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Agenda Item 05

## **STRATEGIC ALIGNMENT OF THE LDCF PIPELINE**

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## INTRODUCTION

1. This information document has been prepared in response to the request made at the twenty-second meeting of the LDCF/SCCF Council, which asked the GEF Secretariat to prepare an options-paper “presenting approaches to a more strategic and innovative use of funds in the LDCF pipeline, and a more strategic treatment of incoming project proposals.”<sup>1</sup>

2. In response, this document aims to present potential factors to be considered and to be elaborated further towards a more strategic and innovative use of resources in the pipeline of the Least Developed Countries Fund (LDCF) as well as incoming proposals. The document also provides an update on the current status of the pipeline. It is structured in three sections, comprising of: (i) background information on LDCF pipeline development over time; (ii) issues leading to current LDCFs pipeline management; and (iii) a discussion on factors to consider to further enhance LDCF project prioritization processes.

3. According to existing plans, and in alignment with the GEF-7 replenishment cycle, the GEF Secretariat will develop a new Programming Strategy for Climate Change Adaptation for the period of July 2018 to June 2022, to be presented to the twenty-fourth LDCF/SCCF Council in June 2018. In consideration of this timing, it is suggested that further elaboration on potential factors for pipeline and incoming proposal management, along with related policy and practice improvements, take place within the context of the overall strategy development.

4. Based on the deliberations of the LDCF/SCCF Council, and given that the LDCF was established through a decision by the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC), the GEF Secretariat will carry out consultations with the least developed countries (LDCs), relevant donors, and key stakeholders, and reflect them in the process of strategy development.

## LDCF PIPELINE DEVELOPMENT OVER TIME

5. At the seventh session of the COP to the UNFCCC (COP 7) held in 2001, Parties decided “that a least developed countries fund shall be established [...] to support a work programme for the least developed countries” and requested the GEF, as the financial mechanism of the Convention, to operate the LDCF.<sup>2</sup> Since 2001, the COP has adopted 15 decisions containing 23 paragraphs of guidance on the program priorities of the LDCF. Annex I provides a complete overview of COP decisions on the program priorities of the LDCF. Per the mandate of the LDCF to support the most urgent and immediate needs of LDCs in adapting to climate change, a practice to approve LDCF projects on a rolling basis throughout the year has been followed. At

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<sup>1</sup> See Highlights of the 22<sup>nd</sup> LDCF/SCCF Council meeting: [http://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF.LDCF\\_SCCF\\_22\\_Highlights.pdf](http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.LDCF_SCCF_22_Highlights.pdf)

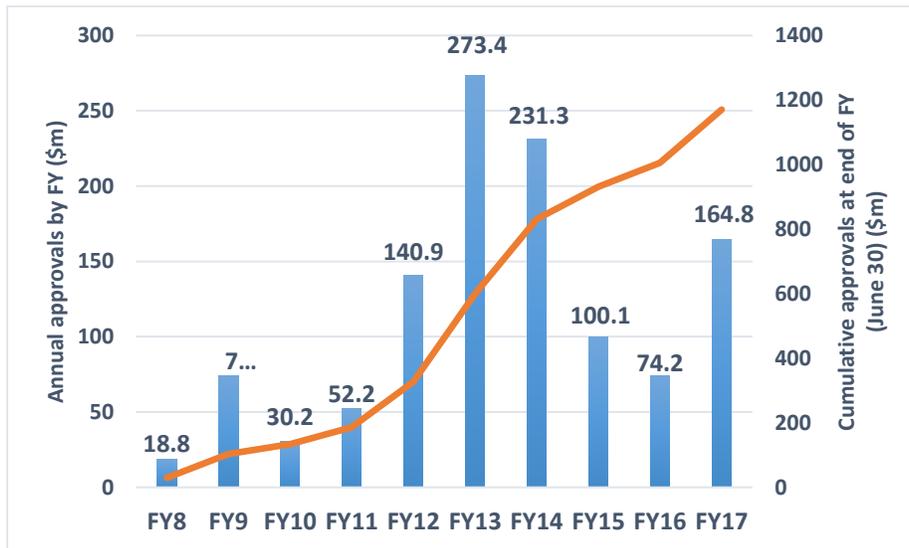
<sup>2</sup> Decision 7/CP.7, paragraph 6.

the same time, in an effort to promote transparency and equitable access among LDCs, projects have been selected based on a “first-come, first-served” principle.

6. Over time, the practice of the “first-come, first-served” has revealed both advantages and disadvantages, some of which are elaborated further in this section. Resource constraints, due to strong demand from LDCs exceeding availability, along with relative lack of predictability in donor contributions, have contributed to the pipeline challenges.

7. Thanks to strong support from donors and high demand from recipient countries, the LDCF, has programmed \$1.19 billion for projects, programs and enabling activities to meet the special needs of LDCs to adapt to the impacts of climate change. In Fiscal Year 2017 alone, the GEF Secretariat processed 23 LDCF projects for funding approval, amounting to \$164.8 million in LDCF resources (see Figure 1).

**Figure 1: Annual and cumulative funding approvals under the LDCF as at June 30, 2017**



8. The LDCF has also continued to attract proposals from LDCs, in part as the ceiling of resources that each LDC could access has increased. In December 2013, the maximum amount that each country can access from the LDCF was raised from \$20 million to \$30 million in response to significant additional contributions received between June and December 2013. In June 2016, the \$30 million flexible ceiling was further raised to \$40 million to accommodate growing demand from LDCs. As of October 28, 2017, 48 countries are eligible to access

resources from the LDCF.<sup>3</sup> As of October 28, 2017, 36 LDCs had accessed more than \$20 million in LDCF support and 46 LDCs had accessed more than \$15 million.<sup>4</sup>

9. Demand from LDCs has been progressively increasing due to a number of factors, including advancements in the field of adaptation, urgent threats posed by the growing impacts of climate change, and recipient countries gaining more capacity to access the funding modalities under the LDCF. This is in no small measure due to early LDCF investments in enabling activities and pilot projects that have helped build institutional and technical capacity in LDCs. This work has helped to elevate climate change impacts and adaptation options within the national policy agendas and strengthened absorptive capacities for climate finance, including the LDCF/SCCF and other sources.

10. The LDCF continues to rely on voluntary contributions rather than on a defined replenishment cycle. The *Programming Strategy on Adaptation to Climate Change for the LDCF and the SCCF*, as endorsed by the LDCF/SCCF Council in May 2014, considered financing needs and presented a broad range of illustrative financing scenarios along with associated, expected results for the period from July 1, 2014 to June 30, 2018. The illustrative financing scenarios ranged from \$175 to \$225 million per year, or \$700 to \$900 million over the four-year period.

11. Cash transfers from contributing participants in the same period have so far been insufficient to meet the demand from LDCs. In the first three years of the GEF-6 period, a total of \$339 million has been approved through the LDCF. On an annualized basis, an average of \$113 million per year was channeled through the LDCF (see Figures 1 and 2), with significant variations between individual years. The fluctuations between individual years are partly due to the voluntary nature of the LDCF, with donors coming forward to pledge in unaligned cycles. The largest collective pledge by contributing participants to the LDCF to date, amounting to \$252 million in total, was made at COP 21 in Paris in December 2015, helping to ensure mutual trust and confidence among Parties in the implementation of the Paris Agreement.<sup>5</sup>

12. More than 94% of the pledges made at COP 21 have been paid to date, and these resources are either already programmed or have been set aside for projects that are in the process of being circulated to the Council for approval. Since the Paris COP, additional pledges were made by Belgium, Iceland, Sweden, Japan and Wallonia, amounting to a total of \$37 million. At COP 23 held in Bonn, Germany in November 2017, Germany, Belgium, Sweden, and Wallonia also announced their voluntary contributions to the LDCF.<sup>6</sup>

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<sup>3</sup> Several LDCs have graduated over the lifetime of the LDCF. For a list of eligible LDCs, see:

[http://unfccc.int/cooperation\\_and\\_support/ldc/items/3097.php](http://unfccc.int/cooperation_and_support/ldc/items/3097.php)

<sup>4</sup> See Progress Report on the LDCF and the SCCF (GEF/LDCF.SCCF.23/03).

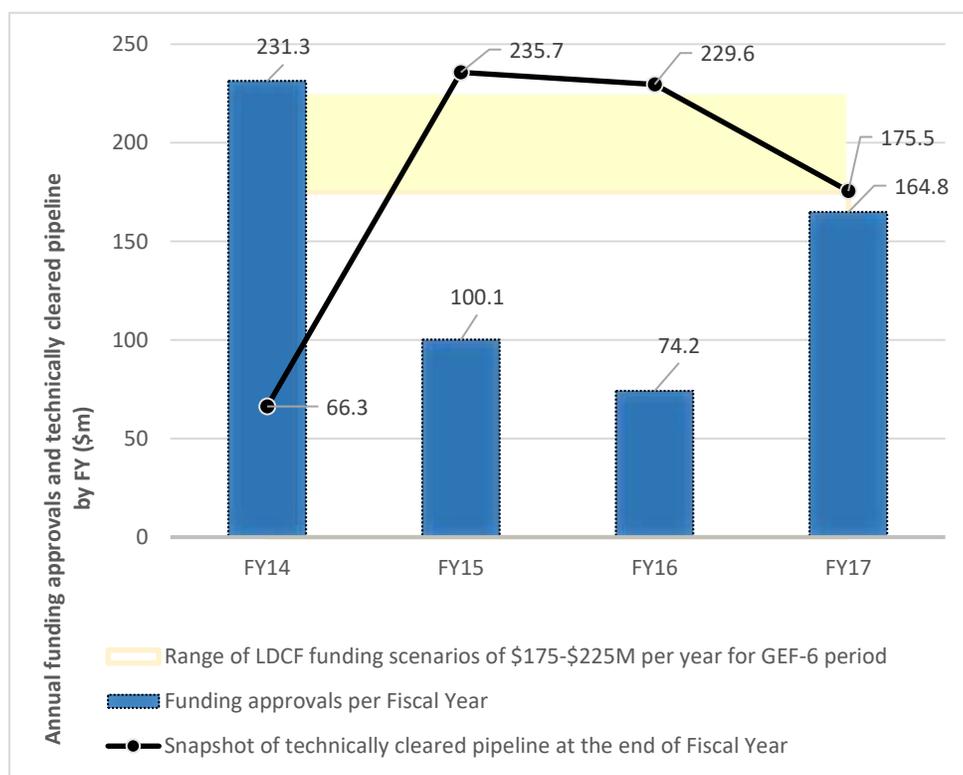
<sup>5</sup> See <https://www.thegef.org/news/248-usd-million-pledged-gef-climate-fund-most-vulnerable-countries> and <http://www.thegef.org/news/qu%C3%A9bec-announces-6-cad-million-least-developed-countries-fund>

<sup>6</sup> See <http://www.thegef.org/news/gef-welcomes-new-support-most-vulnerable-countries>

13. Notwithstanding, the demand for LDCF resources continues to exceed the funds available for new approvals, with the GEF Secretariat maintaining a pipeline of technically cleared projects which continue to be supported on a “first-come, first-served” basis as funds become available in the LDCF Trust Fund.

14. As at October 28, 2017, the pipeline of technically cleared projects comprised 24 projects that request a total of \$170.4 million from the LDCF. Another \$57.4 million was sought towards seven project proposals that had been endorsed by countries’ operational focal points and formally submitted for review by the GEF Secretariat. In addition, several projects were in the process of receiving funding approval as of the writing of this document.<sup>7</sup>

**Figure 2: Annual funding approvals and technically cleared pipeline under the LDCF**



<sup>7</sup> In July 2017, the GEF Secretariat informed Agencies that, thanks to recent contributions to the LDCF, funding availability under the LDCF has increased to a level that allowed seven projects from the technically cleared pipeline to be processed for funding approval. As per the procedure set forth in Annex II of this document, the GEF Secretariat encouraged the GEF Agencies in close consultation with countries to update the PIFs for these projects to help ensure that any potential contextual changes in recipient countries are accurately reflected in the project design, and to resubmit the updated PIFs. Not all of these seven projects were ready to be circulated to the Council for approval as of the writing of this document. For administrative reasons, these projects are not included in the technically cleared pipeline comprising 24 projects as at the writing of this document.

## ISSUES LEADING TO CURRENT LDCF PIPELINE MANAGEMENT

15. The efficiency of the LDCF has been negatively impacted by the relative lack of predictability in available resources, as highlighted in the Program Evaluation of the LDCF.<sup>8</sup> According to the report, “[t]he unpredictability of funding in the past two to three years has been a major challenge for LDCs who are dependent on LDCF support for the implementation of their key climate change adaptation priorities.” The Program Evaluation further states that “LDCF’s resource unpredictability has been slowing down project preparation, approvals, and implementation in support of LDCs’ climate change adaptation needs. [...] For some GEF Agencies, especially the multilateral development banks (MDBs), it can be a challenge to mobilize teams if the availability of funding is questionable. Also, some countries and agencies have stopped pursuing multi-trust fund projects because of the LDCF’s resource unpredictability.”

16. The GEF Secretariat has been unable to facilitate or fast-track multi-trust fund projects or MDB projects, due in part to the “first-come, first-served” principle of project approvals. This may be limiting the ability of the LDCF to provide timely support to projects with larger-scale investment potential. In case the Council decides that the Secretariat should dedicate particular attention to addressing these issues, the effectiveness of the “first-come, first-served” principle may need to be re-evaluated, particularly if irregularity in donor contributions to the LDCF is expected to continue.

17. The lack of predictability of donor contributions to the LDCF has also made the period between technical clearance of PIFs and availability of funds increase over time, to as much as 12 to 24 months for some projects. The progressively long waiting times that project proposals linger in the pipeline have raised questions about the timeliness and continued relevance of the proposed interventions due to changing national and local circumstances, including on the information base and supporting data included in the original project documents.

18. To help address the issue of timeliness of project proposals, a stopgap pipeline management has been introduced. Specifically, the GEF Secretariat has proposed to GEF Agencies in July 2017, as an ad hoc measure, that PIFs be updated in close consultation with recipient countries in cases where projects were cued in the pipeline for one year or longer. Updating project proposals helps to ensure that any potential contextual changes in countries where LDCF-funded projects operate are accurately reflected in the project design. While entailing additional time and costs on the part of Agencies, countries and the Secretariat, updating project proposals would not cause any changes to the position of individual projects in the pipeline as per current policy, continuing to deliver equitable access to resources without compromising on quality design.

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<sup>8</sup> GEF/LDCF.SCCF.20/ME/02

19. This approach was introduced following a consultation between the GEF Secretariat and the Adaptation Task Force, comprised of GEF Agencies and GEF Science and Technical Advisory Panel (STAP). A draft *GEF Secretariat Brief on Updating Technically Cleared PIFs in the LDCF Pipeline* was circulated to the Adaptation Task Force in July 2017, to invite comments and feedback from Agencies. Annex II presents the final brief as agreed upon. The GEF Secretariat requested the relevant Agencies of seven technically cleared LDCF projects for which resources became available in August 2017 to update the PIFs using the practice described in the paper. These seven projects were selected to be financed based on a “first-come, first-served” approach, by the date of technical clearance. The updating of the PIFs has not impacted the order in which they were to be financed.

20. Only in exceptional circumstances, individual projects were able to fast-track, including for instance when a country has not previously accessed the LDCF for the implementation of its national adaptation program of action (NAPA).

21. It is worth noting that the evolving COP guidance has continued to shape the thematic coverage and programming priorities under the LDCF, as elucidated in the *Programming Directions for the LDCF and the SCCF* and the *Technical Review of the Programming Priorities of the LDCF*. Information on thematic coverage and COP guidance is contained in Annex I as background information.

#### **FACTORS TO CONSIDER FOR ENHANCED STRATEGIC PRIORITIZATION UNDER THE LDCF**

22. This section presents possible factors that could be considered and elaborated further to enhance the strategic prioritization of projects to be supported by the LDCF in the Programming Strategy for Climate Change Adaptation for the period of July 2018 to June 2022. These factors, if adopted, will change the way projects are approved for LDCF support.

23. Possible factors to be considered by the Council for the pipeline and incoming project management may include the following:

- (a) Alignment with needs identified in national plans (such as National Adaptation Program of Action) and national sustainable development strategies
- (b) Level of LDCF resources previously accessed by the country, to help facilitate access by countries underserved by the LDCF to date
- (c) Opportunities to foster innovation and investments for technology transfer, in line with COP 23 guidance
- (d) Timing of technical approval of project
- (e) Potential for private sector engagement
- (f) Opportunities to leverage/catalyze support from other sources, including GEF multi-trust fund programming and other funding sources

(g) Geographical balance of LDCF support provided

The projects to be supported by the LDCF would be prioritized based on factors considered and agreed by the Council. The pipeline and incoming projects for support will no longer be approved solely based on the first-come, first served principles.

24. Furthermore, enhanced strategic prioritization of the pipeline and incoming projects may call for improvements in policies and practices, including the following:

- (a) Introduction of batch approvals of projects through Work Programs, instead of project approvals on a rolling basis: the GEF Secretariat could propose a batch of projects for consideration for approval at Council meetings and intersessional Work Programs. The projects to be presented to the Council will be determined based on agreed factors to ensure transparency, similar to the process undertaken for the GEF Trust Fund. Alternatively, the batch of projects could continue be supported based on the “first-come, first-served” principles.

With this option, the Council would be better positioned to discuss proposed projects by taking into account portfolio-wide considerations. At the same time, the flexibility of the LDCF to approve projects on a rolling basis based on resource availability may be reduced.

25. The GEF Secretariat is starting the process to develop a new GEF Programming Strategy for Climate Change Adaptation for the period of July 2018 to June 2022. Depending on the feedback received from the Council, further elaboration of specific project prioritization criteria, as well as improvements in policies and practices, may be carried out as part of the new strategy development, with consultations with LDCs and key stakeholders. Based on these consultations and further elaborations, the GEF Secretariat could present a new strategy along with proposed improvements in policies and practices related to pipeline management and project selection, to be adopted at the LDCF/SCCF Council meeting in June 2018.

26. Any option for enhanced pipeline and incoming project management is viable only with continuing support from contributing participants, to enable the LDCF to program resources and institute new project prioritization processes to take place. In this context, the subject of predictability of LDCF resources also needs to be explored further.

27. Informal consultations will be held between the 23<sup>rd</sup> and 24<sup>th</sup> LDCF/SCCF Council meetings for the strategy development process, including further elaboration of the pipeline and incoming project management options and associated policy and practice enhancements, as well as LDCF resource predictability.

**ANNEX I: GUIDANCE FROM THE CONFERENCE OF THE PARTIES OF THE UNITED NATIONS FRAMEWORK  
CONVENTION ON CLIMATE CHANGE ON THE PROGRAM PRIORITIES OF THE LDCF**

1. The COP decisions on programming priorities form the basis of the *Programming Strategy on Adaptation to Climate Change for the LDCF and the SCCF*, which is updated on a regular basis. The current Programming Strategy, which covers the period between July 2014 to June 2018 was endorsed by the LDCF/SCCF Council in May 2014.<sup>9</sup> The goal of the GEF Adaptation Program, as per the strategy, is to increase resilience to the adverse impacts of climate change in vulnerable developing countries, through both near- and long-term adaptation measures in affected sectors, areas and communities; leading to a reduction of expected socio-economic losses associated with climate change and variability. The goal is supported by three strategic objectives:

- Reduce the vulnerability of people, livelihoods, physical assets and natural systems to the adverse effects of climate change;
- Strengthen institutional and technical capacities for effective climate change adaptation; and
- Integrate climate change adaptation into relevant policies, plans and associated processes.

2. At COP 21, Parties requested the GEF to carry out a technical review of the program priorities of the LDCF.<sup>10</sup> In response to this request, the GEF submitted the Technical Review of the Program Priorities of the LDCF as an addendum to the GEF's report to COP 22.<sup>11</sup> The program priorities were reviewed from a perspective of (i) GEF's past performance and ability, through the LDCF, to implement the agreed priorities; and (ii) the relevance of program priorities to LDCs' needs and circumstances, and taking into account other sources of financing. The review examined the following five LDCF program priorities that have emerged over time as a result of evolving COP guidance:

- Preparation and implementation of national adaptation programs of action (NAPAs);
- Support towards the implementation of elements of the LDC work program other than NAPAs;

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<sup>9</sup> GEF/LDCF.SCCF.16/03.

<sup>10</sup> Decision 8/CP.21, paragraph 8.

<sup>11</sup> The addendum is available online:

<https://www.thegef.org/sites/default/files/documents/Technical%20Review%20of%20the%20Program%20Priorities%20of%20the%20LDCF.pdf>

- Support towards the national adaptation plan (NAP) process;
- Undertaking pilot concrete climate change activities that are particularly relevant for the LDCs; and
- Enhancing longer-term institutional capacity to design and execute concrete climate change activities that are particularly relevant for the LDCs.

3. For the sake of brevity, the findings of the Technical Review of the Program Priorities of the LDCF are not restated hereinafter. Instead, the following section comprises a broad range of thematic foci for the LDCF that may be catalytic for the LDCF to prioritize in its future programming, as appropriate.

4. The LDCF is devoted entirely to helping the more than 880 million people in the poorest 48 countries on earth. The LDCF provides concrete support for reducing the vulnerability of people, livelihoods, physical assets and natural systems which are the foundation for maintaining livelihoods in poor and fragile states, helping remove some of the underlying causes of conflict and insecurity. The LDCF also supports the integration of resilience strategies, approaches, tools, measures and budget allocations across policies, plans and investments in the following core sectors:

- (a) Agriculture and food security;
- (b) Water resources management;
- (c) Sustainable forest and land management;
- (d) Coastal zone management;
- (e) Ecosystem-based adaptation;
- (f) Risk management and finance;
- (g) Climate information services;
- (h) Climate security and displacement;
- (i) Health and urban resilience.

5. The progressing discourse around adaptation in the context of the UNFCCC, away from short-term measures, such as NAPAs, toward longer-term policies and plans, as exemplified by NAP processes and a global adaptation goal, implies that the objectives of adaptation finance need to be expanded to accommodate both short- and long-term measures. As per the evolving COP guidance (see Table A.1), the LDCF will continue to finance the implementation of NAPAs and NAPs, evolving from financing the immediate and urgent needs to laying groundwork for scale and leverage.

6. The LDCF, in prioritizing funding proposals, emphasized complementarity, scale and leverage with the Green Climate Fund and Multilateral Development Banks (MDBs). As the

Chair of the Group of Least Developed Countries under the UNFCCC pointed out during the 22<sup>nd</sup> meeting of the LDCF/SCCF Council in May 2017, “the LDCF plays an important role and fills a clear gap in the international climate finance architecture by focusing on the most innovative adaptation projects – by piloting and demonstrating emerging adaptation technologies, techniques and practices, and thereby laying the foundation for upscaling proven approaches by larger financial mechanisms, such as the Green Climate Fund.”<sup>12</sup>

7. The needs of LDCs are often related to the natural resource base, upon which livelihoods of the poorest and most vulnerable people depend, suggesting that the LDCF has a proven track record in supporting natural resource management, sustainable agriculture and water resources management, hand in hand with disaster risk prevention.

8. The GEF has played a leadership role among climate finance mechanisms when it comes to gender, and GEF policies and guidelines on gender directly apply to the LDCF without exception. The GEF’s Policy on Gender Mainstreaming<sup>13</sup>, approved in 2011, originates to a large part from guidance issued by the various conventions for which the GEF operates as financial mechanism. It corresponds to the UNFCCC COP mandates that highlight the need for women and men to be equally represented in all aspects of the Convention process and for climate action to respond to the differentiated needs, experiences, priorities and capacities of women and men.<sup>14</sup> A Gender Equality Action Plan (GEAP)<sup>15</sup>, developed in close collaboration with the GEF agencies, secretariats of the Conventions and other experts, was approved in 2014 to support implementation of the Policy on Gender and to enhance gender mainstreaming across GEF operations and governance. The GEF Secretariat further established the GEF Gender Partnership (GGP) to serve as an ongoing platform for consultation and space to exchange information, share lessons learned and collaborate on other GEAP work products and events. The GGP is now operational with active participation of gender focal points from each GEF

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<sup>12</sup> See Highlights of the Council’s discussions, 22<sup>nd</sup> LDCF/SCCF Council meeting, May 30, 2017, paragraph 2. Available online: [http://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF.LDCF\\_SCCF\\_22\\_Highlights.pdf](http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.LDCF_SCCF_22_Highlights.pdf)

<sup>13</sup> GEF, Policy on Gender Mainstreaming, May 2012. Policy Document GEF/SD/PL/02. Available online: [https://www.thegef.org/sites/default/files/documents/Gender\\_Mainstreaming\\_Policy-2012\\_0.pdf](https://www.thegef.org/sites/default/files/documents/Gender_Mainstreaming_Policy-2012_0.pdf)

<sup>14</sup> Formal mandates on gender and climate change have greatly expanded since the 2001 decision 36/CP.7 on increasing women’s participation in the UNFCCC and its bodies. Particularly noteworthy is the Paris Agreement (1/CP.21), where Parties acknowledged that “Parties should, when taking action to address climate change, respect, promote and consider their respective obligations on human rights, the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity”. Furthermore, at COP 22, Parties adopted decision 21/CP.22 that extends the Lima Work Plan on Gender and also requests the Financial Mechanism and its operating entities to include in their respective annual reports to the COP information on the integration of gender considerations in all aspects of their work.

<sup>15</sup> GEF Gender Equality Action Plan, GEF/C.47/09.Rev.01, October 2014. Available online: [https://www.thegef.org/sites/default/files/council-meeting-documents/25\\_EN\\_GEF.C.47.09.Rev\\_01\\_Gender\\_Equality\\_Action\\_Plan\\_1.pdf](https://www.thegef.org/sites/default/files/council-meeting-documents/25_EN_GEF.C.47.09.Rev_01_Gender_Equality_Action_Plan_1.pdf)

Agency, secretariats of the Conventions, as well as the representatives from the GEF Network of CSOs, the GEF Indigenous Peoples Advisory Group (IPAG) and other key partners.

Table A.1: COP decisions relating to the program priorities of the LDCF

Decision	Guidance paragraphs
5/CP.7	<p>11. <i>Decides</i> to establish a work programme for the implementation of Article 4, paragraph 9, of the Convention, which would include activities covered under paragraphs 15 to 19 below, as well as the following:</p> <p>(a) Strengthening existing and, where needed, establishing, national climate change secretariats and/or focal points to enable the effective implementation of the Convention and the Kyoto Protocol, in the least developed country Parties;</p> <p>(b) Providing training, on an ongoing basis, in negotiating skills and language, where needed, to develop the capacity of negotiators from the least developed countries to participate effectively in the climate change process;</p>
	<p>12. <i>Decides</i> that a least developed countries fund shall be established (in accordance with decision 7/CP.7), to be operated by an entity entrusted with the operation of the financial mechanism, under the guidance of the Conference of the Parties, to support the work programme for the least developed countries. This work programme shall include, inter alia, the preparation and implementation of national adaptation programmes of action;</p>
	<p>14. Invites Annex II Parties to support least developed country Parties for the following activities:</p> <p>(a) Promotion of public awareness programmes to ensure the dissemination of information on climate change issues;</p> <p>(b) Development and transfer of technology, particularly adaptation technology (in accordance with decision 4/CP.7);</p> <p>(c) Strengthening of the capacity of meteorological and hydrological services to collect, analyse, interpret and disseminate weather and climate information to support implementation of national adaptation programmes of action;</p>
	<p>15. <i>Decides</i> that support be provided for the development, by the least developed countries, of national adaptation programmes of action which will serve as a simplified and direct channel of communication of information relating to the vulnerabilities and adaptation needs of the least developed countries; the information contained in national adaptation programmes of action may constitute the first step in the preparation of initial national communications;</p>

Decision	Guidance paragraphs
7/CP.7	<p>6. <i>Decides</i> also that a least developed countries fund shall be established, which shall be operated by an entity entrusted with the operation of the financial mechanism, under the guidance of the Conference of the Parties, to support a work programme for the least developed countries. This work programme shall include, inter alia, national adaptation programmes of action in accordance with Section II, "Implementation of Article 4, paragraph 9, of the Convention", of decision 5/CP.7;</p>
27/CP.7	<p>1. <i>Decides</i> to adopt the following initial guidance to an entity entrusted with the operation of the financial mechanism of the Convention, for the operation of the Least Developed Countries Fund (LDC Fund), established under decisions 5/CP.7 and 7/CP.7, to support the work programme for the least developed countries, including, inter alia, the preparation and implementation of national adaptation programmes of action (NAPAs) referred to in paragraph 11 of decision 5/CP.7. The operating entity is requested:</p> <p>(a) As a first step, to provide funding from the LDC Fund to meet the agreed full cost of preparing the NAPAs, given that the preparation of NAPAs will help to build capacity for the preparation of national communications under Article 12, paragraph 1, of the Convention;</p> <p>(b) To ensure complementarity of funding between the LDC Fund and other funds with which the operating entity is entrusted;</p> <p>(c) To ensure separation of the LDC Fund from other funds with which the operating entity is entrusted;</p> <p>(d) To adopt simplified procedures and arrange for expedited access to the Fund by the least developed countries, while ensuring sound financial management;</p> <p>(e) To ensure transparency in all steps relating to the operation of the Fund;</p> <p>(f) To encourage the use of national and, where appropriate, regional experts;</p> <p>(g) To adopt streamlined procedures for the operation of the Fund;</p>
6/CP.9	<p>2. <i>Requests</i> the entity to support the implementation of national adaptation programmes of action as soon as possible after their completion;</p>

Decision	Guidance paragraphs
	<p>3. Requests the entity to take into account, inter alia, the following elements when developing operational guidelines for funding of the implementation of national adaptation programmes of action:</p> <ul style="list-style-type: none"> <li>(a) Ensuring a country-driven approach, in line with national priorities, which ensures cost-effectiveness and complementarity with other funding sources;</li> <li>(b) Equitable access by least developed country Parties to funding for the implementation of national adaptation programmes of action;</li> <li>(c) Criteria for supporting activities on an agreed full-cost basis, taking account of the level of funds available;</li> <li>(d) Guidelines for expedited support;</li> <li>(e) Urgency and immediacy of adapting to the adverse effects of climate change;</li> <li>(f) Prioritization of activities;</li> </ul>
3/CP.11	<p>1. <i>Decides</i> that the operation of the Least Developed Countries Fund should be consistent with the following principles:</p> <ul style="list-style-type: none"> <li>(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</li> <li>(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</li> <li>(c) Supporting a learning-by-doing approach;</li> </ul> <p>2. <i>Decides</i> that full-cost funding shall be provided by the Least Developed Countries Fund to meet the additional costs of activities to adapt to the adverse effects of climate change as identified and prioritized in the national adaptation programmes of action;</p> <p>(For the purpose of this decision, “additional costs” means the costs imposed on vulnerable countries to meet their immediate adaptation needs.)</p>
5/CP.14	<p>2. <i>Also requests</i> the Global Environment Facility, in parallel to supporting the ongoing implementation of the national adaptation programmes of action, to facilitate the</p>

Decision	Guidance paragraphs
	implementation of the remaining elements of the least developed countries work programme;
5/CP.16	1. <i>Reiterates</i> its request to the Global Environment Facility, as an operating entity of the financial mechanism of the Convention operating the Least Developed Countries Fund, in parallel to supporting the ongoing implementation of national adaptation programmes of action, to facilitate the implementation of the remaining elements of the least developed countries work programme;
	3. <i>Requests</i> the Global Environment Facility to provide funding from the Least Developed Countries Fund to least developed country Parties, upon request, to enable the update of their national adaptation programmes of action with a view to further improving their quality, to facilitate the integration of least developed countries adaptation actions into development planning and to reflect increased adaptation knowledge and changed priorities in the countries;
5/CP.17	22. <i>Requests</i> the Global Environment Facility, as an operating entity of the financial mechanism, through the Least Developed Countries Fund, to consider how to enable activities for the preparation of the national adaptation plan process for least developed countries Parties, while maintaining progress for the least developed countries work programme, which includes the national adaptation programmes of action;
	31. <i>Invites</i> the operating entities of the financial mechanism of the Convention, bilateral and multilateral organizations and other institutions as appropriate, to provide financial and technical support to developing country Parties to plan, prioritize and implement their national adaptation planning measures, consistent with decision 1/CP.16 and relevant provisions of the Convention;
11/CP.17	1. <i>Requests</i> the Global Environment Facility, as an operating entity of the financial mechanism of the Convention: [...] <p>(d) To continue to provide financial resources to developing countries for strengthening existing and, where needed, establishing national and regional systematic observation and monitoring networks under the Least Developed Countries Fund and the Special Climate Change Fund;</p>
10/CP.18	5. <i>Requests</i> the Global Environment Facility, as an operating entity of the financial mechanism of the Convention entrusted with the operation of the Least Developed Countries Fund: <p>(a) To continue to support all activities contained in the least developed countries work programme;</p>

Decision	Guidance paragraphs
	<p>(b) To continue mobilizing resources to ensure the full implementation of the least developed countries work programme, including the implementation of the elements of the work programme other than national adaptation programmes of action, through, inter alia, capacity-building to improve coordination at different levels of government and across sectors in order to improve project performance in the least developed country Parties, with regard to the implementation of the Convention;</p> <p>(c) To further facilitate access to the Least Developed Countries Fund by the least developed countries;</p> <p>(d) To further enhance a country-driven process for the implementation of national adaptation programme of action projects and the implementation of programmatic approaches;</p> <p>(e) To continue raising awareness of the need for adequate and predictable resources under the Least Developed Countries Fund to allow for the full implementation of the least developed countries work programme, in particular national adaptation programmes of action, as outlined in decision 5/CP.14, paragraph 8;</p> <p>(f) To enhance communication with its implementing agencies on the updated operational guidelines for the Least Developed Countries Fund;</p>
12/CP.18	<p>1. <i>Decides</i> to provide the following guidance to the Global Environment Facility, as the operating entity of the financial mechanism of the Convention for the operation of the Least Developed Countries Fund, to enable activities for the preparation of the national adaptation plan process by the least developed country Parties. The operating entity is requested:</p> <p>(a) As a first step under the national adaptation plan process, to provide funding from the Least Developed Countries Fund, to meet the agreed full cost, as appropriate, of activities to enable the preparation of the national adaptation plan process as described in the elements contained in paragraphs 2–6 of the initial guidelines for the formulation of national adaptation plans in the annex to decision 5/CP.17;</p> <p>(b) To provide support for the national adaptation plan process, while maintaining support for the least developed countries work programme, including national adaptation programmes of action;</p> <p>(c) To encourage a flexible approach that enables the least developed country Parties to access funding for components of the national adaptation plan process as identified by the least developed country Parties in response to national needs and circumstances;</p>
10/CP.20	<p>7. <i>Invites</i> the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention entrusted with the operation of the Least Developed</p>

Decision	Guidance paragraphs
	Countries Fund, to continue to support the remaining activities contained in the least developed countries work programme;
1/CP.21	58. <i>Decides</i> that the Green Climate Fund and the Global Environment Facility, the entities entrusted with the operation of the Financial Mechanism of the Convention, as well as the Least Developed Countries Fund and the Special Climate Change Fund, administered by the Global Environment Facility, shall serve the Agreement;
11/CP.22	<p>14. <i>Welcomes</i> the conclusions of the “Program evaluation of the Least Developed Countries Fund” by the Global Environment Facility’s Independent Evaluation Office;</p> <p>15. <i>Requests</i> the Global Environment Facility, as the operating entity of the Financial Mechanism of the Convention entrusted with the operation of the Least Developed Countries Fund, to continue to enhance capacity development in the least developed countries for the development of project proposals with a focus on identifying potential funding sources, both national and international, and enhancing long-term domestic institutional capacities;</p>
<p>FCCC/SBI/2016/20</p> <p>(Report of the SBI on its 45<sup>th</sup> session)</p>	<p>64. The SBI welcomed the follow-up project under the LDCF<sup>5</sup> of the NAP Global Support Programme for LDCs<sup>6</sup> through which all LDCs that were not supported under the first project will have the opportunity to access one-to-one support for their process to formulate and implement NAPs tailored to their specific needs and circumstances.</p> <p>66. The SBI urged additional contributions to the LDCF and other funds under the Financial Mechanism, as appropriate, recognizing the importance of the full implementation of NAPAs and successfully undertaking the process to formulate and implement NAPAs.</p>

# GEF Secretariat Brief on Updating Technically Cleared PIFs in the LDCF Pipeline

## Introduction and Rationale

The GEF Secretariat has accelerated the programming of resources under the LDCF thanks to continuing support from donors. In Fiscal Year 2017 (July 2016-June 2017) alone, the GEF Secretariat processed 23 LDCF projects for funding approval, amounting to \$164.7 million in LDCF resources. At the same time, demand from Least Developed Countries (LDCs) has been increasing due to several factors, including advancements in the field of adaptation, increasingly urgent threats posed by the impacts of climate change, and well-established access modalities under the LDCF.

To accommodate the increasing demand from LDCs, the GEF Secretariat has maintained a pipeline of technically cleared Project Identification Forms (PIFs) for projects, which are then funded on a first-come first-serve basis as funds become available in the LDCF Trust Fund. However, due to the very high demand, the period between technical clearance of PIFs and availability of funds has increased to as much as 12-24 months for some projects. Recent Council approval processes for such projects has raised questions about the context, circumstances and assumptions on which the PIFs were initially conceptualized. In some cases, the information and data provided in the PIF document is outdated.

In order to address this challenge and continue to deliver tailor-made finance that reflects priority needs and circumstances of the LDCs, the GEF Secretariat is proposing that GEF Partner Agencies in close consultation with countries, update PIFs in cases where projects were cued in the pipeline for one year or longer. Updating project proposals will help to ensure that any potential contextual changes in countries where LDCF-funded projects operate are accurately reflected in the project design. Updating project proposals does not impact the position of individual projects in the pipeline, ensuring fair and transparent access to resources.

## What needs updating?

Climate change predictions for individual countries are unlikely to change in a way that would require revisions in project design. However, other circumstances under which projects operate may potentially change quickly. Issues that may merit special attention when updating project proposals which have been in the pipeline for one year or longer include:

- (1) Baseline initiative: Has the baseline started implementation? Is the proposed LDCF project still justified based on additional costs of adaptation?
- (2) Co-financing: Are the indicative sources of co-financing for the project still up to date?
- (3) Other adaptation initiatives: Were any other adaptation projects or initiatives in the country implemented, or funding for them approved? Are any other projects overlapping with the approaches and/or targeted regions of the proposed LDCF project? Are other projects addressing similar adaptation needs? How is coordination ensured?
- (4) Country priorities: Have adaptation priorities changed in the country? Is the proposed LDCF-project still addressing the most urgent and immediate adaptation needs?
- (5) Execution arrangement: Were there any changes related to executing partners or stakeholders?

- (6) Innovation: Is the proposed LDCF-project still innovative in its approach? Should the project target different sectors due to evolving country circumstances?
- (7) Sustainability: Is project sustainability addressed through a separate output or a sustainability strategy, to reflect lessons from recent evaluations of LDCF projects?
- (8) Risks: Have there been any changes to risks, such as social unrest, instability, or political turnover?

#### Submission of Updated PIFs

It is expected that GEF Partner Agencies will update the PIFs in close consultation with the proponent countries, to ensure that all required changes are consistent with country specific circumstance based on the issues highlighted above. The updated PIFs should be resubmitted within a reasonable time frame, but no later than a month after the Agency is notified that funds are available to finance a particular project. The process for re-submission should follow normal GEF procedures, with the subject line and email clearly indicating that it is an "UPDATED PIF" that was previously technically cleared.

The submission should include the following:

- 1) A "track changes" and "clean version" of the PIF;
- 2) An Annex summarizing the specific aspects that required updating;
- 3) The original Letter of Endorsement.