

31st LDCF/SCCF Council Meeting
December 9, 2021
Virtual Meeting

Agenda Item 07

**MANAGEMENT RESPONSE TO
2021 PROGRAM EVALUATION OF THE
SPECIAL CLIMATE CHANGE FUND**

Recommended Council Decision

The LDCF/SCCF Council, having considered document GEF/LDCF.SCCF.31/E/01, 2021 Program Evaluation of the Special Climate Change Fund, and GEF/LDCF.SCCF.31/05, the Management Response, takes note of the related evaluation recommendation and endorses the management response to address it.

INTRODUCTION

1. The GEF Secretariat welcomes the *2021 Program Evaluation of the Special Climate Change Fund (SCCF)* by the Independent Evaluation Office (IEO).
2. The GEF Secretariat appreciates the report's many positive conclusions about the SCCF portfolio, including:
 - (a) The SCCF has continued relevance to COP guidance, to the GEF adaptation strategy, and to countries' national priorities;
 - (b) The SCCF has increased complementarity with other funds in climate finance;
 - (c) The SCCF portfolio has been effective and has performed well by several standards and criteria;
 - (d) The SCCF portfolio has resulted in strengthened institutional capacity, and achieved innovation, legal and regulatory, socioeconomic, and sustainable financing outcomes;
 - (e) The overall gender performance of the SCCF portfolio has continued to improve;
 - (f) The likelihood of sustainability of SCCF project outcomes is relatively high.
3. The GEF Secretariat notes with appreciation the report's conclusion that the SCCF has placed a stronger emphasis on the private sector in recent years.
4. The GEF Secretariat highly values the finding that implementers of SCCF projects consider it to be more easily accessed, and to have less cumbersome procedures, than comparable climate funds, and to deploy resources faster.
5. The GEF Secretariat agrees with the Evaluation's encouragement for the SCCF to deepen its focus on technology transfer, innovation, and private sector engagement. We particularly welcome the encouragement to increase use of public-private forms of finance, including blended finance.
6. The GEF Secretariat is encouraged by the Evaluation's findings that the Challenge Program for Adaptation Innovation has been successful in attracting new partners to the GEF, and the high response rate to Calls for Concepts through this program is seen as an opportunity to address a gap not being filled by others within the international climate finance architecture.

RECOMMENDATION

7. The Evaluation makes the following recommendation:

The GEF Secretariat should acknowledge the semidormant state of the SCCF and— together with the key and emerging donors and stakeholders—develop a proactive action plan to revitalize the fund. Removing windows SCCF-C and SCCF-D, which are evidently unattractive to donors, targeting support under window SCCF-A towards

non-LDCs—particularly SIDS—and refocusing the fund toward technology transfer and innovation in adaptation in non-LDCs in window SCCF-B is the only way forward. In doing so, the Secretariat should actively articulate and communicate the SCCF’s niche and brand its focused and distinctive roles in the climate finance architecture. In the short term, and despite the preference of traditional donors to focus on few, larger funds, the existence of funds such as the SCCF could remain a proven and practical alternative for donors to diversify their funding, or an opportunity for new and emerging or smaller donor countries in climate finance.

RESPONSE TO THE RECOMMENDATION

8. The GEF Secretariat agrees with the report’s recommendation that “*the Secretariat should actively articulate and communicate the SCCF’s niche and brand its focused and distinctive roles in the climate finance architecture*”, and would like to point out it has been actively doing so. In consultation with donors to the LDCF and SCCF, the GEF Programming Strategy on Adaptation to Climate Change for the LDCF and the SCCF and Operational Improvements July 2018 to June 2022¹ outlined a clear role for the SCCF, including the two aspects subsequently captured in this recommendation. The Secretariat will continue to further sharpen the focus for SCCF-A and SCCF-B, along the lines recommended in the Evaluation and currently detailed in the draft GEF Programming Strategy on Adaptation to Climate Change for the LDCF and the SCCF and Operational Improvements July 2022 to June 2026,² hereafter referred to as draft LDCF/SCCF Programming Strategy.

9. The GEF Secretariat has already taken several actions consistent with the recommendation of this evaluation:

- (a) The draft LDCF/SCCF Programming Strategy proposes a focus for SCCF windows A and B that is aligned with the Evaluation’s recommendation and were discussed in the first consultation meeting on the draft Strategy held on October 19, 2021. SCCF-A is well-placed to serve the needs of the many highly vulnerable, non-LDC SIDS, that are not able to access adaptation support from the LDCF and which need to compete with other developing countries for funds from other sources of climate finance. The GEF Secretariat also agrees that SCCF-B is well-placed to support innovation and technology transfer for adaptation. In addition, the GEF believes SCCF-B can include a focus on private sector engagement in adaptation.
- (b) The GEF Secretariat has included a dedicated program on Communications and Visibility Enhancement in the draft LDCF/SCCF Programming Strategy.
- (c) The GEF Secretariat will continue to liaise with donors about the opportunity of the SCCF as an avenue to meet responsibilities and climate financing commitments

¹ GEF, 2018, [GEF Programming Strategy on Adaptation to Climate Change for the LDCF and the SCCF and Operational Improvements July 2018 to June 2022](#).

² GEF, 2021, [GEF Programming Strategy on Adaptation to Climate Change for the LDCF and SCCF and Operational Improvements July 2022 to June 2026](#).

for achieving the Paris Agreement objectives, including the agreement at UNFCCC COP26 to at least double climate change adaptation finance for developing countries.

- (d) The draft LDCF/SCCF Programming Strategy explicitly lays out options on the future of the SCCF. This is consistent with the recognition in the evaluation that it is critical to clarify the financing, and therefore operational future, of the SCCF.

10. While the recommendation states that the GEF “*should acknowledge the semidormant state of the SCCF*”, the Secretariat would like to highlight that it has been reporting to the Council on a regular basis regarding the resource-constrained status of the SCCF, and has proposed options for optimization of the SCCF in the draft LDCF/SCCF Programming Strategy. The Secretariat would also like to point out that the term “semidormant” can lead to the misinterpretation that the Fund has unofficially stopped operating. In fact, there continues to be an active SCCF portfolio, including project approvals from GEF-7, with regular monitoring and reporting, annual work plan and administrative budget, Trustee engagement, continued programming, and active communications, despite the obvious resource constraints.

11. The GEF Secretariat does not join the report’s recommendation that “*Removing windows SCCF-C and SCCF-D... is the only way forward*”. Such an action by the Secretariat is not possible in absence of a decision by the UNFCCC COP. Further, while SCCF-C and SCCF-D have not been resourced, the GEF Secretariat has not received indication that the mere existence of these windows affects the willingness of donors to fund the SCCF-A and SCCF-B windows, nor did their existence preclude donors from contributing to windows A and B prior to 2015.

12. The Evaluation overlooks relevant information on certain issues, including the following:

- (a) With regard to statements relating to branding, visibility and communications on the SCCF, significant progress has been made on communication of impacts advanced by SCCF-supported projects. In fiscal year 2021, the number of page views on the GEF website containing “SCCF”, “LDCF”, “adaptation”, or any combination of these terms, totaled 51,290, with “SCCF” being the most common of these terms used by viewers. Additionally, 89 different media stories featured the SCCF in fiscal year 2021, which on a per project basis is many times higher than for any other GEF-managed Trust Fund.
- (b) With regard to the preselection process of the Challenge Program for Adaptation Innovation and the Evaluation’s assertion that it has been cumbersome for the Secretariat, the Secretariat wishes to point out the brief and flexible nature of three-page pre-concepts to this Challenge Program is in fact efficient for both submitters and the Secretariat. This pre-concept submission process enables proponents to invest minimal time before gaining feedback on potential for success, while enabling the Secretariat to seek and identify high potential ideas based on established criteria in a much more quickly than is the case with the usual GEF process.

- (c) With regard to the statement that *“The small size of SCCF projects and the limited scale of overall funding is a reason that makes the SCCF unattractive to donors,”* it is not clear how the GEF Secretariat is recommended to take action. It is the lack of funding that is responsible for the limited scale of overall funding and consequently small size of SCCF projects. SCCF projects were comparable in size to LDCF projects when the SCCF was not facing resource constraints. Some donors have also conveyed appreciation for fact that the SCCF is able to achieve high impact with relatively modest project size. No COP 26 or previous guidance has identified these issues as barriers to support the SCCF.

13. The GEF Secretariat would also like to recognize the broader climate finance context within which the SCCF has been severely underfunded in recent years. The Secretariat notes the guidance from UNFCCC COP26 to the GEF, which “... welcomes the work undertaken by the Global Environment Facility during its reporting period (1 July 2019 to 30 June 2021), including with regard to: (a) Approval of the climate change projects and programmes approved during the reporting period under ... the Special Climate Change Fund.”, and “... encourages additional voluntary financial contributions to ... the Special Climate Change fund to support adaptation and technology transfer.”³

CONCLUSION

14. The GEF Secretariat will implement actionable aspects of the Evaluation’s recommendation as highlighted above, and keep the LDCF/SCCF Council updated on progress, through (a) subsequent drafts of the LDCF/SCCF Programming Strategy; and (b) the IEO’s standard Management Action Record. The Secretariat would also welcome a closer interaction with the IEO in any subsequent evaluations of the SCCF, so as to minimize points of factual inaccuracy and to encourage robust recommendations that are fully actionable by the Secretariat.

³ [Report of the Global Environment Facility to the Conference of the Parties and Guidance to the Global Environment Facility](#), FCCC/CP/2021/L.8.