
**HIGHLIGHTS OF THE COUNCIL'S DISCUSSIONS
22ND LDCF/SCCF COUNCIL MEETING
MAY 25, 2017, WASHINGTON, D.C.**

The following is a record prepared by the GEF Secretariat of comments and clarifications of key points made by Council Members. This record is supplemental to the Joint Summary of the Chairs, which records the decisions agreed upon by the Council.

Agenda Item 1 Opening of the Meeting

1. The 22nd meeting of the Least Developed Countries Fund and Special Climate Change Fund Council was opened by Naoko Ishii, Chief Executive Officer and Chairperson of the Global Environment Facility. In her opening remarks, the CEO highlighted the submission of South Sudan's National Adaptation Program of Action (NAPA) to the UNFCCC, bringing the number of countries which have completed their NAPAs to 51. The CEO stated that countries are showing a strong and sustained interest in adaptation finance provided by the GEF's funds, both LDCF and SCCF. The CEO noted that the GEF IEO's evaluation found that SCCF support has been highly responsive to UNFCCC guidance, to GEF adaptation strategic objectives, and to countries' national environmental and sustainable development agendas, and highlighted its accessibility for non-Annex I countries. The CEO stated that the SCCF's support for innovative adaptation projects is recognized as part of its niche, referring to its potential to be an 'incubator' for countries to test and refine project concepts, prior to seeking large-scale finance through the GCF. The CEO recognized Belgium, Iceland, Japan, Sweden, Switzerland and the Walloon Region of Belgium for making pledges to the LDCF and/or the SCCF since the last Council, thanking them for their continued support.

2. The Chair of the Least Developed Countries (LDC) Group, Mr. Gebru Jember Endalew, also made opening remarks, thanking the CEO and the GEF Council for their continued efforts in ensuring the smooth functioning of the LDCF. The LDC Chair reiterated that \$17.1 million pledges were made to the LDCF since COP 22. On behalf of the LDC Group, he expressed their great appreciation for this new and additional support from Belgium, Iceland, Japan and the Walloon Region of Belgium. He noted that over \$150 million were approved by the LDCF Council in Fiscal Year 2016, building trust between countries on the full implementation of the Paris Agreement. He suggested, however, that \$4 billion were needed for the full implementation of NAPAs and urged the Council to maintain the momentum from Paris. He commended also the growing interest from sub-national governments to enable contributions to the LDCF and expressed support and encouraged other sovereign governments and sub-national governments to make further contributions to the fund. He stated that the LDC Group has full trust in the one

fund that is tailored to their priorities: The LDC Fund. He emphasized that the LDCF plays an important role and fills a clear gap in the international climate finance architecture by focusing on the most innovative adaptation projects - by piloting and demonstrating emerging adaptation technologies, techniques and practices, and thereby laying the foundation for upscaling proven approaches by larger financial mechanisms, such as the Green Climate Fund. He stated that the needs of LDCs are often related to the natural resource base, upon which the livelihoods of the poorest and most vulnerable people depend, suggesting that the LDCF has a proven track record in supporting natural resource management, sustainable agriculture and water resources management, hand in hand with disaster risk prevention. The LDCF according to the LDC Chair has a clear role to play in supporting measures such as ecosystem-based adaptation, natural resource management, climate security, and disaster risk prevention, while needs such as climate-proofing roads and building sea walls may better be addressed by the Green Climate Fund. He closed by reminding the Council that roughly \$150 million was needed to fund the existing pipeline, noting that the state of underfinancing was alarming.

Agenda Item 3 Progress Report on the Least Developed Countries Fund and the Special Climate Change Fund; and

Agenda Item 4 FY16 Annual Monitoring Review of the Least Developed Countries Fund and the Special Climate Change Fund

3. Council members welcomed the comprehensive nature of the two reports and expressed appreciation for the progress made under the LDCF and SCCF, as well as the reporting on achieved results, stating that the AMR was a great way to keep abreast of live results.

5. Numerous Council members emphasized the importance of the ongoing work in support of LDCs and the results expected and achieved under the LDCF, as discussed in the Progress Report and AMR.

6. Several Council members noted with appreciation the gender sensitive approaches displayed by numerous projects; as well as the innovative approaches for private sector engagement, particularly those which engaged the private sector in developing insurance markets, and in the utilization of mobile technologies in developing climate information markets and the deployment of climate information products and systems. One Council member asked for more details regarding the nature of private sector engagement in relevant projects.

7. Several Council members from developing countries thanked the Council for their continued contributions while reminding them that LDCs are highly vulnerable to climate change, and that in order to achieve global development goals, they rely on developed nations to support them in meeting Convention obligations and urged developed countries to contribute further to the LDCF, which helps them to build resilience and address environmental hazards. One Council member stated that the LDCF has enabled their country to support landscape and natural resources management to fight against poverty in general.

8. Several Council members from developed countries reminded the Council of their recent pledges to the LDCF, and were joined by others in expressing hopes that more donors will contribute and step up. One Council member indicated that an additional pledge is planned to the LDCF this year. One Council member referred to the LDCF as the best way to support LDCs.

7. As brought forward by one Council member, the Secretariat was asked to prepare an options-paper at the 23rd LDCF Council meeting in November 2017, presenting approaches to a more strategic and innovative use of funds in the LDCF pipeline, and a more strategic treatment of incoming project proposals. The approaches should take into account innovative activities with development banks and the private sector (as exemplified by risk management and risk finance). Further, the paper should present which new and innovative mechanisms can be used by LDCF in adaptation finance in order to support the poorest and most vulnerable countries.

8. Several Council members raised the issue of results. One Council member stated that lessons learned thus far have not been related to innovation, but rather to good practices, remarking that innovation is also important; while another stated that the LDCF *is* achieving results in financing adaptation and it is important to harvest and communicate results better to show impact, while also acknowledging that the ‘live’ results provided in the AMRs were very valuable. This Council member also emphasized the importance of ensuring sustainability and that clear attention to sustainability from the onset is of crucial importance due to the special circumstances apparent in LDCs.

9. One Council member stated that the LDCF could become one of the GEF’s comparative advantages in supporting adaptation and resilience, which are a matter of survival to LDCs. The Council member also invited donor countries to fulfill their commitments under the Paris Agreement, stating that, as one of the financial mechanism of the Convention, this fund must benefit from those commitments. The Council member continued by stating that while the private sector is very important and that innovative approaches to increase engagement is critical, it should not be a condition to access funding.

10. Questions received included: 1) One Council member requested a clarification on an inconsistency in gender results from the AMR and evaluation report, regarding the categorization of a project as “Gender Blind.” The Secretariat clarified that this referred to a project which was submitted prior to the introduction of the GEF Gender Policy in 2011. 2) One Council member asked why there was no work program, to which the Secretariat responded that approvals for these two funds are on a rolling basis, as many projects respond to urgent and pressing adaptation needs. 3) One Council member asked how underperforming projects were accounted for, and the Secretariat responded that it reports on the data that is submitted by the Agencies and the data which is available. 3) One Council member questioned how the Secretariat ensures that projects are still relevant, given the rolling approval process and the long pipeline of projects. The Secretariat responded that it has initiated a process to ensure that all PIFs are up to date, under which Agencies will be asked to resubmit proposals once it has been in the pipeline for more than 12 months. The Secretariat welcomed comments regarding

lessons learned and sustainability, stating that the latter will continue to be tracked and that Agencies have been asked to elaborate on sustainability during the project review process.

11. The CSO Network welcomed new pledges, but stated that current pledges do not correspond with pressing global adaptation needs and urged additional and timely contributions to the LDCF.

Agenda Item 5 ***LDCF/SCCF Annual Evaluation Report 2016; and***
Agenda Item 6 ***Program Evaluation of the Special Climate Change Fund and***
Management Response

12. No Council decision was taken on the LDCF/SCCF Annual Evaluation Report 2016, as this evaluation is considered an ongoing effort and will continue to be presented on an annual basis. The Council members welcomed the Annual Evaluation Report and the results presented.

14. One Council member referenced the importance of NAP support, as NAPs are an important means for NDC implementation and should be referenced in project documents, including those presented to Council.

15. A Council member requested that the Secretariat present proposals on how the SCCF could be integrated into the GEF Trust Fund strategy in GEF-7, as well as on how the SCCF could support countries in absorbing GCF financing. The Co-Chair clarified that the GEF TF does not have a mandate on adaptation, although it has been requested by its Council to consider resilience issues; and while there is an ongoing discussion on how to best develop the architecture of these funds, there is a need to be clear on what can and cannot be done. He continued, saying that there is a need to look at how the SCCF and other funds, including the GCF can find synergies to scale up and work together. Another Council Member reminded the Council that the different climate funds derive distinct guidance from different bodies and have different mandates. The Secretariat responded by reiterating its engagement with the GCF as elaborated in GEF Council documents on Relations with the Conventions and Update on GEF2020.

Agenda Item 7 ***FY18 Administrative Budget for the Least Developed Countries Fund and***
the Special Climate Change Fund; and
Agenda Item 8 ***FY18 Work Program and Budget for the Independent Evaluation Office***
under the LDCF and the SCCF

11. The Council adopted the decisions proposed without any further comments.

Meeting closure