the Great Green Wall Initiative* (GGWI) and a multi-trust fund project, the *Pilot Asia-Pacific Climate Technology Network and Finance Center* whose major funding source is the GEF Trust Fund, but also draws resources from either LDCF and/or SCCF.
5. The proposed work program is complementary to the GEF Work Program submitted to the GEF Council for approval in May 2011.
6. Currently the number of approved projects in the SCCF Adaptation Program is 27 (6 MSPs and 21 FSPs) totaling \$108.655 million while 45 projects (4 MSPs and 41 FSPs) totaling \$159.872 million have been approved under the LDCF. Additional projects are under review for potential inclusion in the next SCCF work program. The demand for SCCF adaptation resources remains high and significantly exceeds current supply in the SCCF. A significant increase in donor contributions is therefore urgently needed.

Main Features of the Proposed Work Program

1. The work program presented by the Secretariat for LDCF/SCCF Council review and approval is a joint work program presenting two stand-alone SCCF-A projects as well as two multi-trust fund initiatives that draw resources from the GEFTF, SCCF and LDCF. This is the first time that LDCF resources are requested in a Council meeting.

COMPOSITION OF THE LDCF/SCCF WORK PROGRAM

2. The proposed work program under SCCF-A¹ consists of two stand-alone FSP proposals and two multi-trust fund program/project, documented in Project Identification Forms (PIFs) and a Program Framework Document (PFD) and requesting SCCF project grants totaling \$17.95 million (see Annex A for financial details of these proposals). Associated with these proposals are requests for fees totaling \$1.70 million for the GEF Agency to meet the project cycle management costs, resulting in a total request of \$19.65 million from the SCCF.

3. The proposed work program under the LDCF² consists of the aforementioned multi-trust fund PFD requesting LDCF project grants totaling \$14.81 million (Annex A-1 for financial details of this proposal). Associated with this proposal is a request for fees totaling \$1.18 million for the GEF Agency to meet the project cycle management cost, resulting in a total request of \$16 million from the LDCF.

4. This joint work program presents only the LDCF and SCCF components of the projects/program for LDCF/SCCF Council approval although these components are integral part of a multi-trust fund project/program. The GEFTF components are presented separately in a GEF Work Program submitted to the GEF Council for approval in May 2011. Annex A-2 presents the multi-trust fund utilization of the program/project.

5. Tables 1 and 2 show the number of projects and the amounts of resources requested from the SCCF and the LDCF, respectively.

Table 1. SCCF Resources Requested in the May 2011 Work Program (\$m)

No. of Projects	SCCF Project Grant	Agency Fee	Total SCCF Resources Requested in this WP
4	17.948	1.702	19.65

Table 2. LDCF Resources Requested in the May 2011 Work Program (\$m)

No. of Projects	LDCF Project Grant	Agency Fee	Total LDCF Resources Requested in this WP
1	14.81	1.18	16.00

¹ This refers to the SCCF Adaptation Program. In accordance with UNFCCC Guidance, the SCCF finances activities related to climate change that are complementary to those funded by the GEF in the following areas: (a) adaptation to climate change; (b) technology transfer; (c) energy, transport, industry, agriculture, forestry and waste management; and (d) economic diversification. At COP 9 Parties decided that adaptation activities to address the adverse impacts of climate change shall have top priority for funding.

² LDCF projects are normally submitted on a rolling basis for work program entry. Projects are posted online for review and approval by the LDCF/SCCF Council on a no-objection basis.

CO-FINANCING

6. Co-financing associated with this joint work program amounts to \$152 million for SCCF-financed projects and \$261 million for LDCF-financed projects (see Table 3). Each dollar of SCCF grant is matched by \$4.57 in co-financing while each dollar of LDCF grant is matched by \$17.62 in co-financing.

Table 3. Proposed Co-financing in the May 2011 SCCF/LDCF WP

Trust Fund	SCCF (\$m)	LDCF (\$m)
Total Project Grant	17.95	14.81
Total Co-financing	152.00	261.00
GEF: Co-financing Ratio	8.47	17.62

CLIMATE CHANGE ADAPTATION STRATEGIES AND THE WORK PROGRAM

7. This work program addresses all three LDCF/SCCF adaptation objectives set forth in the GEF-5 Programming Document. These objectives are the subject of monitoring and reporting in accordance with the results-based management (RBM) policy as projects progress through their implementation phases. These objectives are to i) reduce vulnerability to the adverse impacts of climate change, including variability, at local, national, regional and global level; ii) increase adaptive capacity to respond to the impacts of climate change, including variability, at local, national, regional and global level; and iii) promote transfer and adoption of adaptation technology.

MULTI-TRUST FUND PROJECTS

8. There are two multi-trust fund proposals featured in the work program, one is a program and the other is a stand-alone project. These proposals draw resources from the GEFTF, the SCCF and/or the LDCF making this the first time in GEF's history where projects are proposed for financing under multiple trust funds. This work program presents only the LDCF/SCCF components of these projects for LDCF/SCCF Council approval. In parallel, the GEFTF components are presented separately but in a complementary manner in a GEFTF work program for review and approval by the GEF Council in May 2011.

9. The *Regional: Sahel and West Africa Program Supporting the Great Green Wall Initiative* has been designed by integrating GEF focal areas with adaptation windows to deliver a range of global environmental and adaptation benefits from landscapes. The program will include country-level projects that incorporate activities to reduce vulnerability and increase adaptive capacity to the impacts of climate change, including variability. This program will be funded jointly by the GEFTF, the SCCF, and the LDCF (see Annex A-2 for trust fund shares).

10. The *Regional: Pilot Asia-Pacific Climate Technology Network and Finance Center* project is a multi-trust fund stand-alone project, with funding from both the GEFTF and the SCCF. The project, while satisfying its climate change focal area strategy in mitigation, will also address SCCF priority areas on technology transfer, including the implementation of the results of

technology needs assessments, technology information, capacity building for technology transfer and enabling environments (see Annex A-2 for trust fund shares).

SUMMARY OF PROJECTS IN THE PROPOSED JOINT LDCF/SCCF WORK PROGRAM

STAND-ALONE SCCF PROJECTS

1. Albania, Macedonia and Serbia: *Southeastern Europe and Caucasus Catastrophe Risk Insurance Facility (SEEC CRIF)* (World Bank) (SCCF Project Grant \$5.500 million) The project aims to provide affordable catastrophe and weather risk insurance products to farmers, SMEs, homeowners and governments with a view to reducing their financial exposure to climate change. SCCF funding will enable participating countries to expand upon the existing baseline project by supporting additional activities that will not only assess climate change in the context of catastrophes and weather risk, but also develop insurance products to help those at risk to adapt and become more resilient to climate change. SCCF funds will also help develop insurance products that will encourage the public to further reduce the risk of climate change by offering lower product prices for those who have undertaken adaptation and mitigation activities.

2. Nicaragua: *Adaptation of Nicaragua's Water Supplies to Climate Change* (World Bank) (SCCF Project Grant: \$6 million). The objective of the proposed SCCF project is to enhance the current and future climate resilience of investments in water supply and rural sectors. The proposed SCCF grant will finance four components: (i) institutional strengthening for the integration of climate impacts in water resources management; (ii) protection of micro-watersheds and water sources from climate-induced vulnerabilities; (iii) investment in supply- and demand-side measures to increase drinking water availability in vulnerable areas through supply-augmenting and efficiency measures; and (iv) coastal wetland protection and reduction of vulnerability to sea level rise in order to reduce climate-induced impacts on drinking water supplies in vulnerable areas. All of the activities proposed for SCCF financing will be additional to ongoing and planned investments by the Government of Nicaragua and by the World Bank.

MULTI-TRUST FUND PROPOSALS

3. Regional, Africa: *Sahel and West Africa Program Supporting the Great Green Wall Initiative* (World Bank) (LDCF Project Grant: \$14.81 million; SCCF Project Grant: \$4.63 million). This program supports the implementation of a country-driven vision for integrated natural resource management for sustainable and climate-resilient development in the Sahel region. The program responds to a series of high level ministerial meetings (Ndamena June and November 2010; Bonn 2011) through which countries in the Sahel region have consistently called for an international partnership to implement their vision. The program builds on a series of baseline investments amounting to \$1.8 billion in co-financing in 12 countries. The investments cover agriculture, food security, disaster risk management, rural development, and watershed management. The program leverages GEF resources under System for Transparent Allocation of Resources (STAR) according to country allocations as well as LDCF and SCCF resources according to eligibilities and the principle of equitable access under the LDCF. Each country will design a GEF project based on national level priorities for STAR resources and,

where LDCF and SCCF are utilized, in accordance with National Adaptation Plans for Action (NAPA) priorities and National Communications. The different projects will directly address the priorities of the Climate Change Adaptation Program for LDCF and SCCF as well as the GEF Land Degradation, Biodiversity, and Climate Change focal areas. The program will also leverage incentive financing from the Sustainable Forest Management/ Reducing Emissions from Deforestation and forest Degradation/Reducing Emissions from Deforestation and Forest Degradation (SFM/REDD+ Program) to increase focus on forest landscapes.

Overall, the program will support a multi-scale integration of land-use options that contribute to Global Environment Benefits and adaptation benefits in accordance with the objectives of the GEF focal areas targeted for financing. With sustainable land management as a core element of the program, GEF funding in the land degradation focal area will catalyze a diverse range of practices that improve the flow of ecosystem services in production landscapes and watersheds. Financing under the climate change focal area will enhance the potential for carbon benefits in these landscapes, while the biodiversity focal area strengthens the management of key protected areas by improving linkages with other land uses at appropriate scales. Countries that access SFM/REDD+ incentive financing will specifically address challenges to safeguard forest habitats and the unique agro-forestry parklands in the Sahel.

As for climate change adaptation, LDCF resources will be deployed to meet the most urgent and immediate adaptation needs as identified by the NAPAs in Chad (\$5 million), Ethiopia (\$5 million), Mali (\$2 million), and Togo (\$4 million). The SCCF, in turn, will support activities under the Nigeria Erosion and Watershed Management Project (NEWMAP), providing resources to finance the adaptation costs of improving the resilience of civil works in areas that are particularly vulnerable to the impacts of climate change.

The program presents a unique opportunity for countries to overcome recurrent concerns over co-financing, which have often hampered GEF programming in these countries. Furthermore, many of the projects included in the program will build on existing GEF investments, such as the SIP/TerrAfrica and early LDCF investments to implement the NAPAs, as well as the strong engagement by bilateral partners in the region. By aligning with these programs and by catalyzing additional investments, the program holds the potential to achieve transformative impact in accordance with the collective vision of all the countries involved. The WB is well placed to lead the program as GEF Agency, and has a comparative advantage in ensuring the incremental value of GEF investments for GEBs and adaptation benefits, while at the same time supporting economic, social, and policy transformations in accordance with its new strategy for Africa. Three West African countries that have Sudano-Sahelian ecosystems (Ghana, Togo, and Benin) but are not directly involved in the GGWI agreed to be included in the program to take benefit of the whole process.

4. Regional, Asia: *Pilot Asia-Pacific Climate Technology Network and Finance Center* (ADB-UNEP) (SCCF Project Grant: \$1.82 million). The project will support the deployment of technologies for both climate change mitigation and adaptation in the developing countries of the Asia-Pacific region. With respect to adaptation, the project will directly contribute to SCCF priority areas on technology transfer, including the implementation of Technology Needs Assessments (TNAs), technology information, capacity building for technology transfer and

enabling environments. The project will focus on piloting innovative financial mechanisms and catalyzing investments in climate change adaptation technologies in priority sectors, such as water, agriculture/food security, health, and coastal zone development.

PROJECT PROPOSALS SUBMITTED FOR LDCF/SCCF COUNCIL APPROVAL

Under the SCCF Trust Fund

May 2011

All amounts shown in US\$.

#	GEF ID	Country	Agency	Project Title	PPG Amt	PPG Fees Paid	SCCF Project Grant	Project Agency Fees	SCCF Grant	Cofin.	Total Project Cost
<u>Special Climate Change Fund</u>											
1	4515	Regional (Albania, Macedonia, Serbia)	World Bank	Southeastern Europe and Caucasus Catastrophe Risk Insurance Facility (SEEC CRIF)			5,500,000	550,000	5,500,000	21,500,000	27,000,000
2	4492	Nicaragua	World Bank	Adaptation of Nicaragua's Water Supplies to Climate Change			6,000,000	600,000	6,000,000	31,500,000	37,500,000
Sub total for Special Climate Change Fund							11,500,000	1,150,000	11,500,000	53,000,000	64,500,000
<u>Multi Trust Funds</u>											
3	4512	Regional	ADB/UNEP	Pilot Asia-Pacific Climate Technology Network and Finance Center			1,818,182	181,818	1,818,182	15,000,000	16,818,182
4	4511	Regional (Burkina Faso, Benin, Ethiopia, Ghana, Mali, Mauritania, Niger, Nigeria, Sudan, Senegal, Chad, Togo)	World Bank	Sahel and West Africa Program in Support of the Great Green Wall Initiative			4,629,629	370,371	4,629,629	84,000,000	88,629,629
Sub total for Multi Trust Funds							6,447,811	552,189	6,447,811	99,000,000	105,447,811
<u>Grand Total</u>							17,947,811	1,702,189	17,947,811	152,000,000	169,947,811

PROJECT PROPOSALS SUBMITTED FOR COUNCIL APPROVAL

Under the LDCF Trust Fund

May 2011

All amounts shown in US\$.

#	GEF ID	Country	Agency	Project Title	PPG Amt	PPG Fees Paid	LDCF Project Grant	Project Agency Fees	LDCF Grant	Cofin.	Total Project Cost
<u>Multi-Trust Fund</u>											
1	4511	Regional (Burkina Faso, Benin, Ethiopia, Ghana, Mali, Mauritania, Niger, Nigeria, Sudan, Senegal, Chad, Togo)	World Bank	Sahel and West Africa Program in Support of the Great Green Wall Initiative			14,814,814	1,185,186	14,814,814	261,000,000	275,814,814
Sub total for Multi Focal Area							14,814,814	1,185,186	14,814,814	261,000,000	275,814,814
<u>Grand Total</u>							14,814,814	1,185,186	14,814,814	261,000,000	275,814,814

MULTI-TRUST FUND PROGRAMS/PROJECTS

Submitted under the GEF and LDCF/SCCF Trust Funds

May 2011

All amounts shown in US\$.

#	GEF ID	Country	Agency	Project Title	Trust Fund	PPG Amt	PPG Fees Paid	GEF Project Grant	Project Agency Fees	GEF Grant	Cofin.	Total Project Cost
1	4511	Regional (Burkina Faso, Benin, Ethiopia, Ghana, Mali, Mauritania, Niger, Nigeria, Sudan, Senegal, Chad, Togo)	World Bank	Sahel and West Africa Program in Support of the Great Green Wall Initiative	GET			81,314,817	6,505,183	81,314,817	1,465,000,000	1,546,314,817
					LDCF			14,814,814	1,185,186	14,814,814	261,000,000	275,814,814
					SCCF			4,629,629	370,371	4,629,629	84,000,000	88,629,629
					Sub Total			100,759,260	8,060,740	100,759,260	1,810,000,000	1,910,759,260
2	4512	Regional	ADB/UNEP	Pilot Asia-Pacific Climate Technology Network and Finance Center	GET			9,090,909	909,091	9,090,909	59,950,000	69,040,909
					SCCF			1,818,182	181,818	1,818,182	15,000,000	16,818,182
					Sub Total			10,909,091	1,090,909	10,909,091	74,950,000	85,859,091
					Grand Total			111,668,351	9,151,649	111,668,351	1,884,950,000	1,996,618,351