



# Global Environment Facility

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GEF Council  
June 6-9, 2006

Agenda Item 13

## STATUS REPORT ON THE CLIMATE CHANGE FUNDS

**Recommended Council Decision**

The Council takes note of the information provided in document GEF/C.28/4 on the current status and approved operations under the Least Development Countries Fund (LDCF) and the Special Climate Change Fund (SCCF). The Council welcomes the new pledges that have recently been made to each of the funds.

The Council also notes the information on discussions taking place within the Conference of the Parties to the UN Framework Convention on Climate Change regarding the Adaptation Fund and confirms that the GEF is available to continue to manage the Fund in accordance with the guidance approved by the Conference of the Parties.

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1. The Least Developed Countries Fund for Climate Change (LDCF) and the Special Climate Change Fund (SCCF) were both established by the GEF in accordance with the decisions of the United Nations Framework Convention on Climate Change (UNFCCC)<sup>1</sup>. As agreed by the Council, the operations and administrative costs incurred in connection with managing both the LDCF and the SCCF are kept separate from those of the GEF Trust Fund.
2. This paper reports on the current status and approved operations under the LDCF and SCCF. It also provides a brief update on guidance on the Adaptation Fund (AF), which is not yet operational.

## **Least Developed Countries Fund for Climate Change (LDCF)**

### *Report from the Trustee*

3. As of April 30, 2006, thirteen donors (Canada, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, New Zealand, Norway, Spain, Sweden, and Switzerland) have made pledges to the LDC Fund of which twelve donors have contributed<sup>2</sup>. New Zealand is in the process of finalizing its initial contribution with the Trustee. Details of the contributions are found in Annex A: Status of Contributions to the LDCF.
4. Since the last report to the Council in November 2005, Denmark, Finland, Ireland and Switzerland have made contributions to the LDC Fund. Total contributions from these countries amount to USDeq. 7.2 million.
5. To date, total receipts of the LDC Fund amount to USDeq. 41.8 million, comprised of cash payments amounting to USDeq. 33.3 million; USDeq. 7.4 million in the form of a promissory note; and investment income of USDeq. 1.1 million. Council has approved allocations for the LDC Fund in the amount of USD 11.8 million for projects, IA fees<sup>3</sup>, administrative budgets and special initiatives. Consequently, net funds available for allocation by the Council from the LDC Fund are USDeq. 29.9 million (see Annex B: Statement of Funding Status for the LDCF).
6. The Trustee has committed the approved Council allocations of USD 11.8 million, of which USD 10.8 million (about 92%) has been transferred to the Agencies, the GEF Secretariat and to the Trustee.

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<sup>1</sup> UNFCCC Decisions 7/CP.7; 6/CP9; and 5/CP.9

<sup>2</sup> Unless otherwise noted, all currency valuations are based on exchange rates as of April 30, 2006.

<sup>3</sup> Under the LDCF, IA fees have been calculated at 11% for NAPA Preparation. For NAPA implementation under the LDCF, it is proposed that the standard GEF IA fee of 9% be applied.

## *Report on NAPA Operations under the LDCF*

7. *Assistance for NAPA preparation:* As of April 30, 2006, all projects for the preparation of NAPAs in 44 countries have been approved, including Solomon Islands' NAPA, which was submitted and endorsed by the GEF on June 16, 2005 (see GEF/C.28/18). The total approved resources for 44 national NAPAs and two global support projects is USD 9,615, 219.6. Among the four remaining eligible countries, only Angola is preparing its NAPA with the assistance of UNEP. Myanmar NAPA is still under discussion. To date, UNEP has not yet received any response from the governments of Nepal and Equatorial Guinea.

8. *Finalized and draft NAPA reports:* UNDP reports that Samoa and Bangladesh submitted their NAPA reports in November and December 2005, respectively. Both reports are on the UNFCCC website. Cambodia, Bhutan and Malawi NAPAs are close to completion but have not been officially submitted. In addition, UNDP reports that a draft NAPA from Niger was received for comments in February 2006.

9. After receiving the first completed NAPA from Mauritania, UNEP reports that they have received eight draft NAPAs from Uganda, Haiti, Lesotho, Comoros, Senegal, Liberia, Tanzania, and Lesotho.

10. The IAs have now received a total of 14 NAPA reports, including three submitted NAPAs (Mauritania, Samoa and Bangladesh); ten advanced drafts (Cambodia, Bhutan, Malawi, Uganda, Haiti, Lesotho, Comoros, Senegal, Liberia, and Tanzania); and one early draft (Lesotho). Project proposals are expected to be submitted after the LDCF *Programming Paper for funding the Implementation of NAPAs under the LDCF* (GEF/C.28/18) is approved by Council.

### *Council meetings and decisions*

11. At its meeting in June 2005, the Council approved an administrative budget to cover the expenses of the GEF Secretariat and the Trustee in administering the LDCF and the SCCF for FY06 and FY07. At the next meeting in November 2005, the GEF Council, reviewed GEF/C.27/9, *Status Report on the Least Developed Countries Fund for Climate Change and the Special Climate Change Fund*, and approved the request to finance the workshop "Consultations with the Least Developed Countries on the Implementation of National Adaptation Programmes of Action (NAPAs)" to be held in Dhaka in April 2006. The Council requested the GEF Secretariat to keep it and the Conference of the Parties informed of progress made in regard to the LDCF and the SCCF, consistent with UNFCCC guidance<sup>4</sup>.

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<sup>4</sup> UNFCCC Decision 1/CP.10 and 3/CP.11

### *Update on COP Guidance to the GEF on the LDCF*

12. At its eleventh session, the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC), held in Montreal, Canada, in December 2005, adopted Decision 3/CP.11: *Further guidance for the operation of the Least Developed Countries Fund* (see Annex D), which complements the previous Decision 6/CP.9 and finalizes the guidance to the GEF with respect to funding the implementation of the NAPAs under the LDCF. COP guidance to the GEF includes: (i) the adoption of the concept of additional cost of adaptation; (ii) the request for an option of full cost funding for adaptation, when appropriate; (iii) the development of a sliding scale as a tool to estimate the additional cost of adaptation; and (iv) a streamlined and simplified project cycle to facilitate and accelerate LDCs' access to GEF funding.

13. In response to COP guidance, the GEF prepared the document *Programming Paper for Funding the Implementation of NAPAs under the LDC Trust Fund* (GEF/C.28/18), submitted for Council approval. The document was developed in consultation and collaboration with the LDCs, donor countries that contribute to the LDCF, other interested Parties and constituencies, the Implementing and Executing Agencies, and the UNFCCC Secretariat.

### *GEF-LDC Consultation meeting in Dhaka*

14. Through its Ministry of Environment and Forests, the Government of the People's Republic of Bangladesh kindly hosted a GEF-LDC consultation meeting in Dhaka from April 4-6, 2006. The consultation was aimed at strengthening the ongoing dialogue among the LDC's and the GEF with respect to issues relating to adaptation to climate change in general and the role of the LDCF in supporting LDC's to meet their adaptation needs in particular. The agenda mostly focused on a discussion on the programming paper for the Least Developed Countries Fund (LDCF) and the initial outcomes of the National Adaptation Programs of Action (NAPAs). The results of the consultations were reflected in a revised version of the draft LDCF Programming Paper which was circulated to workshop participants and donors following the Dhaka meeting.

### *Pledging meeting in Copenhagen, Denmark*

15. On April 28, 2006, the GEF organized a pledging meeting to mobilize resources to fund the implementation of NAPAs, kindly hosted by the Government of Denmark. All participants welcomed the revised draft LDCF programming paper and expressed their appreciation for the efforts to respond to UNFCCC guidance. They supported the flexibility proposed in implementing the project cycle to meet the special needs of LDCs with respect to financing projects under the LDCF. Comments were provided on the revised draft programming paper, which have been incorporated in the programming paper, *Programming Paper for Funding the Implementation of NAPAs under the LDC Trust Fund* (GEF/C.28/18). This revised paper, which takes into account comments from both the LDC and donor representatives, is before Council for approval.

16. At the pledging meeting, seven donors (Denmark, Finland, Netherlands, Norway, Sweden, Switzerland and United Kingdom) made new pledges to the LDCF. In addition, three donors (New Zealand, Portugal and Spain), although they did not attend the pledging meeting in Copenhagen, have also made new pledges to the LDCF. The total new contributions pledged to the LDCF amount to USD 45.834 million. As the available resources for NAPA implementation from previous contributions already amounted to USD 29.9 million, the total available amount is USD 75.7 million. This brings the total amount of funds mobilized for the LDCF to USD 87.5 million. (See Annexes A, B and C).

## **Special Climate Change Fund (SCCF)**

### *Report from the Trustee*

17. As of April 30, 2006, eleven donors (Canada, Denmark, Finland, Germany, Ireland, Netherlands, Norway, Portugal, Sweden, Switzerland and the United Kingdom) have made pledges to the SCCF. All of these have contributed. Details of the contributions are found in Annex E: *Status of Contributions to the SCCF*.

18. Since the last report to the Council in November 2005, Canada, Denmark, Finland, Ireland, Portugal and Switzerland have made contributions to the SCCF. Total contributions from these countries amount to USDeq. 10.3 million

19. To date, total receipts of the SCCF amount to USDeq. 36.7 million, comprised of cash payments amounting to USDeq. 24.3 million; USDeq. 11.9 million in the form of a promissory note; and investment income of USDeq. 0.5 million. Council has approved allocations for the SCCF in the amount of USD 2.0 million for projects, and administrative budgets. Consequently, net funds available for allocation by the Council for the SCCF are USDeq. 34.7 million. (See Annex F: *Statement of Funding Status for the SCCF*<sup>5</sup>).

### *Report on Initial Operations under the SCCF*

20. In October 2005, the first project concepts were submitted for pipeline entry under the SCCF. As of April 30, 2006, seven projects have entered the GEF/SCCF pipeline, including one approved MSP (Tanzania: *Mainstreaming Climate Change in Integrated Water Resources Management in Pangani River Basin*, UNDP) and six full-sized projects. The six approved pipeline concepts include Ecuador: *Adaptation to Climate Change through Effective Water Governance* (UNDP); Global: *Piloting Climate Change Adaptation to Protect Human Health* (UNDP); Regional: *Design and Implementation of Pilot Climate Change Adaptation Measures in the Andean Region* (World Bank); India: *Climate-resilience Development and Adaptation* (UNDP); and Regional: *Pacific Islands Adaptation to Climate Change Project (PACC)* (UNDP). A description of the first SCCF project and these pipeline concepts is included in Annex H.

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<sup>5</sup> Includes funding breakdown by Program, i.e. Program for Adaptation and Program for Transfer of Technology.

### *Pledging meeting in Copenhagen, Denmark*

21. At the pledging meeting held in Copenhagen on April 28, 2006 (see above), the ongoing progress achieved under the SCCF was discussed and welcomed. Three donor countries (Canada, Denmark and Finland) announced additional pledges to the SCCF for a total of USD 8.7 million (See Annex G). The GEF will continue to mobilize resources for the SCCF.

### **Adaptation Fund (AF)**

#### *Update on COP/MOP guidance on the Adaptation Fund*

22. At its seventh session, the Conference of the Parties to the UNFCCC adopted the decision 10/CP.7, *Funding under the Kyoto Protocol*, which, *inter alia*, established the Adaptation Fund (AF) to finance concrete adaptation projects and programs; decided that the Adaptation Fund should be financed from the share of proceeds from the clean development mechanism project activities and other sources of funding, including contributions from donor countries; decided that the AF should be operated and managed by an entity entrusted with the operation of the financial mechanism of the Convention; and invited the entity entrusted with the operation of the financial mechanism of the Convention to make the necessary arrangements for this purpose.

23. At its eleventh session, the Conference of the Parties serving as the Meeting of the Parties to the UNFCCC adopted its first COP/MOP decision 28/CMP.1 *Initial guidance to the entity entrusted with the operation of the financial mechanism of the Convention, for the operation of the Adaptation Fund*. The decision took note of the arrangements made by the GEF for the operation of the Adaptation Fund. It then included management criteria for the fund (including a country-driven approach, sound financial management and transparency, separation from other funding sources and a “learning-by-doing” approach) and requested Parties to submit their views on the policies, programs, and eligibility criteria for the fund. It also requested Parties and international organizations to submit their views on the arrangements for the management of the fund for consideration by the Subsidiary Body for Implementation at its twenty-fourth session (See Annex I).

### **Governance of the climate change funds**

24. At the meeting of donors held in Copenhagen, Denmark, in April 2006, the Secretariat was requested to explore whether and how the GEF could make arrangements to provide for decision making procedures, in particular a voting mechanism, which differ from those applied to the Global Environment Facility (GEF) Trust Fund, to be used in respect of any voluntary fund operated under the governance structure of the GEF.

25. The Secretariat has sought the views of Bank legal staff on this issue. Their response is set out below:



“With respect to the question of whether and how decision making procedures, in particular voting mechanism, which differ from those applied to the Global Environment Facility (GEF) Trust Fund, can be used in respect of any voluntary fund operated under the governance structure of the GEF, the situation is as follows:

Currently such voluntary funds include the Least Developed Countries Fund for Climate Change (the LDCF) and the Special Climate Change Fund (the SCCF), which are under operation, as well as the Adaptation Fund, which establishment is currently under discussion.

By way of background, it is important to note that these voluntary funds are (or are expected to be, in case of the Adaptation Fund) established not by virtue of the Instrument for the Establishment of the Restructured Global Environment Facility (the Instrument), but by virtue of multi-donor trust fund administration agreements (TF AA) entered into between the International Bank for Reconstruction and Development (the Bank) as trustee of the respective fund and parties contributing to such funds. The LDCF and the SCCF were established following the decision of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (the UNFCCC) at its Seventh Session to invite the GEF to operate such funds. (Decision 7/CP.7 of the UNFCCC). At its meeting in May 2002, the GEF Council (the Council) approved the arrangements proposed for the establishment of the three voluntary funds and invited the Bank to act as trustee of them. (GEF/C.19/6). When the Bank considered the invitation from the Council, the Bank concluded, after having reviewed the provisions of the Instrument, that it will not require an amendment to the existing Instrument, because the Instrument does not preclude the GEF from managing additional trust funds in its capacity as the financial mechanism for the UNFCCC. Accordingly, the LDCF and SCCF were established by the Bank through respective TF AAs entered into between the Bank as trustee and parties contributing to the respective trust fund, without amending the Instrument. In approving establishment of these voluntary funds, it was agreed by the Council as well as the Bank management that as a general rule, the operational policies and procedures and governance structure of the GEF would apply to these voluntary funds.

Administration and use of resources held in the LDCF and the SCCF are governed by the terms and conditions set forth in the respective TF AAs. Reflecting the approval of the Council that the operational policies and procedures and governance structure of the GEF applies to the voluntary trust funds, TF AAs for the LDCF and the SCCF provide that the resources of the LDCF and the SCCF, respectively, may be used for any purpose authorized by the Council or the Chief Executive Office of the GEF, in respect of such resources. In the absence of any contrary provision either in the Instrument or the relevant TF AA, the decision making procedures set forth under the Instrument are applied to the LDCF and the SCCF. Such procedures include the voting mechanism set forth under paragraph 25(c) of the Instrument.

In respect of the particular question of whether and how a separate voting mechanism differing from the one applied to the GEF Trust Fund can be used with respect to a voluntary fund operated under the governance structure of the GEF, such specific mechanism may be specified and provided for under the respective TF AA establishing such voluntary fund, subject to agreement of the Council as well as all parties to the TF AA. As explained above, because a voluntary fund is (or is expected to be) established by a separate legal instrument from the Instrument, namely a TF AA, no amendment to the Instrument will be necessary. In sum, therefore, in order to have a different decision making and voting procedures apply to the voluntary funds, two things have to happen: (i) the Council must agree to such procedures, and (ii) each party to the TF AA for each of the voluntary funds must agree to such procedures with the Bank as trustee; such agreement would be reflected in an amendment to the TF AA between the Bank and the party to the TF AA for the respective voluntary funds.

Finally, the Council should keep the COP fully informed of its decisions as part of its normal reporting to the COP..”

**Annex A: Status of Contributions to the LDCF, as of April 30, 2006**

<b>Least Developed Countries Fund for Climate Change</b> <b>Status of Contributions *</b> as of April 30, 2006					
Contributions					
<b>Donor</b>	<b>Currency</b>	<b>Total Amount</b>	<b>Amount Paid</b>	<b>(In USD)</b>	<b>Payment Due</b>
Canada	CAD	10,000,000	10,000,000	6,518,366	-
Denmark	DKK	30,400,000	30,400,000	4,869,820	-
Finland	EUR	1,500,000	1,500,000	1,758,510	-
France	EUR	850,000	850,000	1,069,130	-
Germany <i>a/</i>	EUR	15,000,000	15,000,000	11,277,900	-
Ireland	EUR	634,869	634,869	647,894	-
	USD	2,000,000	2,000,000	2,000,000	-
Italy	USD	1,000,000	1,000,000	1,000,000	-
Netherlands <i>b/</i>	USD	2,100,000	1,100,000	1,100,000	1,000,000
Norway	NOK	9,000,000	9,000,000	1,351,353	-
Spain	EUR	420,300	420,300	497,363	-
Sweden	SEK	3,000,000	3,000,000	338,276	-
Switzerland	CHF	1,100,000	1,100,000	865,748	-
				33,294,361	
<i>a / Germany has paid its contribution in the form of a promissory note. To date, the Trustee has encashed EUR 9 million according to an agreed upon encashment schedule. The balance will be encashed in the amount of EUR 3 million in December 2006 and EUR 3 million in December 2007.</i>					
<i>b/ The amount due will be paid in one installment of USD 1 million in December 2006.</i>					
<i>* New Zealand is in the process of reviewing a draft agreement for NZD 1.8 mil.</i>					

**Annex B: Statement of Funding Status (LDCF), as of April 30, 2006**

Least Developed Countries Fund for Climate Change Statement of Funding Status as of April 30, 2006			<u>Amount in USD</u>
1. Amount received in the LDC Fund			40,734,361
<i>Cash contributions received</i>	33,294,361		
<i>Promisory note received</i>	7,440,000	a/	
2. Investment Income Earned			1,052,502 b/
3. <b>Cumulative funds made available for Allocation by the Council ( 1+2 )</b>			<b>41,786,863 c/</b>
4. Cumulative Allocations made by the Council			11,848,689
<i>Allocations made for projects</i>	9,615,219		
<i>Allocations made for IA fees</i>	1,048,191		
<i>Net Allocations made for administrative budgets</i>	1,185,279	d/	
5. <b>Net Funds available for Allocation by the Council ( 3 - 4 )</b>			<b>29,938,174</b>
<hr/>			
a/ Represents the USDeq of the value of Germany's outstanding balance of EUR 6 million on its promissory note. It is valued on the basis of April 30, 2006 exchange rates.			
b/ Investment income includes unrealized gains/losses based on mark-to-market valuation of investments.			
c/ Cumulative funds available for allocation by the Council do not include the outstanding amount due from The Netherlands.			
d/ Net of underspent administration budget from the GEFSEC for fiscal years 2003, 2004 and 2005. Includes \$350,000 for Workshop in Bangladesh April 2006			

**Annex C. Pledges to the LDCF made at the Donor Meeting Held in Copenhagen, Denmark on April 28, 2006**

Donor Meeting for the Least Developed Countries Trust Fund					
Copenhagen, Denmark Friday, April 28, 2006					
Pledges <i>a/</i>					
Country	Currency	Amount	USD eq.	Ex. Rate Curr = 1 USD <i>b/</i>	Comments
Denmark	DKK	60,000,000	9,979,000	6.0125	This pledge is for a 3 year period
Finland	EUR	700,000	869,000	0.8058	
Netherlands	EUR	10,200,000	12,658,000	0.8058	This pledge is for a 3 year period
New Zealand <i>c/</i>	NZD	1,800,000	1,129,000	1.5945	
Norway	USD	2,000,000	2,000,000	1.0000	
Portugal	EUR	50,000	62,000	0.8058	
Spain	EUR	180,000	223,000	0.8058	
Sweden	SEK	4,000,000	533,000	7.5041	
Switzerland	CHF	700,000	551,000	1.2709	
United Kingdom	GBP	10,000,000	17,830,000	0.5608	This pledge is for a 3 year period <i>d/</i>
Total Pledges			45,834,000.00		

*a/ All pledges are subject to the approval of the Document entitled "Programming Paper for Funding the Implementation of NAPA's Under the LDC Trust Fund". Unless otherwise stated, all pledges are for a one year period.*

*b/ Exchange rates available as of April 28, 2006.*

*c/ Although New Zealand did not attend the pledging meeting in Copenhagen, it is in the process of finalizing its pledge to the LDC Trust Fund.*

*d/ This represents an indicative time frame.*

**Annex D.      Decision 3/CP.11: *Further guidance for the operation of the Least Developed Countries Fund***

**Decision 3/CP.11**

**Further guidance for the operation of the Least Developed Countries Fund<sup>6</sup>**

*The Conference of the Parties,*

*Recalling* Article 4, paragraph 9, of the Convention,

*Recalling* its decision 6/CP.9,

1. *Decides* that the operation of the Least Developed Countries Fund should be consistent with the following principles:

- (a) A country-driven approach, supporting the implementation of urgent and immediate activities identified in national adaptation programmes of action, as a way of enhancing adaptive capacity
- (b) Supporting the implementation of activities identified in national adaptation programmes of action, and of other elements of the least developed countries work programme identified in decision 5/CP.7, in order to promote the integration of adaptation measures in national development and poverty reduction strategies, plans or policies, with a view to increasing resilience to the adverse effects of climate change
- (c) Supporting a learning-by-doing approach;

2. *Decides* that full-cost funding shall be provided by the Least Developed Countries Fund to meet the additional costs<sup>2</sup> of activities to adapt to the adverse effects of climate change as identified and prioritized in the national adaptation programmes of action;

3. *Requests* the Global Environment Facility to develop a co-financing scale for supporting activities identified in national adaptation programmes of action, taking into account the circumstances of least developed countries;

4. *Decides* that activities, identified in national adaptation programmes of action, that are not supported through full-cost funding as described in paragraph 2 above, will be co-financed through the scale referred to in paragraph 3 above;

5. *Requests* the Global Environment Facility to develop flexible modalities that ensure balanced access to resources given the level of funds available, in accordance with decision 6/CP.9;

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<sup>6</sup> See FCCC/SBI/2005/10, paragraph 44.

For the purpose of this decision, “additional costs” means the costs imposed on vulnerable countries to meet their immediate adaptation needs.

6. *Invites* Parties included in Annex II to the Convention to continue contributing to the Least Developed Countries Fund for the implementation of national adaptation programmes of action;
7. *Decides* that, given the unique circumstances of the Least Developed Countries Fund, the operation of the fund shall not set a precedent for other funding arrangements under the Convention;
8. *Requests* the Subsidiary Body for Implementation to review, at its twenty-sixth session (May 2007), the experiences gained from the implementation of national adaptation programmes of action, including those in accessing funds from the Least Developed Countries Fund;
9. *Requests* the Global Environment Facility to ensure the separation of the administration and activities of the Trust Fund of the Global Environment Facility and the Least Developed Countries Fund;
10. *Requests* the Global Environment Facility to include, in its reports to the Conference of the Parties, information on the specific steps it has taken to implement this decision, for consideration by the Conference of the Parties at subsequent sessions;
11. *Decides* to assess progress in the implementation of this decision and consider the adoption of further guidance, as appropriate, at its fourteenth session (December 2008).

*8<sup>th</sup> plenary meeting*  
*9–10 December*

**Annex E: Status of Contributions to the SCCF (as of April 30, 2006)**

<b>Special Climate Change Fund</b> <b>Status of Contributions</b> as of April 30, 2006					
Donor	Curr.	Total Amount	Contributions <i>a/</i>		
			Amount Paid in Pledge Currency	Amount Paid in EqInt USD	Payment Due
Canada	CAD	6,000,000	6,000,000	5,237,110	
Denmark	DKK	12,500,000	12,500,000	2,020,169	-
Finland	EUR	350,000	350,000	421,365	-
Germany b/	EUR	5,000,000	1,000,000	1,263,500	4,000,000
Ireland	USD	550,000	550,000	550,000	
Netherlands	EUR	2,400,000	2,400,000	3,128,880	-
Norway	NOK	10,000,000	10,000,000	1,638,538	-
Portugal	EUR	1,070,000	1,070,000	1,299,099	-
Sweden	SEK	10,000,000	10,000,000	1,432,552	-
Switzerland	CHF	3,200,000	1,900,000	1,521,232	-
United Kingdom c/	GBP	10,000,000	10,000,000	5,858,666	d/ -
			Total	24,371,112	
<i>a/</i> Pledged contributions are made towards the Programs for Adaptation and for the Transfer of Technology. <i>b/</i> Germany has paid its first installment and intends to pay the balance of its contribution in four equal installments of EUR 1 million each payable in April of each year starting from 2006 through 2009. <i>c/</i> Contribution received in the form of promissory notes that are to be encashed in equal amounts over three years. First tranche was encashed in July 2005 and the remaining two tranches will be encashed in the amount of GBP 3,333,333 each in May 2006 and May 2007. <i>d/</i> The USD eqInt of GBP 3,333,333 that represents the value of promissory notes encashed					



**Annex F: Statement of Funding Status for the SCCF (As of April 30, 2006)**

<b>Special Climate Change Fund</b> <b>Statement of Funding Status <i>a/</i></b> as of April 30, 2006			<u>Amount in USD</u>
<b>1</b>	<b><u>Program for Adaptation</u></b>		
	Cash contributions received	21,725,417	
	Promissory Notes <i>b/</i>	11,886,680	
	Investment income earned <i>c/</i>	443,120	
	<b>Funds available for Allocation by the Council for Adaptation</b>		<b>34,055,216</b>
<b>2</b>	<b><u>Program for Transfer of Technology</u></b>		
	Cash contributions received	2,645,695	
	Investment income earned <i>c/</i>	54,836	
	<b>Funds available for Allocation by the Council for Transfer of Technology</b>		<b>2,700,531</b>
<b>3</b>	<b><u>Cumulative Allocations made by Council</u></b>		<b>2,047,703</b>
	Allocations made for administrative budgets <i>d/</i>	538,200	
	Allocations made for projects	1,509,503	
	<b>Net funds available for Allocation by the Council for SCCF (1+2-3)</b>		<b>34,708,044</b>
<i>a/ Funds available for Allocation by the Council do not include outstanding pledges or payments due from donors that have signed a contribution agreement with the Trustee.</i>			
<i>b/ Represents the value of un-encashed promissory notes valued at exchange rate as of April 30, 2006.</i>			
<i>c/ Investment income includes unrealized gains/losses based on mark-to-market valuation of investments.</i>			
<i>d/ Includes FY07 administrative budgets</i>			

**Annex G. Pledges to the SCCF made at the Donor Meeting Held in Copenhagen, Denmark on April 28, 2006**

Donor Meeting for the  
Special Climate Change Trust Fund

Copenhagen, Denmark  
Friday, April 28, 2006

Country	Currency	Amount	Pledges <i>a/</i>	
			USD eq.	Ex. Rate Curr = 1 USD <i>b/</i>
Denmark	DKK	12,500,000	2,079,000	6.0125
Finland	EUR	460,000	571,000	0.8058
Total Pledges			2,650,000.00	

*a/ Unless otherwise indicated, pledges are for a one year time period.*

*b/ Exchange rates available as of April 28, 2006.*

## **Annex H. The GEF SCCF Pipeline**

### **List of projects**

1. Ecuador: Adaptation to Climate Change through Effective Water Governance
2. Global: Piloting Climate Change Adaptation to Protect Human Health
3. Regional: Design and Implementation of Pilot Climate Change Adaptation Measures in the Andean Region
4. India: Climate-resilience Development and Adaptation
5. Regional: Pacific Islands Adaptation to Climate Change Project (PACC)
6. Tanzania: Mainstreaming Climate Change in Integrated Water Resources Management in Pangani River Basin
7. MSPs at PDFA stage: Adaptation to Climate Change in the Tourism sector in Fiji Islands and the Maldives; adaptation and health in the Solomon Islands

## **Ecuador: Adaptation to Climate Change through Effective Water Governance (UNDP)**

GEF/SCCF contribution: \$3.350m; co-financing: \$6m Total project cost: \$9.350m

The project objective is to reduce Ecuador's vulnerability to climate change through effective water resource management. The project will mainstream adaptation to climate change into water management practices in Ecuador through targeted capacity development, information management and knowledge brokering, and flexible financial mechanisms to promote local innovation in sustainable water management.

The recently completed National Capacity Self Assessment (NCSA) reveals that the main constraints for sustainable natural resource management in Ecuador are:

- a. Inadequate natural resource governance and institutional coordination
- b. Insufficient knowledge generation and dissemination
- c. Limited access to financing sources

Furthermore, the NCSA and the First National Communication to the UNFCCC emphasize adaptation as a national priority and highlight water management as a critical crosscutting issue that must be addressed in the face of climate change.

Using the Adaptation Policy Framework (developed by UNDP) as a guiding tool for project development, the he project will adopt an adaptive capacity development approach complemented by pilot activities geared to improve system resilience and increase local adaptive capacities. Three major project outcomes are envisioned:

- 1. Strengthened policy environment and governance structure for effective water management*** through the integrating of adaptation to climate change in water governance structures.
- 2. Improved information and knowledge management on climate risks in Ecuador*** by strengthening the capacity of institutions that monitor key resources and improving the use of climate information and data in national and local decision-making (including both improving monitoring/early warning systems and translation of existing and upcoming data into useful on the ground knowledge)
- 3. Application of sustainable water management and water-related risk management practices to withstand the effects of climate change*** by on-the-field sustainable development organizations (NGOs, technical cooperation, Ministry of Agriculture), local governments and communities.

## **Global: Piloting Climate Change Adaptation to Protect Human Health (UNDP)**

GEF/SCCF contribution: \$6.5m; Co-financing: \$18m; Total project cost: \$24.5m

Climate change has multiple influences on human health. Direct impacts include the effects of rising temperatures and more intense heat waves and floods resulting changes from changes in the hydrological cycle. Potentially larger impacts are from indirect mechanisms, such as the effect of warming and more variable climate, on provision of drinking water, sanitation, and agricultural production, as well as on transmission of vector and water-borne diseases. The World Health Organization (WHO) estimates that climate change may already be causing over 150,000 deaths per year. These health impacts are overwhelmingly concentrated in the poorest regions of the world. Unless health adaptation mechanisms are implemented, these climate impacts are likely to increase in the future.

The goal of this project is to "implement a range of strategies, policies and measures that will decrease health vulnerability to current climate variability and future climate change" in a range of vulnerable countries.

Rather than proposing projects on an ad-hoc basis, the project strategy is to work with a set of countries with different kinds of health risks caused by climate change. The participating countries were included according to the following:

- Populations in three different ecosystem zones: low-lying developing countries, desert/desert-fringe countries, and highland communities;
- Strong interest from the national health sector, as well as Ministries and stakeholder groups from other relevant sectors, to address climate sensitive health issues, expressed through documentation produced by Ministries of Health, and national communications to the United Nations Framework Convention on Climate Change (UNFCCC);
- Synergy with ongoing or planned WHO, UNDP and GEF projects operating in the country or region;
- Strong motivation of the relevant WHO and the United Nations Development Programme (UNDP) country and regional offices, to address climate-sensitive health impacts.

Applying these criteria, WHO and UNDP have utilized their network of regional and country offices to identify eligible countries. These are Barbados and Fiji (low-lying developing), Uzbekistan and Jordan (desert/desert-fringe), Bhutan, Kenya and China (highland populations).

The PDF-B will:

- Systematically review the health vulnerabilities under climate change for each country;
- Analyse successes and failures of past health interventions under current climate;
- Work with cross-sectoral groups to screen locally-appropriate strategies, policies and measures to increase adaptive capacity and to identify barriers to implementation;

The full project will:

- Work with the cross-sectoral groups to complete cost-effective analysis of policies screened during the PDF-B phase, in order to prioritize among alternative methods of intervention;
- Implement strategies, policies and measures that maximize cost-effectiveness, within the feasible budget of the GEF. All will concentrate on long-term adaptation for a preventive approach, to deal both with gradually evolving risks, such as salination of water supplies, and for better advance planning and early warning to address health effects of weather-related extreme events, such as natural disasters and disease epidemics;
- Synthesize lessons learnt to provide a field-tested framework that can be extended to other vulnerable countries.

## **Regional: Design and Implementation of Pilot Climate Change Adaptation Measures in the Andean Region (World Bank)**

GEF/SCCF contribution: \$7.29m; Co-financing: \$20.1m; Total project cost: \$27.4m

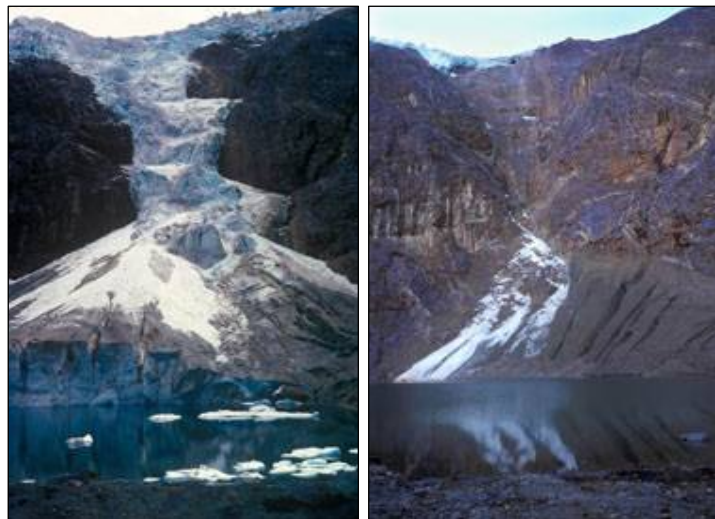
This project supports regional efforts to define adaptation measures to meet the anticipated impacts from climate change in the Andean highlands and in prioritized Andean-origin river basins highly impacted by extreme weather events, identified in the National Communications as highly vulnerable areas and selected for immediate attention, and to implement high priority adaptation activities. Priority is given to adaptation activities of common interest to participating countries in the highly vulnerable highland and in glacier dependent watersheds, an ecosystem that is shared by the participating countries. The project intends to learn and disseminate lessons of worldwide application on how to adapt to climate change with this ecosystem-wide approach.

Climate is rapidly changing at a global scale. Recent research shows that climate change will be more pronounced in high elevation mountain ranges. While much attention has been paid to climate change in Polar regions, mountains that extend in the troposphere have been warming faster than adjacent lowlands. Thus heavily populated, high elevation areas in the tropics, such as the tropical Andes, are now and will likely continue to experience particularly dramatic changes in climate. In particular, global warming has been linked to the accelerated retreat of tropical glaciers in the Andes with major implications for water supply for agriculture and human consumption and for power generation and to an increase in the weather variability and weather extremes affecting the Andean ecosystems and Andean origin river basins and downstream, with, immense repercussions on ecosystem integrity and welfare of local populations.

### **Glacial melt and impacts to the water cycle in mountainous areas.**

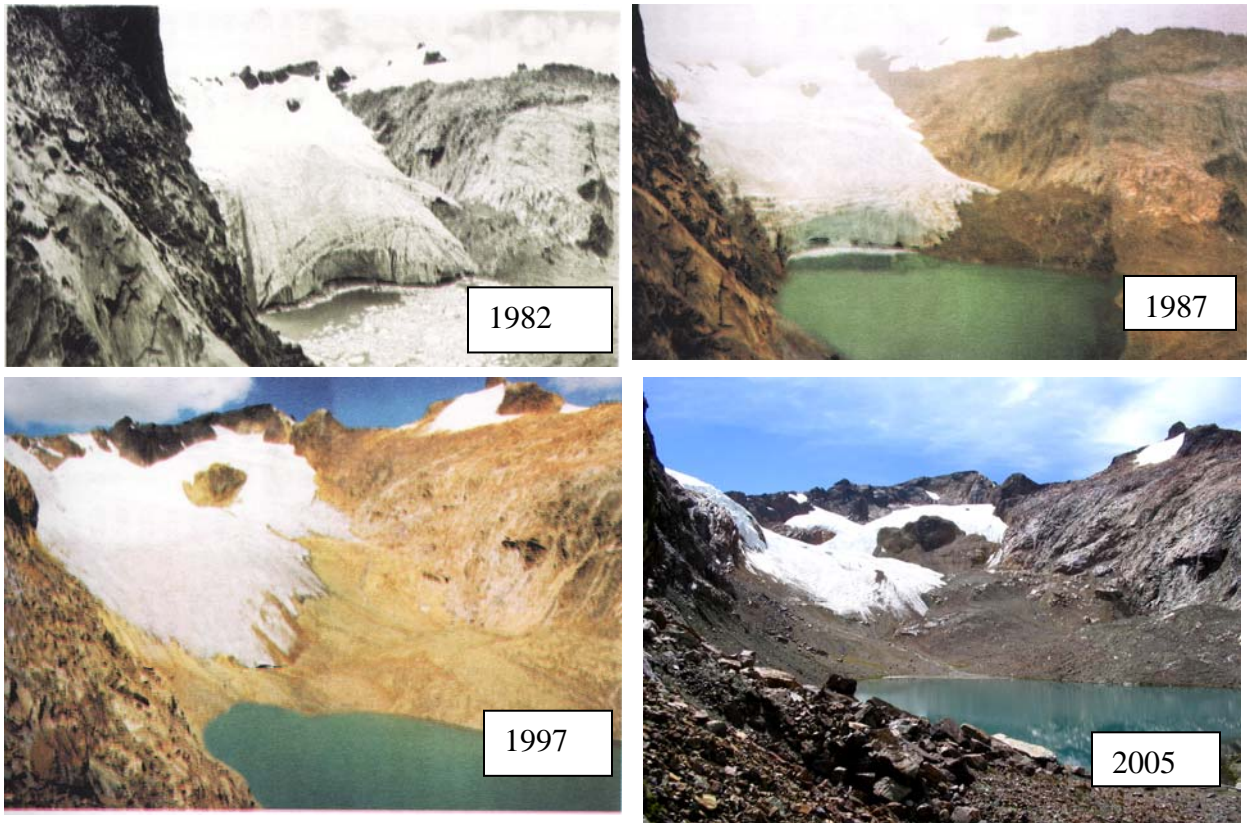
Highland Andean ecosystems are very vulnerable to climate change impacts. For example, glacial retreat in the Andes is happening at an alarming rate. Recent measurements show catastrophic declines in glacier volumes which are likely to result in substantial impacts on water flows to Andean valleys. At lower mountain altitudes, observed climatic changes include deterioration of watersheds and depletion of water recharge capacities, increased likelihood of flash fires, and biotic changes in ecosystem thresholds and composition. Moreover, there is substantive risk of glacial lakes outburst floods (GLOFs) and highland flash floods, placing large downstream populations and infrastructure at risk.

These dramatic hydrological and ecological changes will likely result in a loss of global biodiversity, in addition to losses in ecosystem dependent goods and services, especially potable and agricultural water supply, and associated hydropower potential, including the loss of traditional water management and agricultural practices and techniques.



Glacier in the Peruvian Andes in 1980 and from the same position in 2002. Cordillera Blanca, Peru. (Bryan and Mark Lynas)

Catastrophic regression of **GLACIER YANAMAREY**  
( Cordillera Blanca, Peru-altitude 4786 msnm.)



In a study made by Tyndall Centre<sup>7</sup>, a recognized UK research institution, Bolivia, Ecuador and Peru were considered among the riskiest countries worldwide to climate change impacts (Peru is the third one after Honduras and Bangladesh).

Peru contains roughly 71% of the globe's tropical glaciers. Since the early 1980s Peruvian glaciers have lost about 22% of glacier surface, (500 Km<sup>2</sup>) equivalent to 7,000 million cubic meters of water (about ten years of water supply for Lima)<sup>8</sup>. Peru also has over 12,000 lakes and ponds that could be destabilized from glacier melt. Similar reductions have been documented in Ecuador and Bolivia. A recent analysis

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<sup>7</sup> Country level risk indicators from outcome data on climate-related disasters: an exploration of the Emergency Events Database

1. NICK BROOKS AND W. NEIL ADGER, 2003

<sup>8</sup> In 1970, an earthquake fractured a glacier mass causing Llanganuco Lake to overflow, killing 20, 000 people in the small cities of Yungay and Ranrahirca.



has shown that 90% of the volume of the Chacaltaya Glacier in Bolivia has been lost since 1940 and predictions call for its ultimate demise in less than 20 years.

Furthermore, the combined impacts of global warming, ENSO (El Niño Southern Oscillation), and extreme weather events on mountain hydrology are diminishing the water flow used by populations downstream and are likely to have devastating impacts on highland and associated downstream ecosystems, altering the ecology and livelihoods of millions of people, whose GHG emissions are negligible.

Impacts on water supply. Changes are expected in regional water supplies, including areas impacted by accelerated glacier melting, placing millions of already economically and environmentally stressed ecosystems and inhabitants at further risk of inadequate potable water. Glaciers disappearance is associated with excess runoff. Once they melt water availability will be severely curtailed. Furthermore, climate-induced glacial melt will likely precipitate the migration of human populations and mega faunal animals affected by extreme events. Thus, an average change in the distribution of water, hydro, and agricultural resources will precipitate hydrological stressors that will likely cause a sharp rise in intra-regional and country-scale inequities, and possibly risk of political instability and conflicts.



Impacts on agriculture. Semi-arid mountainous ecosystems in the region are highly vulnerable to disruption of local hydrological patterns, placing subsistence agriculture and consequently rural livelihoods at risk. Anticipated dramatic fluctuations in the hydrological cycle will exacerbate already stressed ecosystems, and reduce biodiversity and productivity of highland agricultural lands because of unreliable water supply. Furthermore, poor land use practices exacerbate already compromised and destabilized watersheds, root retention structures, and ecosystems. Much of the current research suggests yield decreases in the Andean highlands, as a consequence of affectation to the water cycle and higher soil surface temperatures if no adaptation options are considered. The adaptive limitations of less-developed sub-regions will likely increase the disparity in food production and food security in rural

highlands. It is also important to consider that much of the lowlands basins strongly depend on the tributary streams coming from the mountain regions, therefore impacts will be felt also downstream of the rivers.

Impacts on energy generation. The region relies on hydropower to cover a majority of its power requirements, and many rivers that are used to generate hydroelectricity are glacier- or mountain lake-fed. Indeed a majority of power generation in Peru (80%) and Ecuador (50%) is met through hydropower. Reduction in water flows will reduce the potential for power generation and directly induce a carbonization of the power sector (countries going back to thermal power plants to make up for reduced hydropower potential) therefore increasing the greenhouse gas emissions of these systems. Recent studies in Ecuador suggest that during the low-water period, the Paute Project (Paute river basin) would only be providing between 43% and 45% of average power capacity, that represents a deficit of about 27% compared to energy production under normal conditions.

Urgent measures are thus required to document, with a higher level of certainty, anticipated climate impacts in the Andean region, and to formulate adaptation policy actions and measures that will illustrate how to meliorate these catastrophic changes. Consequently, Andean Governments in the region are

beginning to emphasize the need to design and implement Development Plans that take into account the impacts of climate change in high mountain ecosystems.

**The development objective of the proposed project is to support regional efforts to implement adaptation measures to meet the anticipated impacts from climate change in the Andean highlands and in related river basins** This will be achieved through: a) identifying ongoing or planned government interventions with outcomes highly vulnerable to extreme weather events and climate change and assessing measures and policy options to adapt to the effects of climate change as well as development projects within which adaptation can be mainstreamed; and b) implementing regional and strategic adaptation pilots to address key climate impacts on their economies. Priority will be given to pilots from vulnerable highland and coastal glacial-dependent watersheds, other associated ecosystems, and regions of mutual interest to participating member countries, where the impacts on global commons and associated local impacts are the highest.

### **Components and Activities**

#### **a) Identification, selection & formulation of adaptation measures:**

Activities under this component will build on the results of the national communications. Specifically, the findings of the communications will be used to support the identification and formulation of adaptation measures. The project would support consultancies and services required for: i) assessment of future climate scenario impacts on key ecosystems, runoff availability, and on the incidence of extreme events (both floods and droughts); and, ii) selection of ongoing or planned governments programs highly vulnerable to the impacts of climate change, affecting key economic activities or sensitive ecosystems and preliminary assessment of possible adaptation options (soft ones as management, policy, and hard ones as infrastructure.). While the assessment of future climate scenario impacts on key ecosystems has been conducted under the UNDP National Communications for Peru, the project will focus on the assessments for Ecuador and Bolivia thus achieving the same analytical basis for the three countries. The project will build analytical capacity for policy and project evaluation that can be expanded subsequently to include other sectors. Likely areas for immediate intervention include watersheds, and consequent impacts on hazards to life and property, watershed ecology and desertification, water availability for hydropower, human consumption and productive use as for example irrigation, agricultural productivity/fishery & food security.

**b) Implementation of pilot adaptation measures.** The project would support consultancies, goods and services required for (i) designing the selected high priority adaptation measures, including institutional coordination, legal and regulatory assessments, stakeholder analysis and consultation process, and public awareness for the implementation of adaptation measures; and (ii) implementation of pilot adaptation projects in selected communities and where vulnerability is greatest and region's interest highest, with the existing initiatives for development.

### **India: Climate-resilience Development and Adaptation (UNDP)**

SCCF/GEF: \$4m; co-financing \$16m; Total costs \$20m

The Delhi Ministerial declaration on Climate change and Sustainable Development at the eighth Conference of Parties to the UNFCCC emphasized adaptation as a high priority and noted that effective measures should be supported for adaptation, vulnerability reduction and capacity-building within development strategies. Projections made up to 2001 as part of India's NATCOM (2004) to the UNFCCC indicate an increase in the intensity and frequency of extreme events such as droughts, floods and cyclones. Globally, over 70% of disasters are climate-related and recent science confirm that the intensity and frequency of extreme climate events is likely to increase with climate change.

India is already among the most vulnerable countries to extreme events and, as the history of extreme floods, droughts and storms illustrate, these extremes are a major factor contributing to endemic poverty and constraining overall development. The additional impact of extreme events associated with climate change represents a fundamental challenge to India's development objectives, including its ability to meet the MDGs. As a result, effective strategies for responding to climate change depend heavily on the ability to adapt to extreme events through cross-cutting, sectoral and financial mechanisms.

The core challenge is to evaluate and test possible strategic interventions in and across sectors, so that a comprehensive plan of adaptation to address the vulnerability to the impacts of climate change, including variability can be developed. India's vulnerability in various sectors and its significance are reported in its NATCOM. The sectors of high priority include: agriculture, water, coastal zones.

In the absence of an Adaptation Road Map for the Government, say over the next 10 years, the current set of ad-hoc activities is unlikely to address emerging climate problems coherently. There is a need to develop short, as well as long-term actions, based on opportunities, level of climatic risk, vulnerability, political and economic feasibility of response options. Part of this response will occur through the enabling activities currently being undertaken for preparing India's Second National Communication (SNC).

However, the SNC focuses on assessments. It does not address financial mechanisms, and has a limited emphasis on specific approaches for addressing development sectors and cross-cutting issues. It also pays little attention to the increasingly recognized links between climate adaptation and disaster risk reduction. Finally, the SNC is an analytical exercise. It does not provide the implementation experience that can only be gained through pilot activities.

By addressing these gaps, the proposed project will complement and build off past and planned activities under the National Communication process. Specifically, the project will focus on key development sectors and disaster-climate risk reduction context so as to:

- Open a new arena for action – on the links between climate, risk reduction and disaster response;
- Complement the emphasis on gradual change and impacts within coastal zones, water and agricultural sectors that are a government priority;

- Address key financial instruments (e.g., insurance, catastrophe bonds) that bring in a clear potential role for the private sector, and which have not been previously addressed in adaptation work in India.

Strategically, the project proposed here is designed to develop and implement an Adaptation Road Map for India. The road map will be supported through 3 pillars:

- Sectoral approaches
- Cross-cutting approaches
- Mechanisms for financing climate adaptation

The project will complement assessment activities under the SNC that assist the government in developing a comprehensive road map for supporting adaptation, and for their implementation.

The Objective of the proposed project is *to identify, test and build capacity for replicable implementation of climate risk reduction strategies in 3 key development sectors and disaster risk management*. It will do so by first testing risk reduction strategies in pilot field areas, developing mechanisms for supporting risk reduction across sectors and identifying enabling financial mechanisms and second using these to inform policy makers and develop institutional capacities to address the additional impacts of climate change on extreme events.

## **Regional: Pacific Islands Adaptation to Climate Change Project (PACC)**

Pacific Island Countries: Cook Islands, Federated States of Micronesia, Fiji, Nauru, Nuie, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu

SCCF/GEF: \$11.250m; co-financing \$70.8m; Total costs \$82m

The PACC will implement long-term adaptation measures to increase the resilience of a number of key development sectors in the Pacific islands to the adverse impacts of climate change. This objective will be achieved by focusing on adaptation response strategies, policies and measures to bring about this result. The key development sectors this project will focus on are: i) water resources management; ii) food production and food security; and iii) coastal zone and associated infrastructure (roads and breakwater). To ensure sustainability of the project, regional and national adaptation financing instruments will constitute a fourth component of the project (iv).

The project will be completed in two phases. During Phase I, baseline and additional adaptation activities in the key socio-economic sectors identified will be elaborated. Using the Adaptation Policy Framework as a guiding tool for project development, a strategy and structure for implementing key adaptation activities in the identified areas will be further developed and finalized.

In Phase II, the project will implement key adaptation activities in the key economic areas and establish national and regional adaptation financing mechanisms to ensure sustainability of the project. Monitoring and evaluation of the project will also ascertain during this phase whether adaptation investments significantly enhanced sustainable development in case study countries. Regional activities will consist of technical backstopping to enhance national implementation.

As indicated above, the objective of the PACC is to implement long-term adaptation measures to increase the resilience of a number of key development sectors in the Pacific islands to the impacts of climate change. The expected outcomes are:

- (1) National frameworks and strategies for adaptation developed and integrated into national sustainable development plans for their equivalent in water resources management, food production and food security and coastal zone and associated infrastructure. The proposed allocation is US\$1,500,000. The proposed activities include individual, institutional and systemic capacity building and awareness raising at all levels (village, local, national) to facilitate the integration of adaptation frameworks and strategies into national sectors.
- (2) Adaptation measures in key socio-economic areas identified by the participating PIC implemented in the areas of water resources management, food production and food security and coastal zone and associated infrastructure. The implementation of adaptation measures will constitute the bulk of the FSP and is budgeted at US\$ 8,750,000.

Examples of two adaptation activities for implementation:

**1. “Climate Proofing” a Road Infrastructure Project in Kosrae, Federated States of Micronesia (US\$ 550,000)**

The infrastructure development plan for Kosrae includes completion of the circumferential road where there is currently a 16 km gap. Funds for the roading project will be provided under the Compact of Free Association with the USA. The primary purpose of this development is to complete the road around the island of Kosrae and provide all-weather land access to the remote Walung in the southwest. It is the only community without reliable links to the other Municipalities. Completion of this link will also allow easier access to the presently undeveloped interior of the island along the western coast, providing scope for agriculture and new settlement in the area. There are also plans to construct power lines along the road, to join Walung to the existing electricity distribution system from two directions along the new route. This will convert the present ‘radial’ configuration of the power distribution system in Kosrae to a more reliable ring-main, with benefits for the whole island.

The drainage works for the original road design (both built and yet to be built sections) were based on an hourly rainfall of 178 mm, intended to be the hourly rainfall with a return period of 25 years. An analysis of more reliable data indicated an hourly rainfall with a return period of 25 years is 190 mm. But by 2050 the hourly rainfall with a 25 year return period will have increased to 254 mm as a consequence of climate change. A recommendation that the design of the road be modified so the drainage works could accommodate an hourly rainfall of 254 mm was accepted by the Government of the State of Kosrae and a “climate proofed” design was prepared and costed by State employees. The additional cost of “climate proofing” the road design and construction for the yet to be built section is in the vicinity of US\$500,000. It is also estimated from small trials that it is more costly to “climate proof” retroactively - US\$776,184 for a 3.2 km section of existing road (US\$243,000 per km) as opposed to US\$511,00 to “climate proof” 6.6 km of new road (US\$77,00 per km).

**2. “Climate Proofing” the Design of the Breakwater for the Western Basin, Avatiu Harbour, Rarotonga (US\$ 550,000)**

The domestic tuna industry is becoming a key export earner for the Cook Islands. This and future expansion of the long line fishing industry is constrained by a lack of appropriate infrastructure, and in particular by lack of berth space and other facilities within Avatiu Harbour. The Cook Islands Ports Authority is in the process of developing the Western Basin to accommodate extra vessels, provide sufficient wharf to minimize delays in offloading fresh fish and to allow the fishing vessels to use the harbor in most sea conditions other than those associated with cyclones.

The Western Basin is adjacent to, and directly west of the existing Avatiu Harbour. It is on an existing area of reclamation on the reef flat, approximately 100 m wide. In the 1980s

construction of a western breakwater was undertaken, but had not been completed by 1987, when Cyclone Sally occurred. The incomplete breakwater was damaged, in part due to the absence of a planned lining of armored basalt boulders. The internal components of the breakwater were stripped and spread over the reef flat.

The design brief for the Western Basin states that the breakwater and quay walls should be designed for a nominal design life of 60 years. Fixtures should be robust enough to withstand a cyclone with a ten year return period. The Western Basin is being developed in stages, based on demand and commensurate with development of the fishing industry and availability of funding. The first stage, involving an expenditure of \$NZ 1 million sourced through a government grant, overseas aid grant, cash reserves and a loan, was for a wharf facility but with no added protection against storms, over what is provided by an existing breakwater.

A separate feasibility study is being undertaken, which relates to the design and construction of a permanent breakwater system for the Western Basin. As originally planned, it will involve:

- determination of design water level and waves;
- calculation of wave transformation from offshore to the breakwater and harbor
- determination of conditions for wave run up on the breakwater side and wave overtopping;
- identification of design options that will reduce risks (including those to breakwater, vessels and port infrastructure) to acceptable levels, including height and cross section of breakwater; and configurations and weight of armor blocks that will be resistant to wave forces;
- calculation of costs and benefits for each design option, including additional costs and benefits associated with taking into account the climate change scenario.

When “climate proofing” the design of a breakwater, two of the key considerations are how global warming will affect changes in cyclone intensity and frequency (and hence changes in the return periods of design wind speeds and of significant wave heights) and mean sea-level change. Early estimates indicate that the additional cost of climate proofing the breakwater may come to the vicinity of US\$550,000.

## **Tanzania: Mainstreaming Climate Change in Integrated Water Resources Management in Pangani River Basin (MSP)**

SCCF/GEF: \$1m; co-financing \$1.57m; Total costs \$2.57m

This project will initiate Integrated Water Resource Management (IWRM) frameworks in the Pangani River Basin of Northern Tanzania. These frameworks will address climate change and pilot adaptation measures. It is one of the first field-based climate change preparation projects in Eastern Africa with strong links to basin and national planning and policy, and as such will build national and regional capacity, provide lessons and serve as a national and regional demonstration site. The Pangani River flows from Mount Kilimanjaro to the Indian Ocean and has major hydro-electric, irrigation, urban and rural water supply functions. Data from past decades show declining water flows and greatly increased demands for water from several sectors. The Pangani River Basin was one of the first to be established under Tanzania's forward-looking water policy and legislation. The project will build capacity for environmental flows procedures in Tanzania and use these flow data-sets to guide water use allocation, conflict resolution etc within the basin, under a number of climate and water flow scenarios.

The Government of Tanzania and IUCN, through WANI are committed to preparing water users and water managers in Pangani Basin for climate change. GEF support is solicited in this partnership to achieve the overall project Goal: *To incorporate climate change into Integrated Water Resources Management in the Pangani Basin, so that it may support the equitable provision of freshwater for the environment and for livelihoods for current and future generations.*

The Objective of the proposed project intervention is to: *Prepare water managers and users for changing climatic conditions (especially reduced flows) through provision of technical data, planning, and improved allocation, capacity building and awareness-raising.* Within this overall purpose, project outcomes and activities will focus on three technical areas:

- Understanding current and future climatic vulnerability: and developing and using such information for more equitable water allocation in a changing hydrological regime;
- Minimize future climatic vulnerability and future climatic risk: Continuing dialogues to ensure sustainable water resources management;
- Incorporating climate change adaptation in the water sector: national linkages and lessons learned.

These three technical outputs will lead to a single measurable outcome: *Management and allocation of water in Pangani Basin includes climate change preparation and adaptation and environmental considerations in a sound IWRM framework.*



**Annex I.      *Decision 28/CMP.1: Initial guidance to an entity entrusted with the operation of the financial mechanism of the Convention, for the operation of the Adaptation Fund***

**Decision 28/CMP.1**

**Initial guidance to an entity entrusted with the operation of the financial mechanism of the Convention, for the operation of the Adaptation Fund**

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling* Article 12, paragraph 8, of the Kyoto Protocol,

*Recalling* decisions 5/CP.7, 10/CP.7 and 17/CP.7,

*Recognizing* that low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems are particularly vulnerable to the adverse effects of climate change,

*Recognizing* the need to operationalize the Adaptation Fund as soon as possible,

*Taking note of* the proposed arrangements for the Adaptation Fund presented by the Global Environment Facility as an entity entrusted with the operation of the financial mechanism of the Convention, as contained in paragraph 31 of the report of the Global Environment Facility to the Conference of the Parties (FCCC/CP/2005/3 and Corr.1),

*Noting* that the Adaptation Fund shall be financed from the share of proceeds on the clean development mechanism project activities and other sources of funding,

*Recognizing* that adaptation to climate change is an integral part of ongoing efforts for sustainable development,

1. *Decides* that the Adaptation Fund established under decision 10/CP.7 shall finance concrete adaptation projects and programmes in developing country Parties that are Parties to the Kyoto Protocol, as well as activities identified in decision 5/CP.7, paragraph 8;

2. *Decides* that the Adaptation Fund shall function under the guidance of, and be accountable to, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

3. *Decides* that the operation of the Adaptation Fund shall be guided by the following:

- (a) A country-driven approach
- (b) Sound financial management and transparency
- (c) Separation from other funding sources

(d) A learning-by-doing approach;

4. *Decides* to adopt further guidance on policies, programme priorities and eligibility criteria for the operation of the Adaptation Fund, at its second session;

5. *Invites* Parties to submit to the secretariat, by 13 February 2006, their views on specific policies, programme priorities and eligibility criteria for consideration by the Subsidiary Body for Implementation at its twenty-fourth session (May 2006);

6. *Further invites* Parties and relevant international organizations to submit to the secretariat, by 13 February 2006, their views on possible arrangements for the management of the Adaptation Fund for consideration by the Subsidiary Body for Implementation at its twenty-fourth session;

7. *Requests* the secretariat to organize, before the twenty-fourth session of the Subsidiary Body for Implementation, subject to the availability of resources, a workshop to promote an exchange of views on further guidance for the operation of the Adaptation Fund.

*9<sup>th</sup> plenary meeting*  
*9–10 December 2005*