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**GEF PROGRAMMING STRATEGY ON ADAPTATION TO CLIMATE CHANGE
FOR THE
LEAST DEVELOPED COUNTRIES FUND AND THE SPECIAL CLIMATE CHANGE FUND
AND
OPERATIONAL IMPROVEMENTS
JULY 2018 TO JUNE 2022**

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1. This document presents the proposed programming directions and strategy on adaptation to climate change that forms the basis for supporting activities under the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF) for the GEF-7 period of July 1, 2018 to June 30, 2022. Options for operational improvements to implement the strategy are also presented.

GLOBAL CONTEXT

2. Climate change presents a significant global threat to humanity and ecosystems. The Intergovernmental Panel on Climate Change (IPCC) concluded that “climate change will amplify existing risks and create new risks for natural and human systems” and “risks are unevenly distributed and are generally greater for disadvantaged people and communities.”¹

3. Adaptation to the adverse impacts of climate change is urgent and indispensable to safeguard development gains and to address the needs of the poor and the vulnerable. Healthy systems that are resilient to disruptions, shocks, and stressors are critical in achieving not only environmental benefits but also serve as a foundation for economic and human development. Climate resilience is a key component of any healthy system, particularly in vulnerable countries that depend heavily on climate-sensitive natural resources and traditional agricultural practices for subsistence and livelihoods.

4. The GEF’s previous climate change adaptation strategy (July 2014 to June 2018) coincided with a seminal period in the global discourse for climate change and sustainable development. The Paris Agreement was adopted at the twenty-first Conference of the Parties (COP 21) to the United Nations Framework Convention on Climate Change (UNFCCC) in 2015 and entered into force in November 2016. The importance of adaptation action is recognized on par with mitigation in Article 2 of the Agreement, along with a critical role of finance, for sustainable development.² The Paris Agreement also introduces a long-term adaptation goal as well as the temperature goal, to be achieved based on mitigation action.

5. The Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF), designated as part of the operating entity of the financial mechanism for the Paris

1 Intergovernmental Panel on Climate Change (IPCC), 2014, Summary for policymakers. In: [*Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part A: Global and Sectoral Aspects. Contribution of Working Group II to the Fifth Assessment Report of IPCC*](#), Cambridge, United Kingdom and New York, NY: Cambridge University Press.

2 The Paris Agreement aims “to strengthen the global response to the threat of climate change in the context of sustainable development and efforts to eradicate poverty, including by:

- (a) Holding the increase in the global average temperature rise well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change;
- (b) Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production; and
- (c) Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.”

Agreement and UNFCCC, are entrusted to continue to play a key role to strengthen developing countries' resilience to climate change, with a renewed focus on implementation.

6. With the adoption of the Paris Agreement in 2015 along with the 2030 Agenda and the Sustainable Development Goals (SDGs), the global community has entered a new era with a focus on implementation. Looking forward, implementation of climate adaptation measures to address national priorities, while also achieving the global adaptation goal articulated in Article Seven of the Paris Agreement as “enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change, with a view to contributing to sustainable development and ensuring adequate response to the context of the temperature goal...”³ will be paramount. The term vulnerability, according to the IPCC’s Fifth Assessment Report, is defined as the propensity or predisposition to be adversely affected. Vulnerability encompasses a variety of concepts and elements including sensitivity or susceptibility to harm and lack of capacity to cope and adapt.⁴

THE ROLE OF LDCF AND SCCF

7. The LDCF and SCCF were established in response to guidance received from COP 7 in 2001.⁵ The two funds have been supporting country-driven projects that address national priorities. The LDCF and SCCF are also facilitating the development of initiatives with transformative potential at the global and regional levels that may be too early or risky to be rolled out at the national level, as well as enabling activities. The two funds have been the engines of a pioneering portfolio of over 330 adaptation projects and programs, with over \$1.5 billion in grant resources to date.⁶ The state of the LDCF and SCCF Program at a glance is presented in Annex I.

8. Both funds have built a significant track record in producing substantial positive human impact. The LDCF projects in the implementation phase seek to directly reduce the vulnerability of more than 20 million people to adverse impacts of climate change.⁷ The SCCF portfolio under implementation aims to directly reduce the vulnerability of 6.9 million people.⁸

9. The LDCF has been successfully providing services tailored exclusively to Least Developed Countries (LDCs) which face challenging circumstances to adapt to the impacts of climate change. The LDCF remains the only fund entirely dedicated to supporting climate

³ United Nations, 2015, [Paris Agreement](#), Paris, France: United Nations.

⁴ IPCC, 2014, [Climate Change 2014: Synthesis Report](#), Contribution of Working Groups I, II and III to the Fifth Assessment Report of the IPCC, Geneva, Switzerland: IPCC.

⁵ UNFCCC, 2001, [Decision 5/CP.7](#).

⁶ This figure also includes the \$50 million Strategic Priority on Adaptation (SPA) fund, which ran from 2004 to 2010 and funded 26 adaptation pilots and demonstration projects.

⁷ 144 out of 172 implementation-oriented projects that have been CEO endorsed or approved as of May 2018 provided an estimate of direct beneficiaries.

⁸ The figures for direct beneficiaries are based on estimates provided by 52 out of 76 SCCF projects that have been CEO endorsed or approved as of May 2018.

adaptation action in LDCs. By April 30, 2018, 51 LDCs accessed a total of \$1.25 billion for 260 projects from the LDCF for the preparation and implementation of National Adaptation Programmes of Action (NAPAs) and the National Adaptation Plan (NAP) process, through project investments and enabling activities. These figures also include global initiatives for the preparation of the national adaptation plan (NAP) process for all LDCs, and the implementation of elements of the work programme other than NAPAs.⁹

10. The SCCF, on the other hand, has been designed to finance activities, programs and measures related to climate change adaptation and technology transfer to all eligible developing countries. The SCCF portfolio comprises of 78 projects for adaptation and technology, for a total of \$350 million as of April 30, 2018.¹⁰

Responsiveness to Convention Guidance

11. As the funds were established by a COP decision, responsiveness to various guidance the GEF receives from the UNFCCC COPs is an important feature of the LDCF and SCCF.¹¹ The GEF responses regarding the LDCF and SCCF have been evaluated by the GEF Independent Evaluation Office (IEO) to be highly relevant to COP guidance, and countries' development priorities.^{12, 13}

12. A summary of key recent COP decisions is presented in Annex II. Of particular relevance for this strategy is the COP 21 decision adopting the Paris Agreement, in which the LDCF and SCCF were given an important role in serving the Paris Agreement: Paragraph 58 decided "...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."¹⁴

13. In terms of continued support to the LDCF and SCCF, the guidance to the GEF COP 22 in 2016 encouraged "...developed country Parties to contribute to the LDCF and the SCCF..." and invited "...additional voluntary financial contributions to the LDCF, the SCCF and other funds

⁹ GEF, 2018, [*Progress Report on the Least Developed Countries Fund and the Special Climate Change Fund*](#), Council Document GEF/LDCF.SCCF.24/04.

¹⁰ Ibid.

¹¹ A complete compilation of UNFCCC guidance and decisions of relevance from COP 1 to the most recent COP, and GEF's response, has been published annually by the GEF Secretariat. See: GEF, 2017, [*United Nations Framework Convention on Climate Change Guidance from the Conference of the Parties and Responses by the Global Environment Facility COP1 – COP22*](#).

¹² IEO, 2016, [*Program Evaluation of the Least Developed Countries Fund*](#), Council Document GEF/LDCF.SCCF.20/ME/02.

¹³ IEO, 2017, [*Program Evaluation of the Special Climate Change Fund*](#), Council Document GEF/LDCF.SCCF.22/ME/02.

¹⁴ UNFCCC, 2015, [*Report of the Conference of the Parties on its twenty-first session, held in Paris from 30 November to 13 December 2015, Addendum Part two: Action taken by the Conference of the Parties at its twenty-first session, Decision 1/CP.21 Adoption of the Paris Agreement*](#), FCCC/CP.2015/10/Add.1.

under the Financial Mechanism, as appropriate, recognizing the importance of the process to formulate and implement NAPs.”

14. The most recent guidance to the GEF from COP 23 in 2017 encouraged the GEF “...to further enhance engagement with the private sector including its technology projects.” Parties also adopted a new gender action plan that aims to advance the mainstreaming of a gender perspective into all elements of climate action.

15. Prior COP guidance of relevance for the present strategy includes: support for the national adaptation plan (NAP) process; support for LDCs with adaptation technology as well as to strengthen their capacities in hydrological and meteorological services; support for national and regional systematic observation and monitoring networks; and support to activities contained in the LDC work programme.^{15,16} Risk transfer, as an important aspect of the Paris Agreement, also needs increased attention going forward.

16. In addition, there has been recent guidance to the GEF to promote synergies across its focal areas; enhance complementarity and coherence with other operating entities of the financial mechanism; engage with the private sector; improve access modalities for LDCs and Small Island Developing States (SIDS); and formulate alternative policy approaches that enable joint programming.

GOALS AND OBJECTIVES

17. The goal of the GEF-7 Adaptation strategy is to strengthen resilience and reduce vulnerability to the adverse impacts of climate change in developing countries, and support their efforts to enhance adaptive capacity.

18. This goal is fully aligned with the Paris Agreement’s global goal on adaptation, presented in paragraph 6 above, and anchors the contributions of the LDCF and SCCF as operating entities of the financial mechanism of the Paris Agreement and of the UNFCCC.

19. To achieve this goal, the strategy emphasizes three strategic objectives for the LDCF and SCCF:

- Objective 1: Reduce vulnerability and increase resilience through innovation and technology transfer for climate change adaptation;

¹⁵ UNFCCC, 2001, [Decision 5/CP.7](#).

¹⁶ Possible elements of updated LDC work programme were updated at 48th session of the Subsidiary Body for Implementation of UNFCCC in May 2018, forwarded to COP 24 for formal adoption. See UNFCCC, 2018, [Matters relating to the least developed countries, Draft conclusions proposed by the Chair, Addendum: Recommendation of the Subsidiary Body for Implementation](#), FCCC/SBI/2018/L.17/Add.1, and UNFCCC, 2015, [Report of the Conference of the Parties on its twenty-first session, Decision 19/CP.21 Extension of the mandate of the Least Developed Countries Expert Group](#), FCCC/CP/2015/10/Add.3.

- Objective 2: Mainstream climate change adaptation and resilience for systemic impact; and
- Objective 3: Foster enabling conditions for effective and integrated climate change adaptation.

20. These strategic objectives build on GEF's distinctive value in supporting innovative approaches to address national and global priorities for adaptation. For the LDCF, the strategy continues to draw on the track record of leaving no one behind, with each and every LDC having received support for adaptation efforts. The overall strategy also recognizes the urgency and cross-cutting nature of the global adaptation challenges, and identifies opportunities to address these challenges through identifying synergies and mainstreaming adaptation by further capitalizing on GEF's unique role to serve multiple Multilateral Environmental Agreements (MEAs). The strategy and entry points for the LDCF and SCCF also are informed by findings of recent IEO evaluations.

21. In line with the IPCC-defined scope for climate finance for resilience, the LDCF and SCCF seek to enhance resilience to the impacts of climate variability and the projected climate change.¹⁷ The GEF's approach to climate resilience is consistent with the *climate resilient pathways approach*, defined by IPCC as iterative processes for managing change within complex systems in order to reduce disruptions and enhance opportunities associated with climate change.¹⁸

22. Consistent to the GEF-7 Climate Change Mitigation Strategy, the Adaptation Strategy is also designed to be complementary to the efforts to support adaptation by the Green Climate Fund (GCF) and other related funds, building on the unique features of the LDCF and SCCF and of the GEF in the global environmental finance architecture, laying the foundation for enhanced climate action. Furthermore, beyond complementarity of adaptation-related funds, the focus of mainstreaming will help to ensure an alignment of LDCF/SCCF activities within a broader climate and environmental finance architecture.

23. The strategy also enhances gender responsiveness to further promote gender mainstreaming and women's empowerment overall through targeted interventions, in line with GEF's new Gender Policy, introduced in 2017. The proposed results framework includes relevant disaggregated indicators for men and women so that impacts and outcomes, and their gender relevance, can be tracked and analyzed.

¹⁷ IPCC, 2014, [Climate Change 2014: Synthesis Report](#).

¹⁸ Ibid.

PROGRAMMING ARCHITECTURE

Rationale for Proposed Approach

24. The LDCF and SCCF play a pivotal role in the climate finance architecture by: (a) piloting and demonstrating technologies, techniques, and business models for adaptation; (b) supporting policy and strategy frameworks that enable and enhance adaptation and resilience mainstreaming; and (c) identifying opportunities for scale-up through other sources of climate and development finance. Reflecting these key functions of the funds, the proposed strategy seeks to address the adaptation and resilience agenda in a country-driven manner, and help integrate climate objectives within the national sustainable development frameworks.

25. The present programming architecture is designed to help countries tackle adaptation to climate change and resilience challenges. It also contributes to promote systemic impact, address the drivers of climate change and related impacts, while promoting enhanced synergies across sectors and themes whenever possible, in line with the GEF 2020 vision and the GEF-7 Programming Directions that will guide support from the main GEF Trust Fund. Responsiveness to COP guidance will remain a key feature.¹⁹

26. The proposed strategy adopts the recommendation by the Science and Technical Advisory Panel (STAP) of the GEF made at the fifth GEF Assembly in 2014 that: (a) environmental degradation must be tackled in a more integrated and holistic way; (b) GEF investments be made coherent with sustainable development objectives; and (c) GEF should continue to be catalytic and innovative while actively seeking to effect permanent and transformational change, all consistent with the GEF-7 Programming Directions.²⁰

Building on the GEF's Comparative Advantage

27. The proposed strategy for the LDCF and SCCF seeks to support climate adaptation action anchored in the areas of GEF's comparative advantage, which are: ability to deliver country-driven *and* global adaptation support; experience in designing and implementing integrated solutions; a focus on innovative approaches; and demonstrated track record of delivery.

28. Country-driven and global: The LDCF and SCCF can tackle climate adaptation challenges through country-driven national adaptation projects, complemented by global and regional initiatives with systemic, transformational potential for enhancing climate resilience.

- (a) At the national level, the two funds play a catalytic role in translating national priorities, identified through the NAPA and the NAP process, respectively, and adaptation-related nationally determined contributions (NDCs), into action. The

¹⁹ GEF, 2018, [Summary of the Negotiations of the Seventh Replenishment of the GEF Trust Fund](#), Council Document GEF/C.54/19.

²⁰ STAP, 2014, [Delivering Global Environmental Benefits for Sustainable Development](#), Report to the 5th GEF Assembly, Assembly Document GEF/A.5/03.

LDCF is the only fund dedicated to support adaptation in LDCs, with operational experience in all LDCs, which includes the smallest and most vulnerable countries that often struggle with absorptive capacity constraints.²¹ All current LDCs have accessed the LDCF to address national adaptation priorities, with concrete outcomes in terms of reduced vulnerability, improved livelihoods, and enhanced policies, plans, and capacities.

- (b) At the global and regional levels, the LDCF and SCCF address the existing gap in support for riskier emerging and innovative concepts, and help unlock larger-scale financing from the private sector and other sources. Some concepts need to be developed and vetted before they are ready to be rolled out at the national level, while others are systemic or sectoral in design with potential to address common challenges faced by regions, LDCs, and vulnerable populations. The LDCF and SCCF have also supported capacity building in response to COP guidance as global and regional initiatives. Two examples showcasing the GEF's distinctive value addition are shown in Box 1.

29. Ability to offer integrated solutions: With a unique mandate across several MEAs, the LDCF and SCCF can offer effective support that capitalizes on synergies among MEAs and sustainable development. Approximately 50 percent of NAPA implementation projects supported by the LDCF to date contributed to land degradation and biodiversity protection. Ninety-five percent of the LDCF projects align to some extent with expanding synergies with other GEF focal areas. Almost a quarter of the projects intentionally contribute to MEAs and their mainstreaming into national and sub-national policy, planning, financial and legal frameworks.²² While there is already a track record of supporting integrated solutions, there exists a significant potential to harness them more systematically and intentionally towards enhanced impacts of relevance for UNFCCC as well as multiple benefits of relevance to Convention on Biological Diversity (CBD), UN Convention to Combat Desertification (UNCCD), and other MEAs.

²¹ The LDCF has supported all LDCs, except one country that accessed NAPA preparation resources only before graduating from the LDC status.

²² IEO, 2016, [Program Evaluation of the Least Developed Countries Fund](#).

Box 1: Examples of GEF Adaptation Support at Global and Regional Level²³

Climate Resilience and Adaptation Finance and Technology Transfer Facility (CRAFT)

At the global level, the SCCF is supporting the Climate Resilience and Adaptation Finance and Technology Transfer Facility (CRAFT), the first private sector climate resilience and adaptation investment fund and technical assistance facility for developing countries. CRAFT is one of the twenty projects showcased at the One Earth Summit in December 2017 “...to be stepped up and replicated, and to serve as a source of inspiration around the world” and to “...illustrate the fact that concrete local and global solutions exist to address the challenges we face.” The project seeks to address key impediments to mobilizing private capital, such as difficulties faced by investors to identify adaptation and resilience investment opportunities, and lack of operating and financing capacity for companies to expand climate adaptation and resilience-related business lines. As an early supporter, the GEF is helping to establish the CRAFT, so that it can be the first stepping stone to broaden the market for climate resilience solutions, and also provide direct benefits to reduce the vulnerability of businesses and communities through climate intelligence solutions.

Regional Climate Technology Network and Finance Centres

The LDCF and SCCF have supported four regional Climate Technology Network and Finance Centres as multi-trust fund projects with the GEF Trust Fund since 2012. These regional centers are catalyzing investments in adaptation and mitigation technology transfer, through piloting of innovative financial instruments with technical assistance. As part of the longer-term program of the COP-mandated Poznan Strategic Program on Technology Transfer, these regional hubs serve as collaborative platforms with the Technology Mechanism of the Convention, including the Climate Technology Centre and Network (CTCN). Collaboration and engagement between these regional centres and the CTCN have been welcomed by Parties in multiple COP guidance and SBI conclusions. These projects have also received high ratings during implementation.

30. The potential for integrated solutions is substantial, as the national priorities identified for adaptation action, such as agriculture, water resources, and fragile ecosystems, are also priority areas for GEF Trust Fund programs and aligned with national priorities across MEAs, particularly CBD and UNCCD.

31. The proposed programming architecture intends to further enhance opportunities to offer integrated solutions with adaptation and global environmental benefits (GEBs) and greater impact per dollar invested, as follows:

- Projects/programs to support initiatives that cut across various GEF focal areas, including land degradation, biodiversity, climate mitigation, international waters, and chemicals and waste;

²³ Three out of the four regional center projects were included in the FY 17 Annual Monitoring Review and received Satisfactory ratings in terms of their progress towards Development Objectives and Implementation Progress. GEF, 2018, [FY17 Annual Monitoring Review of the Least Developed Countries Fund and Special Climate Change Fund](#), Council Document GEF/LDCF.SCCF.24/05.

- Potential for engagement in proposed Impact Programs with enhanced adaptation outcomes; and
- Projects/programs to support partnerships across Conventions, across sectors, and with stakeholders at local, national, regional, and/or global levels.

32. The GEF adaptation program is also well aligned with the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDG), contributing to the implementation of SDG 13 and delivering groundwork for the implementation of other goals.²⁴ Due to the cross-cutting nature of the drivers of environmental degradation, their interplay with climate change and variability, and the time required to effect change at the system scale, the GEF support is well-positioned to capture the added-value of multi-scale, multi-sectoral impacts and the resulting synergies thereof.

33. Focus on innovation: The two funds play an active role as originators and supporters of ideas and emerging practices. The funds have the capacity to pilot and vet emerging initiatives, to reduce uncertainty and risk, and to create enabling conditions and build technical, policy-relevant, and institutional capacity. Innovation is not only about technical features, but also about facilitating favorable enabling environment, including policies, private sector opportunities, and institutional capacities to implement and scale up.²⁵ In particular, SCCF's two funding windows enable focused support for technology transfer and adaptation in all eligible developing countries. According to the 2017 IEO evaluation, the SCCF's openness to innovation is a comparatively distinct element, as it serves as an ideal incubator for countries to test and refine project concepts, prior to seeking large-scale financing through other means, including the GCF.²⁶ Finally, the focus on innovation is well-aligned with guidance from COP 23 in 2017, which invited the GEF to allocate provisions in the climate change focal area during GEF-7 to support developing country Parties to pilot priority technology projects to foster innovation and investments.²⁷

²⁴ SDG 13, take urgent action to combat climate change and its impacts, comprises the following targets of relevance:

- Target 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
- Target 13.2: Integrate climate change measures into national policies, strategies and planning
- Target 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning
- Target 13.b: Promote mechanisms for raising capacity for effective climate change-related planning and management in LDCs and SIDS, including focusing on women, youth and local and marginalized communities. (See: United Nations, 2017, [Work of the Statistical Commission pertaining to the 2030 Agenda for Sustainable Development](#), General Assembly Resolution A/RES/71/313).

²⁵ Dinesh D, Campbell B, Bonilla-Findji O, Richards M (eds), 2017, [10 Best Bet Innovations for Adaptation in Agriculture: A Supplement to the UNFCCC NAP Technical Guidelines](#). CCAFS Working Paper no. 215. Wageningen, The Netherlands: CGIAR Research Program on Climate Change, Agriculture and Food Security (CCAFS).

²⁶ IEO, 2017, [Program Evaluation of the Special Climate Change Fund](#).

²⁷ UNFCCC, 2017, [Decision 10/CP.23](#).

34. Demonstrated track record for delivery: Finally, a unique comparative advantage of the two funds is a demonstrated track record for delivering results. The GEF has already supported over 330 adaptation projects. The LDCF and SCCF have been assessed as highly effective, impactful, and representing value for money in independent evaluations and donor reviews. This track record can offer critical insight to enrich and inform collaboration with other funds, as elaborated further in the following section.

Enhancing Complementarity and Financial Leverage

35. As the climate finance landscape continues to evolve, partnership opportunities are emerging. The GEF aspires to remain a trusted partner for countries, other related climate funds, and collaborative initiatives for adaptation and resilience.

36. The GEF is already working with other key climate finance providers, such as the GCF and the Adaptation Fund, to help address the growing demand for adaptation. Parties at COP 21 in 2015 welcomed the efforts to date of the GEF to engage with the GCF and encouraged both entities to further articulate and build on the complementarity of their policies and programs within the Financial Mechanism of the Convention.

37. The GEF's commitment for complementarity goes beyond reactive efforts to minimize potential overlap. It is proactively addressing the need for expanded investments in adaptation. This aspect was recently identified as a key challenge to reaching the ultimate catalytic effect of scaling up for completed LDCF and SCCF projects, and to derive maximum benefits from the enabling conditions built in countries and communities with the LDCF and SCCF support.

38. The 2016 LDCF independent evaluation by GEF IEO found that while LDCF projects require additional financing as a primary requirement to ensure extensive replication and scaling up beyond the project timeframe, they have already resulted in catalytic effects in completed projects. The IEO evaluation of the SCCF from 2017 also identified the key constraint to actual scaling-up as "...post-implementation difficulty in securing sufficient resources and/or mainstreaming the work within, for example, national budgets."

39. With LDCF and SCCF support, projects have developed the critical, on-the-ground foundation needed for successful scaling-up by building institutional capacities and political awareness, as well as good buy-in from national and local-level officials. This foundation is of significant value to entities that are seeking to make large-scale climate investments, including the GCF and other institutions. Thus, partnerships among financing entities have the potential to mutually enhance effectiveness and impact, and ultimately offer more sustainable solutions to countries.

40. Building on the ongoing active collaboration between the GCF and GEF Secretariats, the GEF and GCF stand ready to strengthen partnership in the following areas:

- Conduct outreach to countries together, through GEF Workshops, GEF Dialogues and GEF Constituency Meetings, and at UNFCCC meetings, to raise awareness about different support opportunities and access process;
- Identify pathways and operational roadmaps for coordinated programming, based on existing project examples;
- Explore and articulate potential for coordinated programming, based on country demand;
- Assess feasibility to request countries/entities/Agencies to summarize GEF or GCF support (recent, ongoing, and planned) in project documents, so as to enable better tracking of complementary support and also to identify opportunities for linkages; and
- Share experiences and lessons learned with other funds, including the Adaptation Fund and the Pilot Program on Climate Resilience (PPCR) of the Climate Investment Funds (CIF), to build the knowledge base needed to strengthen collaboration.

41. As standard practice, both the GEF and GCF Secretariats plan to request the project proponents to identify linkages and complementarity with existing or planned support from the other operating entity of the Financial Mechanism.

42. In terms of readiness and NAP formulation, the GCF and GEF are committed to working together to offer streamlined support to countries and to avoid overlap. The GCF has confirmed availability of support for the formulation of NAPs and readiness support for institutional capacity building. Developing countries can access up to \$1 million per country per year for readiness activities from the GCF and up to \$3 million per country for the formulation of NAPs and/or other adaptation planning processes. As such, the LDCF/SCCF support will focus more on the implementation of priorities articulated in the NAP process and other adaptation plans such as NAPAs.

43. Areas where the GEF may not focus LDCF/SCCF investments include the following:

- Readiness support for institutional capacity building and NAP formulation, supported by the GCF, and
- Commercial level scaling-up and mass diffusion of adaptation options, unless there is confirmed significant leveraging of resources.

44. Through these collaborative measures, the LDCF and the SCCF will position available resources toward higher impact and contribute towards transformational change on the ground within the continuum of the sustainable development finance landscape. The GCF support for the formulation of adaptation planning process can contribute to the evidence base for the underlying climate rationale as countries develop project concepts, which can benefit the LDCF, SCCF and other funds.

CLIMATE CHANGE ADAPTATION INVESTMENTS AND ASSOCIATED PROGRAMMING

45. The proposed Programming Strategy addresses the seminal decisions for the Paris Agreement as well as additional guidance, and is also designed to continue supporting climate action in line with GEF's role as an operating entity of the financial mechanism for the UNFCCC.

LDCF Objectives and Entry Points

46. For the LDCF, the three strategic objectives are addressed through projects and programs that are primarily country-driven and through global/regional efforts, focusing on initiatives with potential to make transformational contributions for adaptation. Through these projects and programs, the LDCF will continue to support the LDC work programme. The following section describes each of the following strategic objectives and entry points for programming:

- Objective 1: Reduce vulnerability and increase resilience through innovation and technology transfer for climate change adaptation
- Objective 2: Mainstream Climate Change Adaptation and Resilience for Systemic Impact
- Objective 3: Foster Enabling Conditions for Effective and Integrated Climate Change Adaptation.

Objective 1: Reduce Vulnerability and Increase Resilience through Innovation and Technology Transfer for Climate Change Adaptation

47. The importance of technology transfer is recognized in Article 10 of the Paris Agreement, which states "Parties share a long-term vision on the importance of fully realizing technology development and transfer in order to improve resilience to climate change and to reduce greenhouse gas emissions." Technology and innovation are engines of sustainable growth by building resilience of basic infrastructure, reducing vulnerability of communities, creating job opportunities, and expanding markets for goods and services.

48. Technology transfer and innovation are key enablers of sustainable development for LDCs. Thus, this objective seeks to help address Article 9 of the Convention, which states "...Parties shall take full account of the specific needs and special situations of the least developed countries in their actions with regard to funding and transfer of technology." The LDC work programme is aimed at implementing this Article of the Convention.

49. This objective therefore responds to the emphasis placed on supporting technology transfer by the Convention and the Paris Agreement, and builds on the long history of LDCF/SCCF support for innovative approaches, including a trailblazing role played by a dedicated SCCF funding window on technology transfer.

50. The strategy recognizes that effective responses to climate change require technological, social, and institutional innovation, which could be incremental in nature or

transformational. Innovations are human adaptations to changing needs and socio-economic conditions, thus embedded in social processes.²⁸ Expression of innovation can be interpreted broadly. Innovations in technologies and practices vary in countries and regions, and cover not only measures to install highly advanced technologies but also those to reinvent indigenous knowledge to suit the times or use new widespread and accepted media such as information and communication technology.²⁹

51. Innovations also cover the institutional development which enables governments to establish effective mechanisms to implement adaptation actions such as an inter-ministry coordination mechanism to monitor, adapt and evaluate national adaptation plans and a stakeholder engagement mechanism with local governments, the private sector, and civil society organizations.

52. The increasingly evident effects of climate change and variability require climate resilience technologies to be transferred, adapted, and deployed across the developing world. Relevant technologies are often available on the international market, both in developed and developing countries, but need to be tailored to national and local circumstances in the most vulnerable developing countries. However, high upfront costs and uncertain or unstable regulatory and policy conditions, along with unfavorable market conditions, often make effective technology transfer for climate change adaptation uneconomical, particularly in LDCs.

53. The LDCF support should play a catalytic role in testing and adapting technologies and innovative practices to specific conditions and capacity, creating favorable policies and strategies, providing systemic support to innovation through incubation and accelerators, piloting financial tools, risk transfer mechanisms, including risk insurance, climate risk pooling and other risk sharing solutions, and strengthening private sector engagement in adaptation. Recognizing the LDCF's core target group of the poorest and most vulnerable, the GEF will support local private actors and micro, small, and medium enterprises (MSMEs) in their efforts to contribute to adaptation ambitions. This topic is addressed further in detail in the section on Enhanced Private Sector Engagement.

54. This objective to promote innovation and technology transfer for adaptation to reduce vulnerability has three entry points for the LDCF:

- Innovation and technology transfer in priority sectors and themes and private sector engagement
- Climate security
- Incubation and accelerator support

²⁸ Rodima-Taylor, D., et al., 2011, *Adaptation as Innovation, Innovation as Adaptation: An Institutional Approach to Climate Change*, Applied Geography, doi:10.1016/j.apgeog.2011.10.011.

²⁹ Asia Pacific Adaptation Network, 2015, [Agricultural Innovation: Options for Appropriate Technologies in Responding to Climate Change](#).

55. These entry points are tailored to respond to key lessons on innovation support, including the need to understand and respond to conditions and needs that are context-specific and the necessity to provide systemic innovation support.³⁰ Specific projects and programs should be aligned with NAPA, NAP, and/or NDC priorities, and be complementary to initiatives being supported by other financing sources.

56. Projects and programs under this strategic objective aim to reduce the vulnerability of people, livelihoods, physical assets and natural systems to the adverse effects of climate change through transfer of technologies and innovative practices for adaptation.

Innovation and Technology Transfer in Priority Sectors and Themes and Private Sector Engagement

57. The adaptation priorities identified by developing countries in NAPAs, NAPs, and/or NDCs include: agriculture, water, disaster risk management, climate information systems, sustainable land and forest management, urban development and infrastructure, energy, health and coastal zone management. Common threads identified to help address these priorities include climate proofing major components of national economies and sustainable development, protecting livelihoods and enhancing adaptive capacity, achieving and safeguarding food and water security, enhancing ecosystem structures and functions, and supporting and enhancing human health and safety. In addition, private sector-relevant themes, such as value chains, market development, risk transfer and sharing mechanisms, insurance/re-insurance and eco-tourism, are also relevant.

58. This entry point on innovation and technology transfer builds on LDCF's track record of supporting interventions in priority sectors and themes identified as urgent and immediate priorities in NAPAs by countries, as shown in Table 1 below. The value addition of LDCF in such support was identified by the GEF IEO, which stated that "...completed NAPA implementation projects developed or introduced new technologies and/or approaches, which were successfully demonstrated and disseminated, and resulted in activities, demonstrations, and/or techniques being repeated within and outside of these projects."³¹

59. LDCF investments will not focus on commercial level scaling-up and mass diffusion of adaptation options in isolation. Instead, targeted investments will build on its comparative advantages to pilot and vet emerging initiatives, and to reduce uncertainty and risk and create enabling conditions, with a view to facilitating partners to catalyze larger-scale deployment and replication through various means, domestic and international, as well as private and public. The engagement of local private actors and micro, small, and medium enterprises will be facilitated.

³⁰ Technology Executive Committee, 2017, [Technological Innovation for the Paris Agreement, Implementing Nationally Determined Contributions, National Adaptation Plans and Mid-Century Strategies](#), TEC Brief #10, UNFCCC, Bonn, Germany.

³¹ IEO, 2016, [Program Evaluation of the Least Developed Countries Fund](#).

60. The LDCF may also support incentives and policy measures to encourage private sector engagement, including fiscal and financial tools and instruments for climate risk transfer and management. Innovative projects and programs that engage women and small-scale and young entrepreneurs and farmers with the aim to build their socioeconomic identities and improve livelihoods, while increasing their resilience to climate change, will also be encouraged. South-South cooperation, as well as partnerships with initiatives that promote new technologies to address the needs of vulnerable populations may be explored. These measures help address capacity constraints and perceived smaller market potential, which are particularly acute among rural communities with agriculture-based livelihoods.

Table 1: Priority Areas Addressed by LDCF NAPA Implementation Projects (IEO, 2016)

Priority areas ¹	Number of LDCF projects	
Agriculture (including animal husbandry and fishery)	158	72.8%
Water resource management	134	61.8%
Climate information systems	131	60.4%
NRM; fragile ecosystems (incl. mountain ecosystems, mangroves, forestry, wildlife, land degradation and management)	120	55.3%
Disaster risk management	110	50.7%
Infrastructural development	103	47.5%
Climate education	101	46.5%
Sustainable rural livelihoods (other than agriculture and NRM)	55	25.3%
Coastal zone management (other than mangrove ecosystems/reconstruction)	54	24.9%
Institutional Capacity Building ³	41	18.9%
Tourism	20	9.2%
Human health	18	8.3%
Renewable energy / energy efficiency / energy security	12	5.5%
Climate smart urban areas	12	5.5%
Other, please specify ⁴	9	4.1%
	217	Total

¹ Multiple answers possible

² Excludes cancelled projects

³ The 'institutional capacity building' category came from the 'other' answer category

⁴ Included 'technology transfer', 'adaptation mainstreaming', 'financial risk management' and 'weather insurance'.

61. The GEF and GCF may also collaborate to identify pathways and opportunities to facilitate pilot private sector-oriented initiatives supported by the LDCF (and SCCF) to be scaled up with the GCF. Such efforts may be targeted to select adaptation areas and themes, such as water management, climate resilience of food production, housing and urban infrastructure, and climate resilience of tourism-related infrastructure.

Climate Risk and Security

62. Among the major global risks identified by the World Economic Forum, climate-related risks that are ranked high in terms of likelihood and impact include: extreme weather, biodiversity loss and ecosystem collapse, major natural disasters and man-made environmental disasters, and failure to mitigate and adapt to climate change.³²

63. Fragility, conflict and migration challenges are interlinked with climate change and the environment, with environmental degradation and disasters serving as both causes and manifesting as effects of the largescale movement of people and communities. The issue needs to be addressed holistically along with other factors such as security, socioeconomic development, and conflict.³³ In 2017, 30.6 million new internal displacements were recorded, of which 39 percent, or 11.8 million, was triggered by conflict and violence, and 61 percent, or 18.8 million, by disasters. Over 95 percent of displacements due to disasters was weather-related, including floods, storms, cyclones, droughts, and wildfires.³⁴

64. Major impacts of climate change, such as crop failure, water stress, sea level rise, increase the probability of migration under distress. A recent World Bank analysis indicated that without concrete climate change and development action, by 2050 over 143 million people, or three percent of population in Sub-Saharan Africa, South Asia, and Latin America could be forced to move within their own countries due to impacts of climate change. As uncertainties associated with climate impacts in a specific local or national context will influence climate-induced migration, more support is needed for timely data and analytics from the local to regional contexts to better understand key climate impacts, such as water availability, crop productivity, sea level rise, and scenarios and policy responses.³⁵ Adaptation interventions can also alleviate pressures that contribute to displacement, along with measures that seek to reduce vulnerability and exposure of displaced populations to climate change.

65. There is a significant overlap of countries which are characterized as fragile and/or conflict affected, and those which are also identified as LDCs: 70 percent of fragile states are also officially recognized as LDCs, while approximately half of LDCs are on the World Bank's

³² World Economic Forum, 2018, [Global Risks Report 2018 13th Edition](#), Geneva, Switzerland.

³³ International Organization for Migration, 2018, *Migration and Climate Change*, Retrieved from: <https://www.iom.int/migration-and-climate-change>.

³⁴ Internal Displacement Monitoring Centre, 2018, [GRID 2018 Global Report on Internal Displacement](#), IDMC, Geneva, Switzerland.

³⁵ Kumari Rigaud, Kanta, Alex de Sherbinin, Bryan Jones, Jonas Bergmann, Viviane Clement, Kayly Ober, Jacob Schewe, Susana Adamo, Brent McCusker, Silke Heuser, and Amelia Midgley, 2018, [Groundswell: Preparing for Internal Climate Migration](#), Washington, DC: The World Bank.

Harmonized List of Fragile Situations. Hence, addressing fragility is especially important to the LDCF, which has provided and will continue to provide financing for the urgent and long-term adaptation needs of these countries. Recognizing the threat multiplying nature of climate change on fragile situations is an important consideration in the formulation of the LDCF priorities. It is also critical to acknowledge that building resilience to climate and non-climate factors can only be effective if based on the root causes of poverty, conflict, and degradation. In addition, in areas prone to conflict and instability, GEF strategies, particularly adaptation strategies, which are highly localized, must be conflict-sensitive to avoid reinforcing existing social tensions and/or inadvertently fueling intergroup competition for increasingly scarce resources.

66. The LDCF and SCCF have been providing concrete adaptation support in 39 fragile states, helping to address some of the underlying causes of conflict and insecurity. The LDCF has financed 81 projects worth more than \$440 million in various fragile states, while SCCF has provided \$14.5 million in support. Among the top five priority areas for the LDCF-supported NAPA implementation projects to date, three key areas of relevance for climate risk and security include: climate information systems (60 percent), natural resource management and fragile ecosystems (55 percent), and disaster risk management (51 percent).

67. LDCF support may be provided to the following categories to address fragility and security concerns related to climate adaptation, to characterize climate impacts based on more sound analytics to inform decision and policy making, and reduce risks, thereby helping to address uncertainties:

- Early warning and disaster-preparedness systems, observation networks and capacity building;
- Innovative tools to manage risk, such as risk insurance facilities, risk pooling, risk transfer, and supportive policy and capacities;
- Ecosystem-based disaster risk reduction;
- Fragility-sensitive impact investment and challenge funds;
- Land-based measures to address poverty, conflict, and displacement;
- Policies and strategies for climate-sensitive resettlement that address displacement and forced migration; and
- Building resilience of communities, livelihoods, and ecosystems against disasters and weather-related events.

68. National, multi-country, regional and global initiatives are also eligible for support. Linkages and coordination will be sought, as appropriate, with support for environmental security initiatives, as is the case under the Land Degradation focal area of the GEF. Potential examples for enhanced linkages and coordination may include the 3S Initiative on Sustainability, Stability, and Security in Africa, and the Drought Initiative, which seeks to enhance the resiliency of the most vulnerable population subject to water and food insecurity.

69. The GEF will also explore collaboration with emerging partnerships active in the climate security arena, such as the Global Resilience Partnership (GRP) and the Global Centre of Excellence for Climate Adaptation (GCECA), which examine integrated and innovative solutions situated at the nexus of climate/risks, ecosystems, socio-economics and governance. The GEF engagement, within its mandate, will also be informed by ongoing global discourse, such as the Global Compacts on Migration and Refugees under the United Nations, and the establishment of a Task Force on Displacement by COP 21 to develop recommendations for integrated approaches to avert, minimize, and address displacement related to adverse impacts of climate change.

Incubation and Accelerator Support

70. Innovation incubators and accelerators play a vital role in developing local innovation systems, and contributing to networks for commercialization and market access for technologies at the regional and global scale. While contributions of innovation intermediaries are well-recognized in developed countries, their engagements are still in nascent stages in most developing countries, particularly in the climate adaptation context and for LDCs. The incubator and accelerator support is also beneficial to develop institutional capacities and to identify appropriate technology options to achieve adaptation and mitigation targets³⁶, thus addressing an upstream gap that exist in developing countries to move towards the deployment of technology options, which are addressed as the first entry point for this strategic objective.

71. Adaptation-oriented incubation and accelerators therefore merit targeted, early stage support for additional proof of concept in developing countries.³⁷ There are opportunities for cross-learning from successful incubator support for clean technologies in various developed and developing countries, as well as for early-stage social entrepreneurs.³⁸ The GEF Climate Mitigation Program has been supporting the roll-out of the Clean Tech Open model in various developing countries, and is expected to continue support in the GEF-7 period.

72. LDCF support may be provided for the operation of incubators and accelerators at multiple scales; for raising capacity of local private actors; supporting national and global platforms for enhanced coordination and pooling of support; and for sharing of lessons learned and examples to promote south-south collaboration. Such support fits the GEF's comparative advantage to reduce systemic risk across the adaptation finance landscape, by reducing the

³⁶ CTCN, *The CTCN Incubator Programme for LDCs—Technology for NDC Implementation*, retrieved from: <https://www.ctc-n.org/capacity-building/incubator-programme>.

³⁷ An example of a recent concept is the 100 Water and Climate Projects for Africa funding platform, where multiple institutions, public and private, have committed to creating a project incubation platform to develop a hundred projects in water and climate in Africa over the next five years. The funding platform seeks to create connections between backers and stakeholders on the ground. It was announced at the One Earth Summit in 2017.

³⁸ Halcyon Incubator is an example of support for early-stage entrepreneurs to transform ideas into scalable and sustainable ventures (<https://halcyonhouse.org/incubator/about>).

number of immature, unproven and/or risky projects accessing—and potentially securing—large-scale support from other climate finance sources.

Objective 2: Mainstream Climate Change Adaptation and Resilience for Systemic Impact

73. Adaptation presents a cross-cutting, systemic challenge for ecosystems and livelihoods: Article 7 of the Paris Agreement states “adaptation is a global challenge faced by all with local, subnational, national, regional and international dimensions, and that it is a key component of and makes a contribution to the long-term global response to climate change to protect people, livelihoods and ecosystems.”

74. Countries have been utilizing the GEF adaptation support to address national priorities that transcend multiple GEF themes while reducing vulnerability to climate change, as highlighted in the section on the comparative advantage.

75. While the potential to address multiple GEBs within adaptation projects is recognized, there remains significant room to harness them more systematically and intentionally: among the NAPA implementation projects supported by the LDCF, only 18 percent had targets for biodiversity related GEBs, and less than one-third (31 percent) included targets for sustainable land management.³⁹ Also, efforts to mainstream adaptation and resilience concerns into other initiatives within and outside the GEF have considerable untapped potential for impact.

76. In GEF-7, the LDCF will address these opportunities for synergies and adaptation mainstreaming, to pave the way for enhanced efficiency and effectiveness in tackling climate change adaptation in alignment with other streams of finance.

Mainstreaming Adaptation across GEF Themes

77. Under this objective, countries may strategically jointly program LDCF grants alongside GEF Trust Fund resources to develop robust projects or programs that generate GEBs as well as adaptation benefits. Such support will capitalize on the GEF’s unique mandate to serve multiple MEAs, draw upon its wide-ranging technical strengths, and respond to recent COP guidance to promote synergies across focal areas. This approach towards synergistic programming of adaptation and GEF Trust Fund resources can deliver multiple benefits in terms of sustainability, cost-effectiveness, delivery of holistic solutions, enhanced impacts, and an expanded array of beneficiaries.

78. Alignment of joint programming will depend on national adaptation priorities as well as priorities for generating GEBs, and will be country-driven. Opportunities for enhanced adaptation and resilience impacts merit further attention in the LDCs, given the high level of alignment of LDC NAPA implementation projects to date in themes/areas of agriculture, land-based actions, sustainable rural livelihoods, and climate smart urban areas, as shown in Table 1.

³⁹ IEO, 2016, [Program Evaluation of the Least Developed Countries Fund](#).

Countries may also align LDCF resources with existing and planned flagship focal-area based investments with potential for systemic impact, for example with the West African Coastal Areas Management (WACA) Program and others. Some countries may also explore opportunities to align adaptation priorities within the context of their engagement in the GEF-7 Impact Programs on Food, Land Use and Restoration; Sustainable Cities; or Sustainable Forest Management.

79. Examples of the integrated benefits that can ensue include:

- Climate-resilient smallholder food systems that generate climate mitigation, sustainable land management and biodiversity benefits while addressing the root causes of degradation and vulnerability;
- Cities that deliver efficient, integrated and sustainable development solutions while also building resilience of populations and infrastructure to climate change and variability through integrated urban management, local physical planning for municipalities and regions, and support for decentralized decision-making;
- Land-based solutions, such as the Green Wall Initiative, that address cross-cutting themes of adaptation, mitigation, land degradation, and sustainable development; and
- Delivery of clean and resilient energy solutions, particularly for vulnerable populations, such as rural communities and SIDS.

80. The LDCF resources will be geared solely towards supporting adaptation to climate change, including enhanced climatic variability and long-term change in climatic means. For example, such support includes activities to improve on-farm reliable water supply in situations of increasing drought; or enabling a community livelihood shift to an income source that is less affected by the vagaries of climate; or establishing improved early warning systems in heavily inhabited areas that are currently flood-prone and are expected to face greater rainfall intensity in the future.

81. The GEF Trust Fund resources, on the other hand, will support measures to address general systemic resilience. Broader aspects of resilience include consideration of non-climatic stressors and shocks, consideration of connectivity across system elements, etc. Further, LDCF will not support the management of risks posed by climate change to GEF Trust Fund supported activities. Such risks—like other identified risks to a project—will be addressed by countries and GEF agencies within the requested GEF grants, as clarified in Annex III.

82. This strategy expands on the previous strategy for 2014-2018, which included an objective on mainstreaming adaptation in development planning, by emphasizing the mainstreaming remit to finance delivery, by creating more effective modalities through which adaptation and climate resilience considerations are better integrated within investments and capacity building measures in other sectors and in cross-cutting initiatives. Starting in the GEF-5 cycle, it was possible to program LDCF and SCCF resources jointly with the GEF Trust Fund as

multi-trust fund projects. However, the few projects that made use of this modality have not always been designed with the explicit intention of mainstreaming adaptation. Rather, individual aspects of the project primarily served to address either adaptation or other thematic areas.

Mainstreaming Adaptation through Partnerships

83. Through this entry point, countries are encouraged to increase adaptation and resilience mainstreaming with LDCF resources by leveraging non-GEF partners and initiatives to deliver greater impact and scaled-up finance in vulnerable countries. Previous GEF phases saw constraints to mainstreaming adaptation in the development initiatives that provided co-financing: while the adaptation measures were relevant, they were often supplemental to, rather than mainstreamed in, development finance. This was due to a combination of lack of coordinated upstream planning, and mismatched project cycles for LDCF and SCCF and the co-financing and baseline initiatives.

84. In GEF-7, the GEF will encourage agencies and countries to coordinate adaptation- and resilience-relevant financing from various sources to achieve a broader range of benefits more effectively. For example, countries are encouraged to explore opportunities for synergistic programming of LDCF, SCCF and the GCF, as well as with other funds and initiatives such as the PPCR and Adaptation Fund as appropriate. In particular, the GEF and GCF may collaborate with countries, based on country requests, to explore possibilities for scaling up efforts supported by with LDCF (and SCCF) resources. In terms of mainstreaming initiatives, possible areas of enhanced efforts with the GCF may include: risk insurance facilities, risk pooling, risk transfer, and supportive policy and capacities.

85. The LDCF can contribute climate resilience assessments and investments to new or retrofitted infrastructure; support an enabling policy environment for risk insurance and other risk transfer and risk pooling solutions; support adaptation related aspects of health projects; and support studies and additional investment needed to build climate resilience into local, national and regional water, energy, agriculture, disaster risk management and other projects (see Table 2 for more examples). To this end, GEF partners are encouraged to explore innovative partnerships with the private sector, research institutions, foundations, civil society organizations; and programs receiving bilateral support. Recognizing the increasing levels of development assistance and domestic budget allocations that are climate change-relevant, governments at the national and local levels will also be key mainstreaming partners.

86. Furthermore, the LDCF as well as the SCCF can support regional and global initiatives to demonstrate and test early concepts with high adaptation potential on the global scale, before they are ready for national level implementation. Sharing of knowledge and lessons learned from these innovative initiatives among the funds, countries, and agencies will be an integral part of the GEF support.

Table 2: Examples of External Initiatives with Potential for LDCF Adaptation Mainstreaming

<i>LDCF Action</i>	<i>Partner Action</i>	<i>Potential Partners</i>
Barrier removal and enabling policy environment for risk insurance;	Development of large-scale risk insurance schemes for specific vulnerable regions or crops, or to specific threats	GCF ⁴⁰ , multilateral development banks (MDBs), bilateral donors
Adaptation mainstreaming in national environmental programs of selected countries (forestry, biodiversity, land degradation)	An example is the ‘Bhutan for Life’ program, to which the GEF contributed LDCF and biodiversity resources	WWF, GCF, MDBs
Piloting of climate resilient health projects (e.g., malaria mapping, investments to reduce vector- and water-borne disease in slums, villages)	Mainstreaming adaptation to climate change in larger health initiatives	Gates Foundation, MDBs, civil society, private sector
Enhancing the climate resilience of agriculture (forecasts, crop science, institutional improvements, farming techniques, crop varieties and mix, etc.)	Integration of LDCF/SCCF learning and methodologies in food security or large agriculture programs	CGIAR, private sector, GCF, MDBs, International Institute for Applied Systems Analysis (IIASA), International Food Policy Research Institute (IFPRI), etc.
Water with multiple types of resilience investments, e.g., adaptation to changing river regimes and glacial melt; water conservation in arid areas; etc.	There are a wide range of opportunities	GCF, MDBs, United Nations Development Programme (UNDP) and other GEF Agencies, civil society, private sector
Disaster risk management (climatic)	Can be integrated in many development and environmental programs	All

Objective 3: Foster Enabling Conditions for Effective and Integrated Climate Change Adaptation

87. Article 7 of the Paris Agreement states that “Each Party shall, as appropriate, engage in adaptation planning processes and implementation of actions, including the development of enhancement of relevant plans, policies and/or contributions.” The LDCF and SCCF will continue to support the establishment of enabling conditions and enhancement of adaptive capacity to address adaptation concerns through financing enabling activities in accordance with its mandate.

88. This objective will be delivered through the following entry points:

- Support to NAP process
- Support for enabling activities in response to COP guidance

89. This objective builds on the LDCF’s historical and continuing role in financing urgent and immediate adaptation needs in LDCs; while also emphasizing the GEF’s mandate based on COP guidance to provide support to countries for a transition toward a continuous, progressive and

⁴⁰ Efforts will be made to use the LDCF (and SCCF) resources synergistically with GCF projects and programs to offer more robust and comprehensive in-country adaptation programming, with the components supported by each fund complementing one another, rather than as co-financing.

iterative NAP process. In response to evolving guidance from the UNFCCC, the GEF Adaptation Program will further enhance its efforts to promote the integration of adaptation in a continuous, progressive and iterative manner, and to identify and address short-term as well as medium- and long-term adaptation needs through the NAP process.

Support to NAP Process

90. The GEF's mandate, under the LDCF and the SCCF, includes supporting the process to formulate and implement the NAP process, in addition to tangible actions responding to the urgent and immediate adaptation needs from NAPAs, and to the LDC work programme. The NAP process approaches reducing vulnerability to climate change through policy integration.⁴¹ The NAP provides a framework that countries can refer to in integrating climate change adaptation considerations into long-term planning and processes, which mutually reinforces NDC planning and implementation and contributes directly to the achievement of the SDGs and the 2030 Agenda. Guidance from COP 22 encouraged the GEF to continue its efforts to facilitate countries in aligning GEF programming with priorities as identified in their NDCs.

91. The GCF has also been requested by the COP to support the NAP process, and has allocated up to \$3 million per country to be accessed for NAPs upon request, as summarized in the section on complementarity. Given this, countries requesting LDCF or SCCF support for NAPs will be requested to articulate support provided by the GCF, if and why GEF support is needed, and how GEF support is meant to build on the GCF support or vice versa.

92. The GEF support for NAPs will focus on the implementation of priorities, as well as additional analysis that may be needed to better align possible GEF proposals with the NAP framework. Examples may include the following:

- Advancing integrated approaches that allow countries to continue to address their urgent and immediate needs, while also strengthening the institutional frameworks and capacities required to pursue adaptation strategies beyond individual projects and programs;
- Identification and removal of barriers to integrated national adaptation planning and implementation, and facilitation of multi-ministerial and multi-stakeholder engagement;
- Promoting approaches that take into consideration uncertainties, facilitate replication of successful approaches, and incorporate learning opportunities embedded within management practices;
- Further enhancing efforts to respond to developing countries' needs for stronger climate information and decision-support services to support continuous, short-,

⁴¹ United Nations Climate Change Secretariat, 2017, [*Opportunities and Options for Integrating Climate Change Adaptation with the Sustainable Development Goals and the Sendai Framework for Disaster Risk Reduction 2015-2030*](#), Technical Paper by the Secretariat, Bonn, Germany.

medium- and long-term planning and action, with co-benefits for risk transfer, insurance and pooling;

- Investing in developing countries' capacities to monitor and evaluate their adaptation processes at the national, sub-national and sectoral levels, and to effectively apply data and evaluative evidence to review and strengthen their adaptation strategies; and
- Strengthening the enabling environment for investments to address medium- and long-term adaptation needs by supporting a wide range of modalities, entry points, measures and tools.

93. Through outreach to countries and collaboration with the GCF, efforts will be made to ensure that NAP support provided through the GEF and the GCF will maximize efficiency, while ensuring complementarity and preventing duplication.

Support for Enabling Activities in Response to COP Guidance

94. The LDCF will continue to provide support for enabling activities that respond to COP guidance, including those related to the LDC work programme. Examples include providing enhanced support to Parties in the context of the development of national climate strategies and plans, and support to enhance capacity development in the LDCs for the development of project proposals (decision 11/CP.22). Such support, delivered as national and global/regional initiatives, is expected to help enhance longer-term institutional capacity to design and execute climate adaptation activities of relevance to LDCs, to enable effective implementation of the Convention and the Paris Agreement.

95. The GEF may also support actions and activities to sustainably develop and enhance the capacity of countries to engage in adaptation planning processes, through a global and/or regional program, within its mandate, and raising awareness and engagement of stakeholders on the urgent and immediate needs of adaptation action.

96. Recognizing that developing countries are at various stages of development, and as such have varying capacities for identifying and addressing medium- and long-term adaptation needs, the LDCF will continue to provide support in a flexible manner, in accordance with country needs and priorities.

97. Support for technology needs assessments (TNAs), NDC updating, and Capacity-building Initiative for Transparency (CBIT) is primarily addressed under the GEF-7 Climate Change Mitigation Focal Area.

SCCF Objectives and Entry Points

98. For the SCCF, the three strategic objectives are addressed through initiatives with potential to make transformational contributions for adaptation, building on its history of

successfully facilitating technology transfer and innovative approaches. The projects to be supported are primarily country-driven and through global and regional efforts.

99. The entry points for SCCF support have been streamlined, to enable programming of available resources in a timely manner for initiatives with potential for transformation and multiple benefits. This approach is expected to maximize the value-added of unique support provided through the SCCF.

100. While all developing countries are eligible for support from the SCCF, initiatives that target specific priorities and needs of the SIDS merit special consideration. While SIDS are recognized among the most vulnerable countries to the adverse impacts of climate change, 27 of the 38 UN-listed SIDS are non-LDCs and therefore cannot be served by the LDCF. It is imperative that the GEF consider how their unique adaptation needs can be served by the SCCF, parallel with priorities identified for GEF Trust Fund programming. Furthermore, the eligibility for SCCF support beyond the LDCs means that graduated LDCs may request adaptation support from the SCCF. The following section describes each strategic objective and entry points for programming.

Objective 1: Reduce Vulnerability and Increase Resilience through Innovation and Technology Transfer for Climate Change Adaptation

101. The primary SCCF entry point for Objective 1 is through the Challenge Program for Adaptation Innovation.

Challenge Program for Adaptation Innovation

102. An open competition based on a call for proposals will be organized to identify innovative proposals with potential for significant adaptation and resilience benefits, in line with Objective 1 of this proposed programming strategy. In particular, proposals that support entrepreneurship in the adaptation and climate resilience space are sought. Those that highlight active participation and ownership of female stakeholders as well as gender-responsive impacts will be encouraged. The Challenge Program is expected to have multiple benefits, such as:

- Good alignment with the SCCF's demonstrated potential to foster innovation and technology transfer;
- Enabler of concrete and meaningful collaboration to enhance adaptation benefits with international partnerships such as the GCECA and the GRP; and
- Potential to spur the dissemination of viable adaptation technology and management practices that can generate revenue/profit, thus potentially mobilizing the domestic private sector by creating successful adaptation entrepreneurs.

103. This program builds on the existing the SCCF pre-selection process, with a focus on proposals with local solutions, private sector engagement, cross-learning, and in

sectors/systems identified as high priorities. Support may also be made available for LDCs, utilizing LDCF resources, based on national priorities. Resources in Window B of the SCCF for technology transfer, as well as part of resources in Window A on adaptation may be utilized for this purpose.

104. This program can also support initiatives that address climate security concerns, which the SCCF has successfully supported in the past. An example includes a flagship project in Morocco to introduce no-till agriculture and direct-seeding machines in rural communities to increase yield in drought conditions, helping to maintain livelihoods and food security.⁴²

Objective 2: Mainstream Climate Change Adaptation and Resilience for Systemic Impact

105. The entry point for Objective 2 focuses on supporting mainstreaming of adaptation and resilience towards enhanced impacts.

Incentive for Mainstreaming Adaptation and Resilience

106. The SCCF support will be provided to projects and programs with potential for enhanced adaptation/resilience and multiple benefits. The SCCF will support projects that address specific national and regional/global adaptation priorities, for examples on the themes of sustainable and resilient cities, climate security and enhancing food security.

107. Special consideration may be given to highly vulnerable non-LDCs, particularly SIDS, as well as initiatives targeting women. Part of resources from Window B of the SCCF may be utilized for this purpose. From a domestic policy perspective, the enabling conditions exist in SIDS for such an opportunity, as many have already started to mainstream climate resilience across sector planning and programming. The SCCF is also poised to build on its track record of supporting comprehensive risk assessment and management approaches, risk insurance facilities, climate risk pooling and other insurance solutions, in coordination with the G7 InsuResilience initiative to increase the availability of risk transfer and insurance solutions for poor and vulnerable people.

108. In addition to the activities shown in Table 2 above, examples of innovative and technology transfer oriented external development initiatives that the SCCF could also support the mainstreaming of adaptation benefits within are shown in Table 3, below.

⁴² GEF, *Integrating Climate Change in Development Planning and Disaster Prevention to Increase Resilience of Agricultural and Water*, retrieved from: <https://www.thegef.org/project/integrating-climate-change-development-planning-and-disaster-prevention-increase-resilience>.

Table 3: Examples of External Initiatives with Potential for SCCF Adaptation Mainstreaming

<i>SCCF Action</i>	<i>Partner Action</i>	<i>Potential Partners</i>
Technical studies for risk insurance schemes;	Development of large-scale risk insurance schemes for specific vulnerable regions or crops, or to specific threats.	GCF, multilateral development banks (MDBs), private sector, bilateral donors
Introducing and testing adaptation technologies in new areas, or new types of adaptation technologies;	Scale-up of locally-adapted technology within broader rural/urban development programs	MDBs, research institutions, GCF, GRP, GCECA, foundations, civil society
Piloting of resilient energy technologies	Ensure that proposed energy solutions integrate climate resilience considerations	MDBs, GCF, PPCR. Also, for example, <i>Caribbean Climate Smart Coalition</i> , which aspires to catalyze \$8 billion investment plan to bring greater energy and infrastructure resilience to 3.2 million Caribbean households.
Improving the climate resilience of critical infrastructure (roads, bridges, ports). The role of the GEF would be to support technical analysis and piloting of investment-based approaches to resilience.	Scale-up of climate resilient solutions in large (new) infrastructure development programs or retrofitting of existing infrastructure.	MDBs, GCF, donors, private sector
Enhanced resilience of supply chain for targeted commodities	To be integrated in vulnerable supply chains	Private sector, GEF Agencies
Water with multiple types of resilience investments, e.g., adaptation to changing river regimes and glacial melt; building resilience of small hydro systems (turbines fail in very heavy flows that have high sediment loads); etc.	Several opportunities exist	GCF, MDBs, UNDP and other GEF Agencies, civil society, private sector

Objective 3: Foster Enabling Conditions for Effective and Integrated Climate Change Adaptation

Support for Enabling Activities in Response to COP Guidance

109. The SCCF will continue to provide support for enabling activities that respond to COP guidance. The SCCF may also support actions and activities to sustainably develop and enhance the capacity of countries to engage in adaptation planning processes, through a global and/or regional program, within its mandate and to support capacity building measures.

110. Recognizing that developing countries are at various stages of development, and as such have varying capacities for identifying and addressing medium- and long-term adaptation needs, the GEF, through the SCCF, will continue to provide support in a flexible manner, in accordance with country needs and priorities.

ENHANCED PRIVATE SECTOR ENGAGEMENT

111. The GEF, through the LDCF and SCCF, seeks to engage the private sector through dedicated projects and programs, and as an integral part of support towards the three overarching objectives of this strategy. The ultimate objective of the LDCF and SCCF's engagement with the private sector is to harness the potential of the private sector actors to

achieve the global goal on adaptation for the Paris Agreement, to increase resilience to the adverse impacts of climate change and variability in vulnerable developing countries, and support their efforts to build adaptive capacity. In doing so, the LDCF and SCCF seek to identify, test and highlight adaptation approaches with potential to be scaled up through cooperation with other climate finance mechanisms, such as the GCF. By focusing on continuous innovation and learning with regard to private adaptation solutions, the GEF, through the LDCF and SCCF, aims to test and validate potentially scalable, bankable or otherwise fundable investment approaches, business models, partnerships and technologies.

112. Of particular relevance is the local private sector actors, especially micro, small, and medium enterprises, as they play an important role for the economy and communities in developing countries, providing services and access to hard-to-reach populations. They have a potential to contribute to increasing climate resilience in vulnerable populations and rural communities.⁴³ When addressing the private sector in the context of adaptation, and for the LDCF/SCCF, nurturing and facilitating the engagement local private sector actors is also an important element, in addition to targeting private sector primarily as catalyzers of larger scale financing and market developers.

113. Private sector engagement will be fostered for the LDCF and SCCF through the three objectives of this strategy. For Objective 1, the focus is on promoting innovation and technology transfer for concrete adaptation actions. Objective 2 devotes attention to private sector players and considerations when mainstreaming adaptation and resilience. Objective 3 fosters enabling conditions that crowd in the private sector for effective and integrated climate change adaptation. They are implemented through the following two pillars:

- Pillar I: Expanding catalytic grant and non-grant investments
- Pillar II: Support enabling environments for the private sector to act as an agent for market transformation.

114. These two pillars are aligned with the approach to private sector engagement in the GEF-7 Programming Directions, while reflecting the challenges of financing adaptation through non-grant instruments. Pillar I seeks to enhance opportunities for catalytic investments. Pillar II is similar in its approach to the GEF-7 Trust Fund strategy.

115. The private sector engagement strategy for adaptation seeks to avail financial instruments that are tailored to country needs and priorities, including NAPAs, NAPs and NDCs. As the core target group of the LDCF comprises the most vulnerable and disadvantaged groups, the LDCF will continue to rely exclusively on grant instruments and partnerships with local public and private actors, and not on non-grant instruments. The SCCF will expand its reach by

⁴³ Pieter Terpstra and Abigail Ofstedahl, 2013. *Micro, Small, and Medium Enterprises: Key Players in Climate Adaptation, Blog Series: Adaptation and the Private Sector*. World Resources Institute, retrieved from: <http://www.wri.org/blog/2013/12/micro-small-and-medium-enterprises-key-players-climate-adaptation>

driving innovation with the private sector through both grant and non-grant instruments on a fully flexible and case-by-case basis.

Pillar I: Expanding Catalytic Grant and Non-Grant Investments

116. Enhancing investment opportunities in adaptation with and through the private sector partners include the following:

- (a) Support pilot investments with the private sector to test, demonstrate and validate innovative resilience technologies, as well as new investment approaches and business models, for instance to improve access to weather analytics and monitoring technologies, catastrophe and climate risk modeling, climate insurance, efficient irrigation and drinking water supply systems.
- (b) Tackle adaptation issues across the value chain by demonstrating the most innovative approaches with development banks at the national, regional, and global levels, and private sector actors. Blended finance is considered a particularly effective tool to pursue innovation and has the potential to catalyze investments from capital markets at global and national levels aligned with the objectives of the Paris Agreement. Interest in blended finance has continued to increase in recent years, as exemplified for instance through the IDA private sector window. Blended finance strategies can include debt, equity and grant instruments. The experience of the GEF in blended finance activities can be highly catalytic by further expanding non-grant instruments, through the SCCF, into the adaptation programming area. The LDCF will continue to rely exclusively on grant instruments, and will not consider non-grant instruments.
- (c) Support entrepreneurship development, incubators, seed funding and venture capital approaches, to create and seize emerging private sector opportunities to reduce climate change vulnerabilities. The inherent focus of the GEF on innovative approaches and cross-cutting solutions positions the LDCF/SCCF well to promote innovation in adaptation technologies and techniques to build sustainable innovation ecosystems for micro, small, and medium enterprises. Fostering innovation and entrepreneurship environments for technologies in the resilience space will allow developing countries to build more sustainable and resilient economies. Entrepreneurship will be supported as an integral part of adaptation projects with a focus on key sectors, as well as through dedicated incubators and award-based adaptation competitions that accelerate innovation.
- (d) Improve resilience of food storage and distribution vis-a-vis climate shocks, enhance small-holder farmers' knowledge of climate impacts and available adaptation approaches, and climate-proof supply chains for trading commodities. The LDCF and SCCF seek to transfer technologies and support adaptation investments in the area of food systems and agricultural and commodity supply chains hand-in-hand with the private sector, based on national needs and priorities.

Pillar II: Support Enabling Environments for the Private Sector to Act as an Agent for Market Transformation

117. Opportunities for transforming markets for adaptation technologies and innovations with private sector partners include the following:

- (a) Foster enabling environments and address barriers for private sector engagement through support for effective regulatory frameworks, tailored policies and enabling conditions, that facilitate market entry of resilience technologies where they would otherwise be unfeasible.
- (b) In accordance with Article 8 of the Paris Agreement, enhance understanding, action and support on, inter alia, early warning systems, emergency preparedness, slow onset events, comprehensive risk assessment and management, risk insurance facilities, climate risk pooling and other insurance solutions. Data and information from risk modelling and assessments can also be used to enhance climate change education, raising public awareness and public access to information, in support of Article 12 of the Paris Agreement.
- (c) Use and provision of real-time climate data with private sector engagement, to help inform business decisions and build investor confidence
- (d) Share knowledge and lessons emerging from its extensive portfolio of adaptation projects, including as it relates to private sector engagement, in order to enable other climate finance mechanisms to minimize risks and scale up proven approaches. The sharing of knowledge and information will be undertaken by, among others, leveraging existing and emerging partnerships such as InsuResilience, Proadapt, the GSECA, the Global Adaptation and Resilience Investment (GARI) Working Group, the NDC Partnership and other fora.
- (e) Explore linkages and strategic partnerships with private companies in developing countries to foster adaptation strategies and practices, to accelerate the development of climate resilient products and goods. Sectors such as sustainable infrastructure engineering, and the monitoring and forecasting of climate risks are among the sectors with emerging market potential where such engagement is envisaged. Partnerships could also include companies who offer climate adaptation solutions such as resilient water management through water treatment and recycling, reinsurance and insurance providers of climate risk insurance, as well as other mechanisms such as technical assistance facilities tailored to engage private companies and stakeholders.
- (f) Mobilize the private sector as an agent for adaptation by supporting the mainstreaming of climate change adaptation and resilience considerations into business models and risk management capabilities, including by enhancing business codes, standards and practices.

OPERATIONAL IMPROVEMENTS FOR LDCF AND SCCF

118. This section presents recommendations for policy enhancements to enable the LDCF and SCCF to deliver on the proposed activities as articulated in the previous section.

OPTIMIZING THE LDCF

Overview

119. Since its establishment, the LDCF has provided support totaling \$1.25 billion for 260 projects, programs and enabling activities to meet the special needs of LDCs to adapt to the impacts of climate change. As of May 2018, 2018, 47 countries are eligible to access resources from the LDCF.⁴⁴ As of the same date, 36 LDCs had accessed \$20 million or more in LDCF support.⁴⁵

120. Demand from LDCs has progressively increased 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. Early LDCF investments in enabling activities and pilot projects have helped build institutional and technical capacity in LDCs. They have also helped to raise recognition of the need to address climate change impacts and adaptation options within the national policy agendas and strengthened absorptive capacities for climate finance.

121. The LDCF continues to rely on voluntary contributions, rather than on a defined replenishment cycle like the GEF Trust Fund. In recent years, the resource availability for the two funds has become increasingly constrained. Voluntary contributions to the LDCF from participants during the GEF-6 period have averaged \$113 million per year, insufficient to meet consistent demand from LDCs for resources. Also, there are significant variations in the resource availability from year to year, with donors coming forward to pledge in individual cycles.

122. The combination of strong demand and resource constraints has resulted in a growing pipeline of technically cleared LDCF projects awaiting approval in the GEF-6 period. In light of the situation, a request was made at the twenty-second meeting of the LDCF/SCCF Council, asking 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.”

123. In response, the GEF presented an information paper titled *Strategic Alignment of the LDCF Pipeline* to the twenty-third meeting of the LDCF/SCCF Council in November 2017.⁴⁶ This paper summarized potential factors to be considered and to be elaborated further in the

⁴⁴ 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

⁴⁵ GEF, 2018, *Progress Report on the Least Developed Countries Fund and the Special Climate Change Fund*.

⁴⁶ GEF, 2017, *Strategic Alignment of the LDCF Pipeline*, Council Document GEF/LDCF.SCCF.23/Inf.04.

development of the Programming Strategy for Climate Change Adaptation for the period of July 2018 to June 2022. The Council members welcomed the information document, citing the need for a more strategic approach to LDCF pipeline management. This document presents further elaboration and policy options as well as recommendations for the GEF-7 period.

LDCF Pipeline Development and Approval Process

124. The modality for Council approval of LDCF projects is on a rolling structure on a no objection basis, in line with the mandate of the LDCF to support the most urgent and immediate needs of LDCs in adapting to climate change. To date, LDCF projects presented for approval have been selected based on a “first-come, first-served” principle, in an effort to promote transparency and equitable access among LDCs.

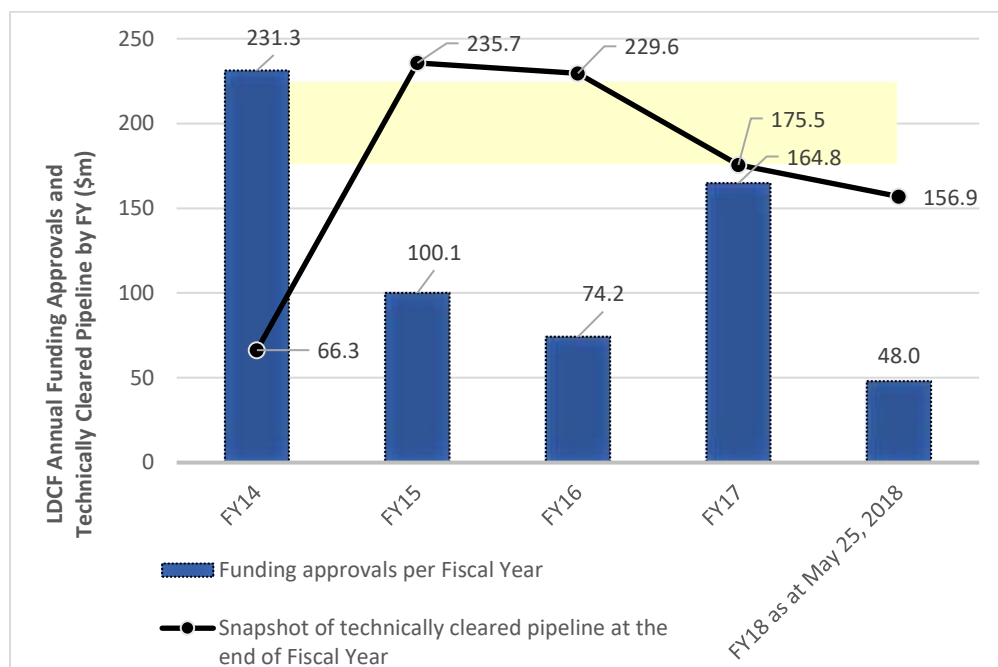
125. The above practice was introduced to facilitate flexible and timely resource allocation at a time when resource constraints did not exist. The GEF Secretariat has continued to apply the same principle of rolling approval of “first-come, first-served” projects as resources became more constrained and the pipeline of technically cleared projects that were waiting for support grew.

126. As of April 2018, the pipeline of technically cleared projects comprised 21 projects that request a total of \$156 million from the LDCF. Figure 1 presents the annualized funding approvals and technically cleared pipeline figures for LDCF for the GEF-6 period.

127. The period between technical clearance of project concepts and availability of funds is significant, exceeding 24 months for some projects. Progressively long wait times for approving project proposals lingering in the pipeline have raised questions about the timeliness and continued relevance of the proposed interventions due to changing circumstances, information, and needs.

128. Parties to the UNFCCC have raised concern about the pipeline. In decision 6/CP22, Parties at COP 22 noted with concern that “...funding proposals seeking to support elements of countries’ work in the process to formulate and implement NAPs were technically cleared by the GEF but, as at 10 November 2016, were awaiting funding under the LDCF.”

Figure 1: Annual Funding Approvals and Pipeline for LDCF in GEF-6 Period



129. To help address the issue of the timeliness of project proposals, a stopgap pipeline management measure was introduced in 2017. The GEF Secretariat proposed to GEF Agencies, as an ad hoc measure, that project concepts be updated in close consultation with recipient countries in cases where projects were cued in the pipeline for more than one year. 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.

Issues Associated with LDCF Approval Process and Resource Constraints

130. As discussed in the *Strategic Alignment of the LDCF Pipeline* document from the 23rd LDCF/SCCF Council, the efficiency of the LDCF has suffered from resource limitations and unpredictability, compounded by the current practice of pipeline management and project approval based on the rolling approval of “first-come, first-served” projects.

131. The 2016 Program Evaluation of the LDCF by the GEF IEO highlighted the negative impact on the efficiency of the LDCF by the relative lack of predictability in available resources.⁴⁷ According to the report, “[t]he unpredictability of funding in the past two to three

⁴⁷ IEO, 2016, [Program Evaluation of the Least Developed Countries Fund](#).

years has been a major challenge for LDCs who are dependent on LDCF support for the implementation of their key climate change adaptation priorities.”

132. 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 (MTF) projects because of the LDCF’s resource unpredictability.”

133. A very strict adherence to the “first-come, first-served” principle of project approvals has revealed numerous limitations in the face of chronic resource constraints. For example, countries have difficulties to propose MTF projects or MDB projects, as the GEF Secretariat has been unable to facilitate or fast-track these projects.⁴⁸ This practice does not allow for coordinated approval of project concepts supported by the LDCF and the GEF Trust Fund, resulting in missed opportunities. While recipient countries are familiar with the process and perceive the “first-come, first-served” approach to be fair, the practice on the other hand may be limiting the LDCs to receive timely support from the LDCF to implement projects with larger-scale resource mobilization potential. The “first-come, first-served” approach can also hinder the mainstreaming of adaptation and resilience in the GEF Trust Fund projects, and more ambitious and/or innovative proposals.

134. The practice of approving LDCF projects based on a rolling no-objection basis has advantages and disadvantages. Advantages include the flexibility to program resources when available and enabling each project to decide on its own timing for concept development and approval. As for disadvantages, the practice does not allow for analysis of a batch of projects to assess relative strategic importance or alignment with priorities. There are increased uncertainties about the timing of approval, due to the unpredictability in the timing of resource availability.

LDCF Project Selection and Approval Process

135. Given the challenges identified with continuing with the current practice of project selection and approval, various options have been considered for more effective LDCF project selection and approval process from the pipeline. The options are presented as a matrix in Table 4 below: with two alternatives for project selection and three alternatives for Council approval process, yielding six options. Annex IV presents further information, with detailed descriptions, advantages and disadvantages considered.

⁴⁸ Individual projects have been fast-tracked only under exceptional circumstances, for instance when a country had not previously accessed the LDCF for the implementation of its NAPA.

136. The LDCF project selection and approval process will be modified to be based on a work program constitution to be approved by the LDCF/SCCF Council, with projects selected based on prioritization factors (i.e., option 6 in the below matrix). A batch of projects constituting a Work Program will be proposed by the GEF Secretariat and presented for approval at Council meetings and/or intersessional Work Programs. Projects constituting the work program are selected based on agreed upon factors for prioritization, similarly to the process undertaken for the GEF Trust Fund.

137. The selection of projects is no longer based on the “first-come, first-served” basis, although the timing of the technical approval of the concept could be one of the factors to be taken into consideration. With this modification, the LDCF’s project selection and approval modality will be aligned with that of the GEF Trust Fund’s. Furthermore, the Council would be better positioned to discuss proposed projects by taking into account portfolio-wide considerations.

Table 4: Options Considered for Project Selection and Approval Process for LDCF

<i>Modality of Council Approval</i>	<i>Selection of Projects for Approval</i>		
		First-come, first-served basis	Strategic prioritization
	Rolling approval (project by project) on no objection basis	<u>Option 1</u> (Status quo option)	<u>Option 2</u>
	Batch approval on no objection basis	<u>Option 3</u>	<u>Option 4</u>
	Work Programs at Council meetings and intersessional	<u>Option 5</u>	<u>Option 6</u>

Intersessional Work Programs

138. In addition to presenting a work program for approval at Council meetings, the possibility to constitute intersessional work programs may also be explored during the GEF-7 period by the LDCF/SCCF Council, subject to further Council deliberations. Factors to consider may include the following:

- **Alignment with GEF Trust Fund Intersessional Work Programs:** GEF Trust Fund Intersessional Work Programs are occasionally constituted subject to resource availability.⁴⁹ The LDCF could exercise an option to approve additional projects when the GEF Trust Fund constitutes an intersessional Work Program, based on the LDCF resource availability. While this option can facilitate MTFs, project modalities eligible for approval may be more limited: Programmatic approaches are currently not eligible for intersessional approval under the GEF policy.

⁴⁹ GEF, 2017, [Guidelines on the Project and Program Cycle Policy](#), Council Document GEF/C.52/Inf.06/Rev.01.

- **LDCF-specific Intersessional Work Programs:** The LDCF may consider constituting an intersessional Work Program on its own, with the decision to call constitute to one entrusted to the GEF Secretariat. The value threshold would need to be established. This option could enable more frequent project approvals. However, resource constraints may present a challenge to constitute multiple work programs with a sufficient number of projects of strategic relevance. The LDCF-specific intersessional work programs may not facilitate MTFs, as decisions for the GEF Trust Fund will need to be made separately.

Factors for Enhanced Strategic LDCF Prioritization

139. Factors to be considered for the strategic prioritization of projects by the Council for Work Program-based approvals include the following, with the alignment with national needs and priorities being the most important factor to consider:

- Alignment with needs and priorities identified in national plans, such the NAP process, NAPAs, and national sustainable development strategies;
- Alignment with priorities in the Programming Strategy on Adaptation to Climate Change, such as opportunities to foster innovation and investments for technology transfer;
- Opportunities to leverage/catalyze support, including GEF MTF programming and other funding sources including the GCF; and
- Level of LDCF resources previously accessed by the country, to help facilitate access by countries underserved by the LDCF to date.

Additional factors to be considered for further consideration include:

- Potential for private sector engagement;
- Geographical balance of LDCF support provided;⁵⁰
- Extenuating circumstances, such as natural disasters; and
- Timing of technical approval of projects

140. Drawing from the model of GEF Trust Fund Work Programs presented to the GEF Council, the GEF Secretariat will assess the technically cleared proposals based on the above factors, and will constitute a Work Program with resources available in the LDCF and SCCF. During the LDCF/SCCF Council meeting, the Council members will have an opportunity to ask questions and provide comments on individual projects as well as the Work Program to help them make the approval decision, and also to provide written comments.

⁵⁰ The balance takes into consideration that 46 out of the 47 LDCs are in Africa and Asia.

ADDITIONAL LDCF OPERATIONAL IMPROVEMENTS

141. In order to ensure that strategic priorities are not only conceptualized, but applicable in practice, the operational policies of the LDCF and the SCCF will need to be updated accordingly. This section lays out some options for operational policy improvements in terms of funding ceiling, support for regional and global initiatives, and pipeline management.

Raising the LDCF Funding Ceiling

142. In accordance with COP guidance, which requested the GEF to “develop flexible modalities that ensure balanced access to resources given the level of funds available,” the LDCF applies a principle of equitable access for LDC Parties.^{51, 52} Accordingly, the LDCF’s operational guidelines include a ceiling, or a cumulative maximum amount that each LDC can access from the LDCF.⁵³ The ceiling has increased as the fund grew and more LDCs accessed resources. Currently, the ceiling stands at \$40 million, raised from \$30 million in June 2016.

143. As of April 2018, eight of the forty-seven LDCs have reached or nearly reached the current funding ceiling, including approved and pipelined projects.⁵⁴ Additional 16 countries have accessed \$30 million or more in LDCF funding. 36 LDCs have accessed more than \$20 million. Each and every eligible LDC has successfully received support from the LDCF. The status of resource access by LDCs is presented in Annex V.

144. Given this level of resource access, the resource allocation ceiling will be raised to \$50 million at the start of GEF-7, with a cap of \$10 million per country. The new ceiling with a cap maintains the current practice of Equitable Access and also addresses the concern of ensuring access to as many LDCs as possible by introducing a cap on the amount of resources to accessible by each LDC for the four-year period. The ceiling and the cap may be raised before the end of the four-year period, depending on the level of donor contributions and programming. Two additional options that were considered are summarized in Annex VI.

Capacity Building Support for LDC Planning and Programming

145. This strategy places greater emphasis on innovation and strategic relevance. The Secretariat recognizes that many LDCs may face capacity constraints in their efforts to explore more innovative or strategic adaptation programming. Additional support for LDCs may be warranted to build capacity within LDCs for project planning and preparation, so that they can strive for a higher level of ambition in climate action. Such measures may also be instrumental

⁵¹ UNFCCC, 1993, [Decision 6/CP.3](#), and UNFCCC, 2005, [Decision 3/CP.11](#).

⁵² GEF, 2006, [Programming Paper for Funding the Implementation of NAPAs under the LDCF Trust Fund](#), Council Document GEF/C.28/18.

⁵³ GEF, 2012, [Updated Operational Guidelines for the Least Developed Countries Fund](#), Council Document GEF/LDCF.SCCF.13/04.

⁵⁴ Benin, Chad, Ethiopia, Gambia, Sudan, Timor Leste, Uganda and Zambia have accessed \$38 million or more of LDCF resources, including pipeline, as of May 2018.

to help ensure that all LDCs will have an opportunity to access LDCF support, and to support the LDC work programme.

146. The Secretariat proposes to provide the following enhanced support measures to LDCs, building on the existing support options available to countries through the Country Support Program as well as programming:

- Inclusion of LDCF and SCCF planning and discussions into relevant country dialogues, national planning exercises, and Expanded Constituency Meetings (ECWs);
- Project development workshops targeting LDCs;
- Regional and global initiatives for capacity building, knowledge management, and sharing of lessons; and
- Integration of technical assistance elements in project design to address medium to longer-term institutional and human capacity needs.

147. Some support measures listed above may also be considered for project(s) that respond to Decision 11/CP.12 paragraph 15, which requested the GEF, “..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.”

Support for Regional and Global Initiatives

148. The GEF has programmed resources at the regional and global level to support Convention obligations, enabling activities, and initiatives that are more effectively addressed at the global level. They are also used to support testing and piloting of highly innovative and risky interventions that are too early for national level implementation.

149. Support to regional and global initiatives is a unique feature of the LDCF as well as the SCCF, as other major climate adaptation funds have not supported them in a similar fashion.⁵⁵ The LDCF and SCCF have provided value by supporting regional and global initiatives (i) to build capacity and facilitate cross-learning, in response to COP guidance; and (ii) to foster innovation and private sector engagement with significant adaptation and de-risking potential for all developing countries.

⁵⁵ Regional and global initiatives refer to projects with activities that seek to address regional and global needs and priorities and without a specific country focus. As such, regional and global initiatives differ from multi-country projects, where GEF-funded activities take place in countries with national endorsements. The Adaptation Fund supports regional projects since 2015, which are projects implemented simultaneously in more than one country and could include both national and regional activities, endorsed by all participating countries.

150. As an example, drawing on the experience of the National Communications Support Program and the NAPA process, and in accordance with the initial guidelines provided in decision 5/CP.17,⁵⁶ the GEF has successfully financed two phases of a Global Support Program (GSP) for NAPs.⁵⁷ The GSP supports the launch of the NAP process across various developing countries, including LDCs. As LDCs are currently located in three regions, initiatives that aim to provide support to all LDCs are programmed as global initiatives as opposed to regional initiatives.

151. For the GEF-7 period, the following regional and global initiatives will be considered:

- Capacity building and cross-learning support and response to COP guidance, to support Objective 3 of the strategy;
- Incentive to integrate adaptation and resilience enhancement into regional/global MTF projects and programs, to support Objectives 1 or 2 of the strategy;
- Innovative projects with significant adaptation and de-risking potential for developing countries and with private sector engagement, to support Objective 1 and 2 of the strategy; and
- Relevant elements of the LDC work programme.

152. The regional and global projects are expected to deliver and report on adaptation impacts, and will complement national projects. For the LDCF, a relatively modest share of support over the four-year period, such as 10 percent of expected total resources, may be allocated regional and global initiatives.

LDCF Pipeline Management

153. With the introduction of a new funding cycle, the existing pipeline of projects needs to be addressed. These projects have been technically cleared by the GEF Secretariat, and were deemed to address urgent and immediate adaptation needs in a country driven-manner at the time of technical clearance.

154. As a large number of these projects have been queued in pipeline for over two years, a reassessment of the relevance and timeliness of these projects is necessary, particularly taking into consideration the vision for GEF-7 presented in this strategy. Furthermore, with renewed opportunities for integration and cross-cutting programming, LDCs may prefer to receive LDCF support for different projects or programs. They may also wish to see a different order, or timing, of projects to be supported by the LDCF.

155. The Secretariat will hold consultations with countries that have projects in the pipeline at the onset of the GEF-7 period. The consultations, in alignment with broader GEF national

⁵⁶ UNFCCC, 2012, [Decision 5/CP.17](#).

⁵⁷ GEF, 2012, [Support for National Adaptation Plans](#), Council Document GEF/LDCF.SCCF.13/Inf.07/Rev.02.

planning, would enable countries to develop a plan for LDCF support in light of the new opportunities presented in this strategy. The consultations will offer opportunities to: (i) Seek more synergistic and harmonized programming with the GEF Trust Fund or other sources; and (ii) Re-evaluate whether and how their existing pipeline proposal(s) remain viable in terms of alignment with the national plan for GEF-7. Countries will then be invited to develop or revisit and submit or re-submit proposals according to the national plan, which may or may not include updated proposals from the GEF-6 pipeline.

156. The GEF Secretariat will no longer maintain a pipeline beyond July 2018 if the LDCF project selection and approval process is no longer based on the “first-come, first-served” principle. Other options that were analyzed are presented in Annex VII.

OPTIMIZING THE SCCF

Overview

157. The SCCF was established by the COP in 2001 to finance activities, programs, and measures relating to climate change that are complementary to those funded by the resources allocated to the Climate Change Focal Area of the GEF. The SCCF programs resources primarily through two windows, namely:

- SCCF-A (Window A) on climate change adaptation
- SCCF-B (Window B) on technology transfer

158. The SCCF is diverse, creative, technically robust, and is supporting cutting-edge methodologies and solutions in developing countries, including in highly vulnerable non-LDCs. An evaluation of the SCCF in 2011, conducted by the GEF IEO, found that adaptation projects financed under SCCF-A promoted innovative approaches and technologies; and that the SCCF’s management costs are the lowest of comparable funds under GEF management. The most recent SCCF evaluation by IEO in 2017 found that the SCCF’s niche within the global adaptation finance arena has been its accessibility for non-Annex I countries, and its support for innovative adaptation projects. The SCCF portfolio was also found to be highly likely to deliver tangible adaptation benefits and catalytic effects.⁵⁸

159. Importantly, the SCCF can support adaptation programming in the group of 27 SIDS that are not LDCs, and yet which are counted among the world’s most vulnerable regions. Coastal storms, sea level rise and saltwater intrusion—among other climate change related threats—combined with the small land mass, high dependence on imports, and vast distances of islands from each other result in disproportionately large economic and environmental challenges for SIDS. Often, entire populations are vulnerable.

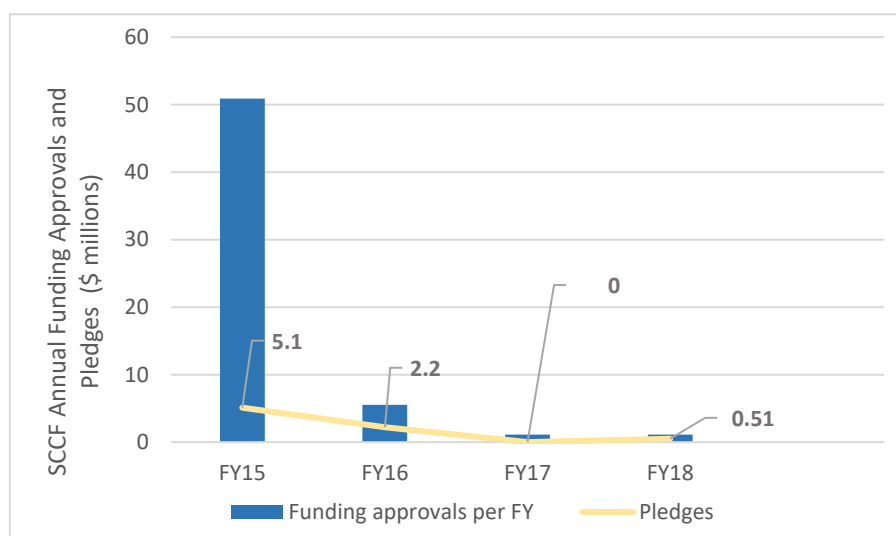
⁵⁸ IEO, 2017, [Program Evaluation of the Special Climate Change Fund](#).

160. While the LDCF has been able to serve the needs of a handful of SIDS that are LDCs, the majority of UN-designated SIDS are not LDCs and do not qualify for LDCF support. In these cases, the SCCF can fill a critical gap. This is all the more so due to the fact that currently the GCF does not engage in regional programming. For SIDS, regional programs, which the SCCF can support, can deliver cost-effective solutions at scale and enable south-south learning.

161. Despite the positive findings and merits, funding unpredictability was also identified in evaluations as a key constraint in SCCF programming. Figure 2 illustrates annual pledges and funding approvals for the SCCF during GEF-6, when voluntary contributions averaged \$6 million per year.

162. Building on the 2011 evaluation, the 2017 evaluation recommended “...the GEF Secretariat to prioritize the development of mechanisms that ensure predictable, adequate and sustainable financing for the Fund, given its support for, and focus on innovation.”

Figure 2: Annual Funding Approvals and Pledges for SCCF in GEF-6 Period



Modalities for SCCF Support

163. The Challenge Program for Adaptation Innovation will be organized by modifying the existing SCCF pre-selection process, which was approved at the thirteenth LDCF/SCCF Council in October 2012 as part of the updated SCCF operational policy,⁵⁹ following an IEO recommendation. The concepts will be solicited when there is more than \$5 million in resources available from the SCCF for this purpose. The exact threshold amount for calling the Challenge for Adaptation Innovation will be decided by the LDCF/SCCF Council.

⁵⁹ GEF, 2012, [Updated Operational Guidelines for the Special Climate Change Fund for Adaptation and Technology Transfer](#), Council Document GEF/LDCF.SCCF.13/05.

164. Based on information on resource availability and projections, the LDCF/SCCF Council will decide to request the GEF Secretariat to call the Challenge for Adaptation Innovation, and may also decide on priority theme(s). Following the Council decision, Agencies, in consultation with countries, can submit candidate concepts to the GEF Secretariat, which will apply the existing pre-selection criteria and process to identify those that are invited to be developed further for approval by the LDCF/SCCF Council, or by the CEO under delegated authority.

165. The incentive for mainstreaming adaptation and resilience will be managed outside the pre-selection modality and aligned with the regular GEF Trust Fund cycle, as all projects are expected to follow the regular cycle. These proposed improvements to the SCCF programming modalities respond directly to articulated needs and requests for more flexible mechanisms to support innovative approaches in climate finance.⁶⁰

ILLUSTRATIVE FINANCING SCENARIOS FOR LDCF AND SCCF

166. Given the progress made in programming resources through the LDCF and the SCCF and noting the continued high demand for adaptation support, as well as the proven absorptive capacity of the eligible recipient countries, two illustrative financing scenarios are presented for the next four years, as follows:

- Scenario A: \$750 million total, with \$500 million for LDCF and \$250 million for SCCF
- Scenario B: \$1 billion total, with \$650 million for LDCF and \$350 million for SCCF

These two scenarios are reduced from the scenarios presented for the GEF-6 period, reflecting the evolving global climate financing architecture and particularly the operationalization of the GCF. They also reflect the need to strive for parity between climate mitigation, supported by the GEF Trust Fund, and climate adaptation.

167. Indicative allocations among the strategic objectives are presented below.

Table 5: Indicative Financing Scenarios for the LDCF/SCCF

Objectives		Scenario A (\$750 million)	Scenario B (\$1 billion)
LDCF	Reduce vulnerability and increase resilience through innovation and technology transfer for climate change adaptation	\$300 million	\$350 million
	Mainstream climate change adaptation and resilience for systemic impact	\$100 million	\$150 million
	Foster enabling conditions and integrated climate change adaptation	\$100 million	\$150 million

⁶⁰ ODI, 2014, [Climate Finance: Is it Making a Difference?](#), Executive Summary, London, United Kingdom.

Objectives		Scenario A (\$750 million)	Scenario B (\$1 billion)
SCCF	Reduce vulnerability and increase resilience through innovation and technology transfer for climate change adaptation	\$125 million	\$200 million
	Mainstream adaptation and resilience	\$75 million	\$100 million
	Foster enabling conditions and integrated climate change adaptation	\$50 million	\$50 million

RESULTS FRAMEWORK

168. The proposed results framework is structured to correspond to the three strategic objectives, with associated outcomes and indicators. These indicators will be monitored at the portfolio level, drawing on project-level information received at CEO endorsement or approval stage, and through mid-term reviews and terminal evaluations.

169. The results framework for 2018 to 2022 have been streamlined to consist of three core indicators for all LDCF and SCCF projects, along with several additional indicators aligned with the three Strategic Objectives. To enhance complementarity, some indicators are aligned with those tracked by the GCF and the PPCR where possible. In particular, the ongoing effort of the GCF in developing indicators for climate resilience will continue to inform the approach of the LDCF/SCCF.

170. Impact and output level indicators will collect and analyze gender disaggregated data, so as to enable assessment of gender relevance of LDCF and SCCF support.

171. Results will be monitored and reported to the LDCF/SCCF Council as projects reach inception, mid-term, and at completion, in line with the overall GEF policy on results-based management. Updates will also be included in the GEF annual report to the UNFCCC COP. The theory of change will be developed further early in the GEF-7 period.

Table 6: LDCF/SCCF Results Framework (Impact and Outcome Level)

Goal	To strengthen resilience and reduce vulnerability to the adverse impacts of climate change in developing countries, and support their efforts to enhance adaptive capacity
Corporate/Core Indicator	Number of direct beneficiaries (gender disaggregated) <i>(aligned with GEF TF, AF, PPCR, GCF)</i>
Impact Indicator 1	Successful demonstration, deployment, and transfer of relevant adaptation technology in targeted areas
Impact Indicator 2	Policies and strategies developed, improved, and strengthened to integrate adaptation and resilience measures <i>(aligned with PPCR and GCF)</i>

Goal	To strengthen resilience and reduce vulnerability to the adverse impacts of climate change in developing countries, and support their efforts to enhance adaptive capacity
Impact Indicator 3	Adaptation investment opportunities enhanced with and through public and private sector partners
Objective 1	Reduce vulnerability and increase resilience through innovation and technology transfer for climate change adaptation
Outcome 1.1	Technologies and innovative solutions piloted or deployed to reduce climate-related risks and/or enhance resilience <i>(aligned with GCF and AF)</i>
Outcome 1.2	Innovative financial instruments and investment models enabled or introduced to enhance climate resilience <i>(aligned with PPCR)</i>
Objective 2	Mainstream climate change adaptation and resilience for systemic impact
Outcome 2.1	Strengthened cross-sectoral mechanisms to mainstream climate adaptation and resilience
Outcome 2.2	Increased ability of country to access climate finance or other relevant, largescale, programmatic investment ⁶¹ <i>(aligned with PPCR)</i>
Objective 3	Foster enabling conditions for effective and integrated climate change adaptation
Outcome 3.1	Climate-resilient planning enabled by stronger climate information decision-support services, and other relevant analysis <i>(aligned with PPCR and GCF)</i>
Outcome 3.2	Institutional and human capacities strengthened to identify and implement adaptation measures <i>(aligned with AF and PPCR)</i>

172. The output level indicators are shown in Table 7 below.

Table 7: LDCF/SCCF Results Framework (Indicative Output Level)

Goal	To increase resilience to the adverse impacts of climate change and variability in vulnerable developing countries, and support their efforts to build adaptive capacity
Corporate/Core Indicator	Number of direct beneficiaries (gender disaggregated)
Impact Indicator 1	Successful demonstration, deployment, and transfer of relevant adaptation technology in targeted areas
Impact Indicator 2	Policies and strategies developed, improved, and strengthened to integrate adaptation and resilience measures

⁶¹ Does not refer to baseline co-financing for a given project.

Goal	To increase resilience to the adverse impacts of climate change and variability in vulnerable developing countries, and support their efforts to build adaptive capacity
Impact Indicator 3	Adaptation investment opportunities enhanced with and through public and private sector partners
Objective 1	Reduce vulnerability and increase resilience through innovation and technology transfer for climate change adaptation
Outcome 1.1	Technologies and innovative solutions piloted or deployed to reduce climate-related risks and/or enhance resilience
Output 1.1.1	Physical assets made more resilient to climate variability and change
Output 1.1.2	Livelihoods and sources of income of vulnerable populations diversified and strengthened (gender disaggregated)
Output 1.1.3	Vulnerability to climatic hazards reduced through new or improved early warning systems
Output 1.1.4	Vulnerable ecosystem services and natural resource assets strengthened in response to climate change impacts
Outcome 1.2	Innovative financial instruments and investment models enabled or introduced to enhance climate resilience
Output 1.2.1	Innovation incubators and/or accelerators introduced
Output 1.2.2	Investment models developed and tested
Objective 2	Mainstream climate change adaptation and resilience for systemic impact
Outcome 2.1	Strengthened cross-sectoral mechanisms to mainstream climate adaptation and resilience (aligned with PPCR with some modification)
Output 2.1.1	Development/sector policies and plans integrate adaptation considerations
Output 2.1.2	Global/regional initiatives demonstrate and test early concepts with high adaptation potential
Outcome 2.2	Increased ability of country to access climate finance or other relevant, largescale, programmatic investment ⁶²
Output 2.2.1	Climate finance project has helped to leverage
Output 2.2.2	Adaptation and resilience relevant financing coordinated for synergistic programming including with the private sector
Objective 3	Foster enabling conditions for effective and integrated climate change adaptation
Outcome 3.1	Climate-resilient planning enabled by stronger climate information decision-support services, and other relevant analysis
Output 3.1.1	Countries with systems and frameworks for the continuous monitoring, reporting and review of adaptation

⁶² Does not refer to baseline co-financing for a given project.

Goal	To increase resilience to the adverse impacts of climate change and variability in vulnerable developing countries, and support their efforts to build adaptive capacity
Output 3.1.2	Regional, national and sector-wide policies, plans and processes developed and strengthened to identify, prioritize and integrate adaptation strategies and measures
Output 3.1.3	Risk and vulnerability assessments conducted and updated
Outcome 3.2	Institutional and human capacities strengthened to identify and implement adaptation measures
Output 3.2.1	Adaptation actions/measures integrated into national, sectoral or subnational development strategies, plans and budgets
Output 3.2.2	Strengthened capacity of institutions and humans to respond rapidly to extreme weather events (gender disaggregated)
Output 3.2.3	Capacity built for long-term research on climate change impacts and adaptation

ANNEX I: LDCF AND SCCF AT A GLANCE, AS OF MAY 30, 2018

	LDCF	SCCF	Total
Pledges and contributions⁶³			
Total cumulative pledges (US\$eq)	1,327,702,139	352,306,043	1,680,008,182
Total paid contributions (US\$)	1,270,505,339	347,306,043	1,617,811,382
Project approvals			
Total cumulative funding approvals towards enabling activities, projects, and programs (including Agency fee)⁶⁴ (US\$)	1,249,742,219	349,823,904	1,599,566,123
Total co-financing (US\$)	5,002,741,009	2,621,990,864	7,624,731,873
Number of projects	260 ⁶⁵	78 ⁶⁶	338
Number of countries	51	78	117 ⁶⁷
Projects endorsed or approved by the CEO			
Total cumulative funding commitments (including Agency fee) (US\$)	984,818,911	344,074,154	1,328,893,065
Total co-financing (US\$)	4,426,629,364	2,537,956,101	6,964,585,465
Number of CEO endorsed/approved projects and enabling activities	225	76	301
Number of countries	51	78	117
Funds available for new funding approvals			
Current funds available for new funding approvals (US\$, April 23, 2018)	90,287,124 ⁶⁸	11,977,604 ⁶⁹	102,264,728
Near-term demand for resources			
Technically cleared projects (pipeline) (US\$)	156,899,172	-	156,899,172
Number of technically cleared projects (pipeline)	21	-	21
Pending projects under review (US\$)	92,437,713	-	92,437,713
Number of pending projects	11	-	11

⁶³ Pledges and contributions are as at April 30, 2018.

⁶⁴ Resources available for funding approvals also include investment income.

⁶⁵ These include twelve child projects under five programmatic approaches.

⁶⁶ These include three child projects under three programmatic approaches.

⁶⁷ Total number of countries that have accessed resources from the LDCF or the SCCF.

⁶⁸ This amount does not yet reflect five additional projects which were posted on May 29, 2018 for Council approval by mail. These five projects, when approved, will total \$30.3 million and will be supported from the available balance of \$90 million.

⁶⁹ This comprises \$8,631,300 under the SCCF-A and \$3,346,304 under the SCCF-B.

ANNEX II: SELECTED GUIDANCE FROM RECENT COPs AND PROPOSED GEF-7 ACTION

173. A complete compilation of UNFCCC guidance and decisions of relevance from COP 1 to the most recent COP, and GEF's response, has been published annually by the GEF Secretariat.⁷⁰

No.	COP Guidance of Relevance to GEF from COP 21, 22, and 23	Proposed GEF-7 Action
	COP 23 (2017)	
1	<p>Decision -/CP.23 Report of the Global Environment Facility to the Conference of the Parties and guidance to the Global Environment Facility (Agenda item 10d)</p> <p><i>Improved access for LDCs, SIDS</i></p> <p>Invites the Global Environment Facility to further consider ways to improve its access modalities for developing country Parties, including small island developing States and the least developed countries.</p>	<p>The LDCF will remain dedicated to serving the adaptation needs of least developed countries (LDCs) and to seek opportunities to engage in joint programming with the GEF Trust Fund.</p> <p>SIDS will receive special consideration for SCCF programming, subject to approval of the proposed strategy.</p>
2	<p><i>Enhanced engagement with private sector and technology transfer</i></p> <p>Encourages the Global Environment Facility to further enhance engagement with the private sector including its technology projects.</p>	<p>The conclusion of GEF-6 saw the approval of an innovative private sector oriented adaptation project with potential to mobilize more than \$500 million in co-financing. Further such engagement with the private sector is anticipated for the adaptation program in GEF-7.</p>
3	<p>Decision -/CP.23 Sixth review of the Financial Mechanism (Agenda item 10e)</p> <p><i>Enhanced complementarity between operating entities of the Financial Mechanism,</i></p> <p>Takes note of the efforts made by the operating entities of the Financial Mechanism to enhance complementarity and coherence between them and between the operating entities and other sources of investment and financial flows;</p> <p><i>and Decision 8/CP.21, paragraph 13</i></p> <p><i>Engagement with GCF</i></p> <p>Welcomes the efforts to date of the Global Environment Facility to engage with the Green Climate Fund and encouraged both entities to further articulate and build on the complementarity</p>	<p>The GEF is committed to ensuring complementarity with other operating entities of the Financial Mechanism, including the GCF.</p> <p>Over GEF-6, there has been strong bilateral engagement with the GCF, and examples have started to emerge of GEF pilots selected for scale-up by the GCF. In GEF-7, the GEF anticipates consultative joint programming efforts with the GCF, where the GEF may finance innovative adaptation pilots to explore feasibility and adaptation potential, and the GCF scaling up selected initiatives among these, as well as crowding in private</p>

⁷⁰ GEF, [United Nations Framework Convention on Climate Change Guidance from the Conference of the Parties and Responses by the Global Environment Facility COP1 – COP22](#), October 2017.

	of their policies and programmes within the Financial Mechanism of the Convention.	sector partners. Such coordinated programming, however, will also require Agencies and countries to also heighten their internal coordination in developing proposals for both Funds. The GEF is well-positioned to engage with the Adaptation Fund. There is already a precedent of technical cooperation with the AF in the form of GEF co-reviewing AF project proposals.
4	<p>Decision -/CP.13 Establishment of Gender Action Plan Mainstreaming gender Invites Parties, members of constituted bodies, United Nations organizations, observers and other stakeholders to participate and engage in implementing the gender action plan referred to in paragraph 1 above (hereinafter referred to as the gender action plan), with a view to advancing towards the goal of mainstreaming a gender perspective into all elements of climate action</p> <p>SBI 49: In Decision 15/CP.22, paragraph 21, the COP <i>requested</i> the Financial Mechanism and its operating entities to include in their respective annual reports to the COP information on the integration of gender considerations into all aspects of their work.</p>	<p>The GEF has a new Gender Policy (2017) in place that applies to all its programming. According to the IEO, in GEF-6 over 90 percent of LDCF projects either include or give a strong indication that a gender mainstreaming strategy or plan is being or will be developed. In recognition of the critical role that women can play in adaptation and community resilience, as well as the unique vulnerabilities of men and women, the LDCF and SCCF will continue to provide leadership in promoting gender equality mainstreaming and women's empowerment in GEF-7. The GEF reported on its efforts towards gender mainstreaming in its report to the COP 23 and will continue to do so in subsequent reports to the COP.</p>
5	<p>Draft text: SBI 47 agenda item 10 Matters relating to the least developed countries Support to countries recently graduated from LDC status Invites the operating entities of the Financial Mechanism and relevant bodies under the Convention and the Paris Agreement to consider the extension, for a fixed period of time, of LDC-specific support to countries that have recently graduated from LDC status as a way to contribute towards making this transition smooth for such countries.</p>	<p>The GEF is exploring options and modalities to address this issue in GEF-7.</p>
COP 22 (2016)		
6	<p>Decision 11/CP.22, para 12 Synergies Encourages the GEF to continue its efforts to encourage countries to align, as appropriate, their GEF programming with priorities as identified in</p>	<p>The GEF will seek to align its adaptation programming with country-identified priorities in NAPAs, NAPs, and NDCs. An important aspect of GEF-7 adaptation programming will be integrated and</p>

	their Nationally Determined Contributions (NDCs), where they exist, during the seventh replenishment, and to continue to promote synergies across its focal areas.	synergistic programming with other GEF focal areas to ensure delivery of robust and climate-resilient operations that address key drivers of environmental degradation and vulnerability.
COP 21 (2015)		
7	Decision 1/CP.21, para 64 <i>Enhanced coordination/delivery of support to LDCs</i> Urges the institutions serving the Agreement to enhance the coordination and delivery of resources to support country-driven strategies through simplified and efficient application and approval procedures, and through continued readiness support to developing country Parties, including the least developed countries and small island developing States, as appropriate.	As in GEF-6 through the NAP Global Support Program (GSP), the GEF will continue to fund programs and projects that enhance country readiness to engage in needed in-country adaptation actions. A new means by which efficiency in application and approval procedures will be enhanced in GEF-7 is through joint CCA-GEF Trust Fund programming in cases where mutual gains can be reaped through such integration (see <i>Synergies</i> , above).
8	Decision 16/CP.21, para 6 <i>Alternative policy approaches</i> Notes that the financing entities referred to in decision 9/CP.19, paragraph 5, are encouraged to continue to provide financial resources, including through the wide variety of sources referred to in decision 2/CP.17, paragraph 65, for alternative policy approaches, such as joint mitigation and adaptation approaches for management of forests.	The GEF is actively seeking approaches in GEF-7 that will enable joint programming across adaptation and GEF Trust Fund focal areas to deliver integrated and cross-cutting solutions that can generate multiple benefits – global as well as local. Through the adaptation portfolio, the GEF has been delivering resilience benefits to communities by improving forest management, reversing land degradation, and strengthening coasts, for example. Joint programming with relevant focal areas can ensure that the global environmental benefits of such initiatives are fully realized and tracked.

ANNEX III: MAINSTREAMING ADAPTATION IN GEF TRUST FUND PROGRAMMING

1. A new programming feature for the LDCF/SCCF Strategy for 2018 to 2022 is to facilitate countries to program GEF Trust Fund and LDCF/SCCF resources more effectively to create projects that address their adaptation needs while also addressing other environmental goals.

What is an example of mainstreaming mainstreaming adaptation?

2. A country may be planning a biodiversity conservation project in a drought-prone area. Blending adaptation finance could help nearby communities cope better and more strategically with drought by improving water management and diversifying livelihoods, for example, thereby possibly also reducing the pressures they place on the ecosystem.

How is the approach different from climate risk management in GEF Trust Fund operations?

3. The LDCF and SCCF will not finance the mitigation of potential risks posed by climate change to GEF Trust Fund operations. Like other risks, these will need to be addressed by the Implementing Agency and covered by the GEF Trust Fund project cost. Examples include the need to consider whether trees or crops being planted as a GEF Trust Fund activity are likely to withstand changes in rainfall regimes or maximum temperatures in coming years; whether stormwater drains installed as part of an urban development project can cope with heavier flows resulting from greater rainfall intensity; whether an increase in drought duration is likely to clog drip irrigation systems that are delivered by a project, etc.

How is the approach different from multi-trust fund projects that were developed in the past?

4. In the past, due to parallel, rather than coordinated, project approval processes for the GEF Trust Fund and the LDCF/SCCF, multi-trust fund projects that combined GEF Trust Fund and LDCF/SCCF resources often comprised components that were separately mapped to various thematic areas, rather than components that sought to integrate the them. The ambition for GEF-7 is to enable better real integration of adaptation in GEF Trust Fund programming, especially in contexts where vulnerability to climate change is high.

ANNEX IV: OPTIONS CONSIDERED FOR PROJECT SELECTION AND APPROVAL PROCESS FOR LDCF

1. The following options were considered for project selection and approval process for the LDCF:

- **Option 1: Rolling basis, first come, first served:** This status-quo option maintains the current LDCF practice to finance individual project proposals on a rolling basis based on no-objection from GEF Council, with a “first-come, first served” practice.
- **Option 2: Rolling basis, strategic prioritization:** This is not a viable option, as prioritization among projects cannot be done effectively when individual concepts are to be approved on a project-by-project basis following different schedules.
- **Option 3: Batch approval, first-come, first served:** Under this option, projects are approved as a batch on a no-objection basis, as resources become available. There is no set calendar for the batch approval, as the timing is dependent on resource availability. Projects are included in the batch in the order of technical clearance, maintaining the “first-come, first-served” practice.
- **Option 4: Batch approval, strategic prioritization:** Under this option, projects are approved as a batch on the no-objection basis, as resources become available, similar to option 3. The projects in the batch are selected based on agreed upon factors for prioritization, similar to the process undertaken for the GEF Trust Fund. Factors are elaborated further in the following section. The selection of projects is not based solely on the “first-come, first-served” basis, although the timing of the technical approval of the concept could be one of the factors to be taken into consideration.
- **Option 5: Work Program, first-come, first-served:** A batch of projects constituting a Work Program is proposed by the GEF Secretariat and presented for approval at Council meetings and/or intersessional Work Programs. This option introduces predictability in timing of Work Program approval, assuming resource availability. The Work Program is to be constituted on a “first-come, first-served” basis of technically approved projects.
- **Option 6: Work Program, strategic prioritization:** A batch of projects constituting a Work Program is proposed by the GEF Secretariat and presented for approval at Council meetings and/or intersessional Work Programs. The projects that constitute the work program are selected based on agreed upon factors for prioritization, similar to the process undertaken for the GEF Trust Fund. The selection of projects is not based on the “first-come, first-served” basis, although the timing of the technical approval of the concept could be one of the factors to be taken into consideration.

Advantages and disadvantages of each option are summarized below.

Modality of Council Approval	Selection of Projects for Approval		
		First-come, first-served basis	Strategic prioritization
	Rolling approval (project by project) on no objection basis	<p><u>Option 1</u> Status quo option <u>Advantages:</u> Familiarity among LDCs; flexibility to program resources when available; flexible timing for concept development and approval.</p> <p><u>Disadvantages:</u> Does not allow for comparison among a batch of projects to assess relative strategic importance or alignment with priorities; MTF programming is difficult due to increased uncertainties about timing of LDCF approval, arising from unpredictability in timing of resource availability.</p>	<p><u>Option 2</u> Not a viable option, as approvals are done on a project by project basis, which does not allow for analysis of multiple projects.</p>
	Batch approval on no objection basis	<p><u>Option 3</u> <u>Advantages:</u> Familiarity among LDCs and Agencies about how projects are selected for approval.</p> <p><u>Disadvantages:</u> Does not enable strategic prioritization, does not facilitate MTFs as there is no guarantee that the GEF TF and LDCF parts can be approved at the same time; may introduce additional uncertainty in timing of project approval, as there is no set schedule and resources are not programmed on a rolling basis; does not provide opportunity to discuss and provide comments at Council meetings.</p>	<p><u>Option 4</u> <u>Advantages:</u> Enables strategic prioritization; may facilitate MTFs if timing of Council approval of the GEF TF and LDCF parts can be coordinated.</p> <p><u>Disadvantages:</u> Does not provide opportunity to discuss and provide comments at Council meetings; may introduce additional uncertainty with timing of project approval, as there is no set schedule and resources are not programmed on a rolling basis.</p>
	Work Programs at	<u>Option 5</u>	<u>Option 6</u>

	Council meetings and intersessional	<p><u>Advantages:</u> Aligned with GEF Trust Fund project cycle; provides opportunity to discuss and provide comments at Council meetings; may enhance predictability as timing of work program approval is set; familiarity among LDCs and Agencies about how projects are selected for approval.</p> <p><u>Disadvantages:</u> Does not enable strategic prioritization; does not facilitate MTFs as there is no guarantee that the GEF TF and LDCF parts can be approved at the same time; timing of project approval has less flexibility.</p>	<p><u>Advantages:</u> Aligned with GEF Trust Fund project cycle; provides opportunity to discuss and provide comments at Council meetings; enables strategic prioritization; facilitates MTFs as GEF TF and LDCF parts could be approved at the same time; may enhance predictability as timing of work program approval is set.</p> <p><u>Disadvantages:</u> Timing of project approval has less flexibility as it becomes fixed to two Councils and intersessionals.</p>
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ANNEX V: STATUS OF LDCF RESOURCE ACCESS BY LDCs

Country	Total approved, excluding NAPA preparation	Pipeline	Total accessed (approved + Pipeline)	Remaining under \$40m ceiling	Project count
Afghanistan	30,019,500	0	30,019,500	9,980,500	4
Angola	30,432,409	0	30,432,409	9,567,591	5
Bangladesh	29,922,700	0	29,922,700	10,077,300	5
Benin	30,468,000	10,000,200	40,468,200	0	6
Bhutan	30,193,437	0	30,193,437	9,806,563	4
Burkina Faso***	29,941,862	0	29,941,862	10,058,138	6
Burundi	19,789,671	15,000,000	34,789,671	5,210,329	4
Cambodia***	25,598,225	0	25,598,225	14,401,775	7
Central African Republic	11,172,300	0	11,172,300	28,827,700	3
Chad***	30,000,875	9,745,500	39,746,375	253,625	6
Comoros	29,961,782	0	29,961,782	10,038,218	4
Congo, DR***	29,914,537	0	29,914,537	10,085,463	5
Djibouti	22,241,850	7,869,436	30,111,286	9,888,714	4
Eritrea	10,014,975	0	10,014,975	29,985,025	1
Ethiopia	31,017,689	9,891,976	40,909,665	0	7
Gambia	29,543,100	10,074,000	39,617,100	382,900	6
Guinea	22,193,250	0	22,193,250	17,806,750	5
Guinea-Bissau	17,950,000	6,734,250	24,684,250	15,315,750	3
Haiti	23,484,328	13,734,150	37,218,478	2,781,522	6
Kiribati	23,240,000	0	23,240,000	16,760,000	4
Lao PDR	25,850,995	4,544,250	30,395,245	9,604,755	5
Lesotho	30,657,672	0	30,657,672	9,342,328	6
Liberia	15,705,040	0	15,705,040	24,294,960	4
Madagascar	19,623,064	0	19,623,064	20,376,936	3
Malawi	29,947,043	3,504,000	33,451,043	6,548,958	8
Mali	28,910,000	0	28,910,000	11,090,000	6
Mauritania	25,103,250	5,000,000	30,103,250	9,896,750	5
Mozambique	22,776,300	0	22,776,300	17,223,700	4
Myanmar	20,168,269	0	20,168,269	19,831,731	3
Nepal	32,410,000	0	32,410,000	7,590,000	5
Niger	29,811,875	0	29,811,875	10,188,125	5
Rwanda	31,246,950	0	31,246,950	8,753,050	5
Sao Tome and Principe***	26,736,730	0	26,736,730	13,263,270	5
Senegal	30,013,756	0	30,013,756	9,986,244	6
Sierra Leone	26,580,905	0	26,580,905	13,419,095	5
Solomon Islands	15,693,500	0	15,693,500	24,306,500	2

Somalia	29,651,945	0	29,871,945	10,128,055	3
South Sudan	10,273,750	8,924,250	19,198,000	20,802,000	2
Sudan	31,985,449	7,642,388	39,627,837	372,163	5
Tanzania	17,801,930	0	17,801,930	22,198,070	3
Timor Leste	28,840,000	11,278,500	40,118,500	0	6
Togo	20,000,000	10,000,000	30,000,000	10,000,000	4
Tuvalu	11,990,500	0	11,990,500	28,009,500	4
Uganda	29,797,388	10,050,700	39,848,088	0	6
Vanuatu	26,745,000	0	26,745,000	13,255,000	4
Yemen	16,534,500	0	16,534,500	23,465,500	3
Zambia	27,094,901	12,905,572	40,000,473	0	5

* Countries which have graduated from LDC status

** Excluding NAPA preparation, including pipeline

*** These countries currently have PIFs under resubmission pending Council approval

ANNEX VI: OPTIONS CONSIDERED FOR LDCF RESOURCE ACCESS CEILING

1. Three options for accessing the LDCF resources were assessed as follows:
 - **Option 1: Increase the ceiling to \$50 million at the start of GEF-7 period.** This option has the advantage of maintaining the current practice and enables countries at or near the ceiling to start planning for LDCF support. On the other hand, there is a possibility that a relatively small number of projects requesting substantial amounts of LDCF support could be submitted, which may impact access to support by other LDCs.
 - **Option 2: Increase the ceiling to \$50 million at the start of GEF-7, with a cap of \$10 million per country.** This option maintains the current practice and also addresses the concern of ensuring access to as many LDCs as possible by introducing a cap on the amount of resources to accessible by each LDC for the four-year period.
 - **Option 3: Increase the ceiling to \$50 million after more than 50 percent of LDCs have accessed \$40 million.** While this option may benefit LDCs with lower rates of LDCF access, it also introduces uncertainties in the timing and ability of other LDCs to plan and program. The option could also restrict opportunities for MTF and cross-cutting programming. As such, it may be preferable and more flexible to consider the level of access by each LDC as part of the project prioritization criteria.

Among the three options presented above, option 2 is presented in the main text.

ANNEX VII: OPTIONS CONSIDERED FOR LDCF PIPELINE MANAGEMENT

1. The following options were considered for management of the LDCF pipeline:
 - **Option 1: Dissolve the pipeline and start the proposal process anew in GEF-7.** Dissolving the pipeline would enable the LDCF to consider and support new project proposals that are aligned with the new strategy and thus offer enhanced opportunities for technical, institutional or financial innovation. All LDCs will be invited to submit new project concepts, which will be reviewed and proposed for Council clearance according to the agreed project selection and clearance policy, options for which are identified earlier in this document.
 - **Option 2: Consult with countries with projects in the pipeline to define national priorities for GEF-7.** Under this option, the GEF will hold consultations with countries that have projects in the pipeline at the onset of the GEF-7 period. The consultations, in alignment with broader GEF national planning, would enable countries to develop a plan for LDCF support in light of the new opportunities presented in the strategy for 2018-2022. The consultations will offer opportunities to: (i) Seek more synergistic and harmonized programming with the GEF Trust Fund or other sources; and (ii) Re-evaluate whether and how their existing pipeline proposal(s) remain viable in terms of alignment with the national plan for GEF-7. Countries will then be invited to develop and submit proposals according to the national plan, which may or may not include updated proposals from the GEF-6 pipeline.
 - **Option 3: Maintain the pipeline.** This option maintains the status quo, and the LDCF Council will continue to approve projects from the pipeline beyond July 2018. This option is not recommended, as it will restrict the GEF and the Council to first fund projects in the pipeline before new projects under the new strategy and policy improvements could be considered. The process to clear the current pipeline could potentially take many months, depending on resource availability. This will likely result in additional missed opportunities for MTFs and for cross-cutting opportunities with other funds.

Option 2 is presented in the main text.