



GEF

Global Environment Facility

GEF/C.19/Inf.10

May 13, 2002

GEF Council
May 15-17, 2002

**UNFCCC GUIDANCE TO THE GEF ON ADAPTATION
TO CLIMATE CHANGE AND RELATED
GEF ACTIVITIES**

Table of Contents

II.	COP Guidance to the GEF	1
1.	Guidance on Definition of Adaptation.....	1
2.	Guidance on Funding Arrangements for Stage I Adaptation	2
3.	Guidance on Funding Arrangements for Stage II Adaptation.....	3
4.	Guidance on Funding Arrangements for Stage III Adaptation	3
5.	COP 7 Decisions Related to Adaptation.....	3
III.	GEF support for Adaptation under the Climate Change Focal Area	7
IV.	GEF Support for Adaptation Under Other Focal Areas.....	9
V.	Current GEF Activities Related to Adaptation	10
	Annex	A1

I. INTRODUCTION

1. The GEF is a financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) and the Convention on Biodiversity (CBD) as well as a financial mechanism of the Stockholm Convention on Persistent Organic Pollutants on an interim basis. In this capacity, the GEF acts as both a facilitator and a funding source for addressing global environmental problems and for integrating global environmental concerns into the sustainable development process.

2. As a financial mechanism of the UNFCCC, the GEF receives guidance from the Conference of the Parties (COP) on programs and projects eligible for funding, including those related to adaptation to climate change, which is emerging as an important area for GEF funding. This guidance has several elements and has evolved substantially as the result of recent COP decisions. The GEF has therefore prepared this information document with the aim of providing an overview of existing COP guidance to the GEF and GEF projects consistent with this guidance to date.¹

II. COP GUIDANCE TO THE GEF

3. The UNFCCC identifies adaptation as one the key elements of minimizing and mitigating the impacts of climate change. Under Article 4.1, all parties are required to undertake actions relating to adaptation.

4. To date, the COP has provided the following guidance to the GEF regarding adaptation to climate change:

1. Guidance on Definition of Adaptation

5. **Decision 11/CP.1** provides a description of policies, program priorities and eligibility criteria regarding adaptation to the adverse effects of climate change.² According to this decision, adaptation, as defined by the Convention, will require short, medium and long-term strategies which should be cost effective, take into account important socio-economic implications, and should be implemented sequentially.

6. This decision lays out three stages of adaptation as follows:

“i) Adaptation to the adverse effects of climate change, as defined by the Convention, will require short, medium and long-term strategies which should be cost effective, take into account important socio-economic implications, and should be implemented on a stage by stage basis in developing countries that are parties to the convention. In the short term, the following stage is envisaged:

¹ This paper does not address the need for new policies to implement decisions adopted at COP 7. This topic was introduced in GEF/C.18.3/Add 1 and is further addressed in GEF/C.19/6 as well as GEF/C.19/Inf. 7.

² See Annex for full text of the decision.

7. Stage I: Planning, which includes studies of possible impacts of climate change, to identify particularly vulnerable countries or regions and policy options for adaptation and appropriate capacity-building;

(ii) In the medium and long term, the following stages are envisaged for the particularly vulnerable countries or regions identified in Stage I:

Stage II: Measures, including further capacity-building, which may be taken to prepare for adaptation, as envisaged by Article 4.1(e)³;

Stage III: Measures to facilitate adequate adaptation, including insurance, and other adaptation measures as envisaged by Article 4.1(b)⁴ and Article 4.4⁵;

8. Stage I focuses on activities that can be undertaken in the short term, namely “planning”, which includes studies of possible climate change impacts in order to identify particularly vulnerable countries or regions and policy options for adaptation and appropriate capacity-building. Stage II has a longer term horizon and focuses on measures, including further capacity-building, which may be taken to prepare for adaptation in particularly vulnerable countries or regions identified in Stage I. Finally, Stage III includes measures to facilitate adequate adaptation, including insurance, but does not encompass investments in concrete measures.

2. Guidance on Funding Arrangements for Stage I Adaptation

9. The COP has provided GEF with further guidance on the provision of funding for Stage I adaptation activities through paragraph (d) of **Decision 11/CP.1**.⁶ With this decision, the COP entrusts the funding of Stage I implementation to the GEF. This funding would meet the agreed full costs of relevant adaptation activities undertaken in the context of the formulation of national communications. Such activities may include studies of the possible impacts of climate change, identification of options for implementing adaptation provisions, especially the obligations contained in Article 4.1(b) and 4.1(e) of the Convention, and relevant capacity-building.

10. Countries are expected to report their progress on Stage I adaptation through their first national communications to the UNFCCC. **Decision 10/CP.2** states in paragraph 15 of its annex that initial national communications should seek to include, policy frameworks for implementing adaptation measures and response strategies in the context of coastal zone management, disaster

³ Article 4.1 (e) characterizes what adaptation measures may consist of by stating that all parties shall “cooperate in preparing for *adaptation* to the impacts of climate change; develop and elaborate appropriate and integrated plans for coastal zone management, water resources and agriculture, and for the protection and rehabilitation of areas, particularly in Africa, affected by drought and desertification, as well as floods.”

⁴ Article 4.1 (b) requires all Parties to: “Formulate, implement, publish and update national, and as appropriate, regional, programs containing measures (...) to facilitate adequate adaptation to climate change.”

⁵ For developing countries that are particularly vulnerable, Article 4.4 provides that Annex II Parties shall “assist the developing country Parties that are particularly vulnerable to the adverse effects of climate change in meeting costs of adaptation to those adverse effects.”

⁶ See Annex for full text of the decision.

preparedness, agriculture, fisheries, and forestry, with a view to integrating climate change impact information, as appropriate, into national planning processes.⁷

3. Guidance on Funding Arrangements for Stage II Adaptation

11. In 1998, the COP met in Buenos Aires and directed the GEF to initiate funding Stage II adaptation activities through its **Decision 2/CP.4**. This decision asks the GEF to provide funding to implement Stage II activities in particularly vulnerable countries and regions identified in Stage I, and especially in countries vulnerable to climate-related natural disasters. Such activities are to be implemented in the context of national communications, taking into account preparatory adaptation planning frameworks in priority sectors and the completion of Stage I activities.⁸

12. Similarly, at the next COP, **Decision 8/CP.5** reaffirmed that the GEF should provide funding to developing country Parties which are particularly vulnerable to the effects of climate change, for activities related to the effects of climate change, and for activities related to the assessment of vulnerability and adaptation options, in accordance with **Decision 10/CP.2** and **Decision 2/CP.4**.⁹

13. Based on these decisions, Stage II is expected to build on Stage I, focusing on particularly vulnerable sectors and regions identified in Stage I. Moreover, Stage II activities would seek to identify where adaptation measures can be most effective in reducing the most significant vulnerabilities. The language in **Decision 11/CP.1** limits the scope of Stage II to further capacity building to prepare for adaptation for the particularly vulnerable countries identified in Stage I. The types of activities that would be funded as Stage II adaptation in each country will depend on how far the countries have advanced in identifying and assessing their vulnerabilities and setting their priorities.

4. Guidance on Funding Arrangements for Stage III Adaptation

14. To date, the COP has not yet provided any guidance to the GEF to fund Stage III activities.

5. COP 7 Decisions Related to Adaptation

15. At the seventh session of the Conference of the Parties (COP 7) which was held in Marrakech from 29 October to 10 November 2001, several decisions related to adaptation were adopted. In addition, three new funds were created:

- (a) Least Developed Countries Fund (**Decision 7/CP.7**)¹⁰, to support the preparation of National Adaptation Programmes of Action (NAPAs);

⁷ See Annex for full text of the decision.

⁸ See Annex for full text of the decision.

⁹ See Annex for full text of the decision.

¹⁰ See Annex for full text of the decision.

- (b) Special Climate Change Fund (**Decision 7/CP.7**)¹¹, to support (a)adaptation, (b)technology transfer, (c)energy, transport, industry, forestry and waste management, and (d)activities to assist developing country Parties in diversifying their economies;
- (c) Adaptation Fund (**Decision 10/CP.7**)¹², to support concrete adaptation projects and programs in developing countries that have become Parties to the Kyoto Protocol.¹³

16. The COP has asked the GEF be operate and manage these funds all of which have provisions to provide support to adaptation activities in least developed as well as developing countries. Specifically, with its **Decision 27/CP.7**, COP 7 has provided guidance to the GEF on the operation of the Least Development Countries Fund (LDC Fund)¹⁴. In this decision, the COP requests the GEF to provide the LDCs funding from the LDC Fund to meet the agreed full cost of preparing the NAPAs, given that the NAPAs will help build capacity for the preparation of initial national communications. According to this decision, the LDC fund will be complementary but separate from the other funds. The GEF is requested to adopt simplified and streamlined procedures for expedited access to the LDC Fund by the least developed countries.

17. **Decision 28/CP.7** provides guidelines for the preparation of NAPAs¹⁵ and decides to review, and if necessary revise, these guidelines at COP 8. According to the annex of this decision, NAPAs will be country-driven and will serve as simplified and direct channels of communication for information relating to the urgent adaptation needs of the LDCs. They will build on existing plans and programs and will be prepared by a multi-disciplinary, multi-stakeholder national NAPA team in a participatory manner. The priority activities identified through the NAPA process will be made available to the GEF and other sources of funding for the provision of financial resources to implement these activities. With **Decision 29/CP.7**, COP 7 decides to establish an LDC expert group to advise on the preparation and implementation strategy for NAPAs.¹⁶ The terms of reference for the LDC expert group is provided in the annex of this decision.

¹¹ See Annex for full text of the decision.

¹² See Annex for full text of the decision.

¹³ The Kyoto Protocol, if ratified, would strengthen all provisions of UNFCCC related to the implementation and financing of adaptation. Articles 10 and 11 of the Protocol contain provisions to advance the implementation of the commitments of all Parties found in Article 4.1 of the Convention, on the same financial footing as provided by the Convention. Article 12 of the Protocol establishes the Clean Development Mechanism as a source of funding for adaptation, and envisages the creation of an Adaptation Fund based on proceeds from certified project activities. Article 12.8 provides that: “a share of the proceeds from certified project activities [will be] used to cover administrative expenses as well as to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.”

¹⁴ See Annex for full text of the decision.

¹⁵ See Annex for full text of the decision.

¹⁶ See Annex for full text of the decision.

18. In addition to the establishment of the new funds, COP 7 provides specific guidance to the GEF on adaptation. In general, COP 7 decisions on adaptation aim to enhance the prominence of adaptation in climate policy, particularly in least developed as well as developing countries, and stress the significance of adaptation as an integral part of sustainable development efforts in these countries. Paragraph 2 of **Decision 5/CP.7** states that actions related to adaptation should follow an assessment and evaluation process, based on national communications and/or other relevant information, so as to prevent maladaptation and to ensure that adaptation actions are environmentally sound and will produce real benefits in support of sustainable development. Paragraph 7 of **Decision 5/CP.7** lists a number of vulnerability and adaptation related activities and states that their implementation shall be supported through the GEF and other bilateral and multilateral sources.¹⁷ These activities include:

- (a) enabling activities for vulnerability and adaptation assessment,
- (b) technical training for integrated climate change impact and vulnerability and adaptation assessments,
- (c) capacity building, including institutional capacity, to integrate adaptation into sustainable development programs,
- (d) capacity building, including institutional capacity, for preventive measures, planning, preparedness of disasters relating to climate change, including contingency planning, in particular, for droughts and floods in areas prone to extreme weather events
- (e) promotion of transfer of adaptation technologies,
- (f) pilot or demonstration projects to show how adaptation planning and assessment can be practically translated into national policy and sustainable development planning, based on information provided in the national communications from non-Annex I Parties and/or other relevant sources, and on the staged approach endorsed by **Decision 11/CP.1**;
- (g) establishment of early warning systems for extreme weather events.

19. **Decision 6/CP.7** asks the GEF to provide financial resources to developing countries, in particular the least developed countries and small island developing states (SIDs) among them, for the activities identified in paragraph 7 of **Decision 5/CP.7** as well as the following additional activities:¹⁸

- (a) implementation of Stage II adaptation activities in particularly vulnerable countries and regions identified in Stage I and especially in countries vulnerable to climate related natural disasters. These activities are to build upon work done at

¹⁷ See Annex for full text of the decision.

¹⁸ See Annex for full text of the decision.

the national level, either in the context of national communications or in-depth national studies, including national adaptation programs of action (NAPAs);

- (b) continuation of the country team approach to enhance the collection, management, archiving, analysis, interpretation and dissemination of data on climate change issues and to increase national commitment to the implementation of the objective of the Convention;
- (c) sub-regional and/or regional information networks that can serve as repositories of climate change related information on vulnerability and adaptation assessments and geographic information systems;
- (d) improvement of climate change related data collection (for example, local emission and regional factors) and information gathering, as well as analysis, interpretation and dissemination of these data to national policy makers and other end-users;
- (e) national, sub-regional or regional databases on climate change;
- (f) sub-regional and/or regional climate change related institutions and “centers of excellence”;
- (g) prioritized projects identified in national communications;
- (h) public awareness and education activities and community involvement and participation in climate change issues;
- (i) continuation of GEF-related programs which assist Parties that are at various stages of preparing and/or completing their initial national communications.

20. Paragraph 8 of **Decision 5/CP.7** lists another set of adaptation related activities to be supported through the Special Climate Change Fund (in accordance with **Decision 7/CP.7**) and/or the Adaptation Fund (in accordance with **Decision 10/CP.7**) and other bilateral and multilateral sources.¹⁹ These activities include:

- (a) adaptation activities in the areas of water resources management, land management, agriculture, health, infrastructure development, fragile ecosystems, including mountainous ecosystems, and integrated coastal zone management;
- (b) monitoring of diseases and vectors affected by climate change and related forecasting and early warning systems, and in this context, improvement of disease control and prevention,

¹⁹ See Annex for full text of the decision.

- (c) capacity building, including institutional capacity, for preventive measures, planning, preparedness and management of disasters relating to climate change, including contingency planning, in particular, for droughts and floods in areas prone to extreme weather events;
- (d) national and regional centers and information networks for rapid response to extreme weather events, utilizing information technology as much as possible.

III. GEF SUPPORT FOR ADAPTATION UNDER THE CLIMATE CHANGE FOCAL AREA

21. The GEF has provided Non-Annex-1 Parties with the opportunity to undertake Stage I adaptation activities through its support for national communications via climate change enabling activities. In accordance with Article 4.3 of UNFCCC, funding for enabling activities covers the agreed full costs incurred by developing country parties in complying with their obligations under Article 12.1 of UNFCCC, which requires each Party to prepare national communications.

22. To date, 132 countries have received financial support and technical guidance to assist them in preparing their first national communications. Total GEF funding to date has been \$86.97 million.²⁰ Some of these funds were used by recipient countries to conduct voluntary vulnerability and adaptation assessments within the context of their national communications.²¹ These studies have been carried out using the methodology first set out in the IPCC Technical Guidelines (Carter et. al., 1994).²² In some instances, the results of these studies have been included in the first national communications.

23. Within the context of Stage I adaptation efforts, GEF has also financed two regional enabling activity projects:

- (a) *Caribbean Planning for Adaptation to Climate Change (CPACC)*, a regional project implemented by the World Bank to support Caribbean countries in preparing to cope with the adverse effects of global climate change – particularly sea level rise – in coastal and marine areas, through vulnerability assessment, adaptation planning, and capacity building linked to adaptation planning and national communications. GEF allocation for this project was US\$ 6.5 million.

²⁰ This amount includes regional and global enabling activity projects that cover limited components of first national communications from non-Annex I Parties as well.

²¹ In addition, many countries have conducted independent impact studies aimed at the identification of vulnerable regions and sectors, and adaptation options with support from sources such as the U.S. Country Studies Program, the Netherlands, the European Union, and others.

²² T.R. Carter, M.L. Parry, H. Harasawa, S. Nishioka, IPCC Technical Guidelines for Assessing Climate Change Impacts and Adaptations with a Summary for Policy Makers and a technical Summary. 1994. Department of Geography, University College London, UK and the Center for Global environmental Research, National Institute for Environmental Studies, Japan.

- (b) *Pacific Islands Climate Change Assistance Programme (PICCAP)*, a regional project implemented by UNDP that involves ten Pacific Island countries and aims to strengthen these countries, in terms of training, institutional strengthening and planning and to enable them to meet their reporting obligations under the UNFCCC. Under PICCAP, preliminary vulnerability assessments and adaptation strategies have been prepared for all participant countries. GEF allocation for this project was US \$3.44 million.

24. Stage I adaptation is not yet complete because not all countries have fully addressed its objectives. As of December 2001, 70 countries have formally submitted their national communications to the UNFCCC; 68 of these communications were prepared with GEF funds. Many nations have not completed or have only started their analysis of vulnerability. And only a few have identified policy options for adaptation. In response to **Decision 3/CP.6**, the UNFCCC Secretariat has prepared a compilation and synthesis of these national communications which provides an overview of how the countries have treated climate change impacts, adaptation and response strategies. According to this report, as of June 2001, 51 Parties presented information in their national communications on vulnerability to and impacts of climate change. Although all Parties discussed adaptation options and measures, most Parties described adaptation activities in terms of future programs and ongoing research. Only a few countries reported on adaptation analysis and presented ranked lists of measures. No Party provided information on the impacts of response measures.²³

25. Work on Stage I adaptation will continue where needed, particularly to ensure that assessments of vulnerability address all potentially significantly vulnerable sectors and regions.

26. The GEF has also provided funding for Stage II activities in response to country request. To date, five projects with Stage II activities have been approved by the Council²⁴:

27. *Assessments of Impacts of and Adaptation to Climate Change in Multiple Regions and Sectors (AIACC)*, a global project implemented by UNEP to support scientific assessment of climate change impacts and adaptation options for the most vulnerable regions and sectors in developing countries. GEF allocation to this project was US\$7.5 million.

28. *Capacity Building for Stage II Adaptation to Climate Change in Central America*, a regional project implemented by UNDP to develop an adaptation policy framework and to prepare national adaptation strategies for priority sectors that can be integrated into sustainable development plans of the participating countries. The outputs of the project, Stage II adaptation strategies, may be used for preparing second National Communications. GEF allocation to this project was \$3.315 million.

²³ FCCC/SBI/2001/14/ Add.1 Third Compilation and Synthesis of Initial National Communications from Parties not Included in Annex I to the Convention

²⁴ A related enabling activity project is the *Capacity Building for Observation Systems for Climate Change (Pacific and Africa)* project which aims to contribute to the reporting of systematic observation and research needs in the context of non-Annex I National Communications on a voluntary basis and to identify priority capacity-building needs related to participation in systematic observation. GEF allocation for this project was \$1.5 million.

29. *Mainstreaming Adaptation to Climate in the Caribbean (MACC)*, a regional project implemented by the World Bank to build on the experiences of CPACC and enhance capacity in the CARICOM Small Island Developing States to develop Stage II adaptation strategies and measures through support to: (i) the mainstreaming of climate change considerations into development planning and sectoral investment projects; (ii) appropriate technical and institutional response mechanisms for adaptation to global climate change; and (iii) regional climate change monitoring and modeling. GEF allocation to this project was \$5.345 million.

30. *China: Targeted Research Related to Climate Change*, a climate change enabling activity implemented by UNDP, which has components that aim to strengthen and develop capacity and obtain results on vulnerability of and adaptation options for key sectors. This project will also inform policy, develop adaptation strategies and facilitate improved quality of policy-related steps in future national communications. GEF allocation for this project was \$1.72 million.

31. *Preparation of Uruguay's Second National Communication to the UNFCCC*, a climate change enabling activity implemented by UNDP, that assists Uruguay in undertaking the third national inventory and preparing its second national communication in accordance with COP guidance. One of the components of this project is the establishment of a program of general measures for mitigation and adaptation. GEF allocation for this project was \$0.596 million.

32. In addition, *Argentina: Enabling Activity for Second Communication to the Convention on Climate Change*, a climate change enabling activity which is being submitted by the World Bank to the current Work Program has a component to assess vulnerability and adaptation options for key ecosystems and agricultural regions in Argentina. Proposed GEF allocation for this project is \$1.14 million.

33. These projects with Stage II adaptation activities are being funded as climate change enabling activities within the context of national communications and therefore the GEF is providing funds for these projects based on the agreed full cost principle.

IV. GEF SUPPORT FOR ADAPTATION UNDER OTHER FOCAL AREAS

34. The GEF has also provided funds to adaptation related activities through projects that focus on biodiversity, land degradation and international waters. One example of such funding is the *Climate, Water and Agriculture: Impacts on and Adaptation of Agro-Ecological Systems in Africa* project. This regional targeted research MSP aims to develop multipliable analytical methods and procedures for assessing the impact of climate change on agriculture in Africa, to estimate how climate affects the current agricultural system, and to project how climate change might affect this system in the future. This OP 12 Integrated Ecosystem Management project intends to address methodological issues and to develop suitable plans for adaptation, working closely with policy makers. GEF allocation to this project was \$0.7 million and was provided on the basis of agreed incremental costs.

35. Similarly, a global OP 9 International Waters targeted research project *Effects of Localized Anthropogenic Stress and Compounding Impacts of Climate Change on the Sustainability of Coral Reef Ecosystems and the Implications for Management* has recently entered the GEF pipeline and the funding for this project will also be provided based on the agreed incremental cost principle.

36. Both of these projects illustrate the multi-disciplinary and cross-cutting nature of efforts to address the impacts of climate change. They also demonstrate how the GEF can use a multi-focal area approach to provide funds for adaptation activities that provide global environmental benefits.

V. CURRENT GEF ACTIVITIES RELATED TO ADAPTATION

37. In addition to providing funds adaptation projects in accordance with COP guidance, the GEF is currently preparing an Adaptation Strategy Paper that addresses COP 7 guidance to the GEF on adaptation. The goal of this paper is to identify possible options to develop a comprehensive framework for GEF to support adaptation related activities in accordance with its mandate to support projects that produce global environmental benefits within the context of sustainable development efforts in developing countries. In order to provide scientific guidance to the preparation of this strategy paper, the GEF Scientific and Technical Advisory Panel (STAP) held an Expert Group Workshop on Adaptation to Climate Change on 18-20 February 2002 in Nairobi, Kenya. The recommendations of this STAP workshop will be incorporated to the strategy paper.²⁵ This paper will be finalized in consultation with all relevant stakeholders, including the implementing agencies, and will be available following COP 8.

38. As requested by COP 7, the GEF Secretariat will include in its report to COP 8 the specific steps it has taken in response to the COP 7 guidance on adaptation.

39. COP 7 has also requested the GEF be operate and manage three new climate change funds all of which have provisions to provide support to adaptation activities in least developed as well as developing countries. Arrangements for the establishment of these new funds are summarized in a separate Council paper.²⁶ The GEF has also prepared an information note on GEF support for NAPAs based on the guidance provided by COP 7.²⁷

40. As requested by COP 7, the GEF Secretariat will also report to COP 8 on these arrangements, based on the comments provided by the Council.

²⁵ GEF/C.19/Inf.12 Report of the STAP Expert Group Workshop on Adaptation, 18-20 Feb. 2002, Nairobi, Kenya

²⁶ GEF/C.19/6 Arrangements for the Establishment of the New Climate Change Funds

²⁷ GEF/C.19/Inf.7 Note on GEF support for National Adaptation Programmes of Action (NAPA)

ANNEX

Decision 11/CP.1
Decision 10/CP.2
Decision 2/CP.4
Decision 8/CP.5
Decision 5/CP.7
Decision 6/CP.7
Decision 7/CP.7
Decision 10/CP.7
Decision 27/CP.7
Decision 28/CP.7
Decision 29/CP.7