



GEF/LDCF.SCCF.19/04
September 28, 2015

19th LDCF/SCCF Council Meeting
October 22, 2015
Washington, D.C.

Agenda Item 04

**JOINT WORK PROGRAM
FOR THE LEAST DEVELOPED COUNTRIES FUND AND
SPECIAL CLIMATE CHANGE FUND**

Recommended Council Decision

The LDCF/SCCF Council, having reviewed document GEF/LDCF.SCCF.19/04, *Joint Work Program for the Least Developed Countries Fund and the Special Climate Change Fund*, approved the work program comprising two project concepts, subject to comments made during the Council meeting and additional comments that would be submitted in writing to the Secretariat by November 04, 2015.

Total resources requested in this work program amounted to \$5.475 million for the SCCF and \$11.445 million for the LDCF, including project grants and Agency fees. The work program is comprised of the following Project Identification Forms (PIFs):

[List of PIFs]

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

(List of PIFs requested for second review)*

With respect to the [PIFs] approved as part of the work program, the Council found that each of these PIFs (i) is, or would be, consistent with the Instrument and GEF Policies and procedures, and (ii) may be endorsed by the CEO for final approval by the GEF Agency, provided that the final project documents fully incorporated and addressed the Council's comments on the work program, and that the CEO confirmed that the projects continue to be consistent with the Instrument and GEF policies and procedures.

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

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

EXECUTIVE SUMMARY

1. The joint Least Developed Countries Fund (LDCF) and Special Climate Change Fund (SCCF) work program presented by the Secretariat for LDCF/SCCF Council review and approval consists of two full-sized project concepts requesting an SCCF project grant of \$5.000 million and \$0.475 million in Agency fees, and LDCF project grant of \$10.500 million and \$0.945 million in Agency fees.
2. The LDCF project in this work program requests resources under multiple trust funds. LDCF projects are normally submitted on a rolling basis and posted for review and approval by the LDCF/SCCF Council on a no-objection basis. This multi-trust fund project represents an effort to combine resources to address drivers of vulnerability to climate change and environmental degradation in an integrated manner, thereby enhancing rural climate resilience, conserving biodiversity, and contributing to climate change mitigation efforts by reducing deforestation. The proposed SCCF project is highly innovative, as it seeks to integrate risks of flood, steppe wind and catastrophic drought within catastrophe insurance that would cover homeowners, agricultural producers, small and medium enterprise, and the national economy at large.
3. As at September 22, 2015, the number of approved projects and programs under the SCCF Adaptation Program (SCCF-A) was 65, totaling \$284.35 million, while 12 projects, totaling \$60.68 million, had been approved under the SCCF Program for Technology Transfer (SCCF-B). The number of approved projects under the LDCF is 164, totaling \$919.31 million. The present work program requests 83.4 per cent of available SCCF-A resources, which amounted to \$6.567 million as at September 22, 2015, and 64.37 per cent of available LDCF resources, which amounted to \$17.78 million as at September 22, 2015.
4. As at September 22, 2015, LDCF resources amounting to \$254.48 million were sought for 34 full-sized projects and one medium-sized project that had been technically cleared by the Secretariat; and another \$72.02 million was sought towards 13 project proposals that had been endorsed by countries' operational focal points and formally submitted. The funds available in the SCCF could support the inclusion of only one project in the October 2015 Work Program. A significant increase in donor contributions is urgently needed to finance technically-cleared LDCF projects and ensure subsequent SCCF work programs.

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List of Annexes

- Annex A: Project Proposal Submitted for LDCF/SCCF Council Approval under the SCCF
- Annex B: Project Proposal Submitted for LDCF/SCCF Council Approval under the LDCF

MAIN FEATURES OF THE PROPOSED WORK PROGRAM

1. The work program presented by the Secretariat for LDCF/SCCF Council review and approval is a joint work program consisting of two project concepts: one full-sized project (FSP) under the SCCF Adaptation Program (SCCF-A)¹ and one multi-trust fund (MTF) FSP that draws on resources from LDCF and the GEF Trust Fund.

COMPOSITION OF THE LDCF/SCCF WORK PROGRAM

2. The proposed work program under SCCF-A and the LDCF consists of two FSP proposals, documented in Project Identification Forms (PIFs), requesting an SCCF-A project grant of \$5.000 million and an LDCF project grant of \$10.500 million (see Annexes A and B for financial details of the proposal). Associated with these proposals are requests for fees totaling \$0.475 million from SCCF-A and \$0.945 million from the LDCF, for the GEF Agencies to meet project cycle management costs.

3. As at September 22, 2015, the resources available for new funding decisions under the SCCF amounted to \$6.567 million from SCCF-A and \$1.333 million from SCCF-B, amounting to a total of \$7.901 million available for Council/CEO approval. The funds available in the SCCF could support the inclusion of only one project in the October 2015 Work Program, amounting to \$5.475 million in SCCF-A project grant and Agency fee. As at September 22, 2015, the resources available under the LDCF totalled \$17.78 million, of which \$10.500 million is requested by the MTF concept included in this work program.

CO-FINANCING

4. Co-financing associated with this work program amounts to \$15.000 million for SCCF-A, matching each dollar of SCCF financing with \$3.00 in co-financing, and \$26.000 million for the LDCF, matching each dollar of the grant with \$2.47 in co-financing.

CLIMATE CHANGE ADAPTATION STRATEGY AND THE WORK PROGRAM

5. This work program addresses all three strategic objectives set forth in the GEF Programming Strategy on Adaptation to Climate Change for the LDCF and the SCCF. These objectives are the subject of monitoring and reporting in accordance with the results-based management (RBM) policy as projects progress through their implementation phases. These objectives are to (i) reduce the vulnerability of people, livelihoods, physical assets and natural systems to the adverse effects of climate change (CCA-1); (ii) strengthen institutional and

¹ In accordance with guidance from the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC), the SCCF finances activities related to climate change that are complementary to those funded by the GEF in the following areas: (a) adaptation to climate change; (b) technology transfer; (c) energy, transport, industry, agriculture, forestry and waste management; and (d) economic diversification. At COP 9 Parties decided that adaptation activities to address the adverse impacts of climate change shall have top priority for funding and that technology transfer and its associated capacity building activities shall also be essential areas for funding.

technical capacities for effective climate change adaptation (CCA-2); and (iii) integrate climate change adaptation into relevant policies, plans and associated processes (CCA-3).

6. In addition, the work program also addresses two objectives as set forth in the GEF-6 Programming Directions for biodiversity and sustainable forest management. These are: (i) improving financial sustainability and effective management of the national ecological infrastructure (BD-1, Program 1) and (ii) maintaining flows of forest ecosystem services and improving resilience to climate change through sustainable forest management (SFM-2).

INNOVATIVE ELEMENTS AND POTENTIAL FOR REPLICATION

7. The two full-sized projects proposed in the present work program represent innovative ways to integrate climate change adaptation considerations within the broader context of development, risk management and environment.

8. In Kazakhstan, the proposed project will build on emerging national regulatory policies on catastrophe insurance to ensure that risks posed by climate change are included within widely available insurance programs. It will increase access to weather risk coverage and catastrophe insurance for millions of people, including homeowners, agricultural producers, and small and medium enterprises (SMEs). Such risk sharing and transfer measures are highly needed in vulnerable developing countries, and are feasible where good climatic data exists. The lessons that will emerge from this project are expected to offer excellent insights for replication.

9. In Bhutan, LDCF resources will be blended with GEF Trust Fund resources to arrive at a project concept that will address multiple, integrated issues at scale, including vulnerability to climate change as well as drivers of environmental degradation, and with potential to contribute toward several national development and environmental priorities. It will build resilience of agricultural communities to adverse impacts of climate change, as well as of communities residing along biological corridors. It will also integrate climate resilience considerations in planning frameworks and management plans of protected areas and forests, and yield biodiversity and climate change mitigation benefits alongside adaptation.

SUMMARY OF PROJECTS IN THE PROPOSED LDCF/SCCF WORK PROGRAM

10. **Kazakhstan:** *Southeast Europe and Central Asia Catastrophe Risk Insurance Facility* (World Bank) (SCCF-A Project Financing: \$5.000 million). The proposed project seeks to address the impacts of climate change and natural hazards on homeowners, SMEs and the economy more broadly by integrating risks of flood, steppe wind and catastrophic drought within a new Law on Compulsory Catastrophe Insurance. It will seek support weather risk models, catastrophe and weather insurance products, risk management capabilities, and reinsurance solutions; and will provide regulatory assistance on the supervision of catastrophe insurance. Further, it will help raise awareness on disaster risk assessment through an interactive web-based portal. The project is expected to result in increased access to affordable weather risk coverage and catastrophe insurance for millions of people; increased awareness of the role of

catastrophe and weather insurance in mitigating the financial impacts of climatic hazards; and improved risk management practices and technical capacities on the supervision of catastrophe insurance. Total indicative co-financing associated with this project amounts to \$15.000 million.

11. **Bhutan:** *Enhancing Sustainability and Climate Resilience of Forest and Agricultural Landscapes and Community Livelihoods* (UNDP) (LDCF Project Financing: \$10.500 million, GEF TF: \$3.467 million). The proposed MTF project will reduce vulnerability to climate change among communities living in agricultural and protected forest areas of Bhutan, while simultaneously yielding concrete benefits for biodiversity, forest conservation and climate change mitigation. It is a highly innovative project that will bring together a range of government partners and local stakeholders to address inter-related drivers of vulnerability and environmental degradation, and will yield useful lessons on integrated planning and action for replication. The project will support measures to build resilience to climate change in agricultural practices, production, and supporting systems. This will be done through improved soil management and irrigation practices, crop diversification, community based nature tourism development and other livelihood diversification options, as well as through improved reliability of access to agricultural markets. It will also enhance climate resilient management, financial sustainability and governance of biological corridors (including three tiger breeding corridors) and forest landscapes. The project will promote good practices such as a landscape approach to biological corridor management, the high conservation value forest approach, improvement of carbon stock monitoring systems, and implementation of sustainable financing systems. Further, it will enhance institutional capacity to integrate climate change considerations into sub-national level ecosystem management. Total indicative co-financing associated with this project amounts to \$26.000 million.

PROJECT PROPOSALS SUBMITTED FOR LDCF/SCCF COUNCIL APPROVAL

Under the SCCF Adaptation Program (SCCF-A)

October 2015

All amounts shown in US\$.

#	GEF ID	Country	Agency	Project Title	PPG Amt	PPG Fees Paid	SCCF Project Financing	Project Agency Fees	SCCF Financing	Cofin.	Total Project Cost
<u>Special Climate Change Fund - A</u>											
1	6915	Kazakhstan	World Bank	Southeast Europe and Central Asia Catastrophe Risk Insurance Facility			5,000,000	475,000	5,000,000	15,000,000	20,000,000
Sub total for Special Climate Change Fund - A							5,000,000	475,000	5,000,000	15,000,000	20,000,000
<u>Grand Total</u>							5,000,000	475,000	5,000,000	15,000,000	20,000,000

PROJECT PROPOSALS SUBMITTED FOR COUNCIL APPROVAL

Under the LDCF Trust Fund

October 2015

All amounts shown in US\$.

#	GEF ID	Country	Agency	Project Title	PPG Amt	PPG Fees	LDCF Project Financing	Project Agency Fees	LDCF Financing	Cofin.	Total Project Cost
<u>Multi Trust Fund</u>											
1	9199	Bhutan*	UNDP	Enhancing Sustainability and Climate Resilience of Forest and Agricultural Landscape and Community Livelihoods	300,000	27,000	10,500,000	945,000	10,800,000	26,000,000	36,800,000
Sub total for Multi Trust Fund					300,000	27,000	10,500,000	945,000	10,800,000	26,000,000	36,800,000
<u>Grand Total</u>					300,000	27,000	10,500,000	945,000	10,800,000	26,000,000	36,800,000

*This is a multi-trust fund project. Presented in this work program is the LDCF component only. The GEFTF component is presented separately in the GEFTF Work Program.