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**DRAFT GEF PROGRAMMING STRATEGY FOR ADAPTATION TO
CLIMATE CHANGE UNDER THE LEAST DEVELOPED COUNTRIES FUND
(LDCF) AND THE SPECIAL CLIMATE CHANGE FUND (SCCF)**

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BACKGROUND

1. The present Strategy forms the basis for programming resources under the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF) from July 1, 2014 to June 30, 2018.
2. **Climate change adaptation is an issue of global concern.** The 2013 Global Risks Report ranked a failure of climate change adaptation among the most severe global risks, both in terms of likelihood and impact. The effects of climate change are and will not be evenly distributed around the world. Rather, evidence shows that they disproportionately affect the poorest populations in developing countries. Adaptation to the effects of climate change is therefore not only urgent, but also indispensable if the human development needs of the world's poor are to be met, and if past development gains are to be safeguarded.
3. **The scientific case for urgent action on adaptation is unequivocal.** The Intergovernmental Panel on Climate Change (IPCC), in its Fourth Assessment Report (AR4), concludes that climate change has already had a discernible influence on key physical and biological systems, thus affecting the very basis of human development; freshwater resources, food production, infrastructure, public health, and vital ecosystem services. A report by the Scientific and Technical Advisory Panel (STAP) issued in 2012 (*Climate Change: A Scientific Assessment for the GEF*) finds that the threats from climate change are even more immediate and more severe than those projected in AR4, while limiting global warming to 2°C by the end of this century appears increasingly unlikely. *Turn Down the Heat*, a report released by the World Bank in late 2012, warns that there will be major disruptions in human and natural systems if an increase of 4°C or more occurs within this century.
4. **Considerable uncertainties notwithstanding, there is no doubt that if the direst consequences of climate change are to be averted, present investments in adaptation must be accelerated and scaled up dramatically.** The World Bank estimates that the global cost of adapting to an approximately 2°C warmer world by 2050 will range between \$70 billion and \$100 billion per year. In 2007, the UNFCCC suggested that, by 2030, \$28-67 billion in investments and additional financial flows would be needed to address the adaptation needs of developing countries. A study carried out by Oxfam points out that, in addition to least developed countries (LDC) that have developed National Adaptation Programs of Action (NAPA), all developing countries have urgent and immediate adaptation needs, the costs of which are estimated at \$8-33 billion. More recent studies have argued, however, that these results significantly underestimate the cost of safeguarding ecosystem services in the face of climate change, and fail to adequately consider future development scenarios.
5. **The GEF, as a champion of the global commons, is at the forefront of international efforts to strengthen developing countries' resilience to climate change.** Through the LDCF and the SCCF, as well as the Strategic Priority on Adaptation (SPA), the GEF Adaptation Program has supported a pioneering, global portfolio of adaptation projects and programs increasing resilience in more than 110 countries with total grant resources exceeding \$700 million. The GEF has incorporated tangible adaptation measures into policies, plans and investments across all key development sectors, from agriculture and water resources

management to urban infrastructure, public health and tourism. The GEF finances adaptation in the poorest and the most vulnerable countries and regions of the world, including in 51 LDCs, 18 Small Island and Developing States (SIDS), and through 78 projects in Africa. The GEF Adaptation Program also provides concrete support towards fragile states, helping remove some of the underlying causes of conflict and insecurity.

6. While the GEF Adaptation Program is comparatively young, early lessons can be drawn from thematic evaluations, annual project implementation reports, and the demand captured in new proposals. In particular:

(i) **Projects financed under the SCCF have been found highly relevant to the national sustainable development agendas of beneficiary countries.** These projects also contribute to socio-economic development goals, demonstrating that the GEF's approach to adaptation as climate-resilient development is both practical and effective (GEF/LDCF.SCCF.11/ME/02, see also Box 2, Annex II and paragraph 14).

(ii) **GEF funded activities under the LDCF and SCCF help mainstream adaptation into national policy and planning processes.** The GEF Adaptation Program includes early examples of projects that have piloted concrete adaptation measures in response to local needs, while also successfully mainstreaming adaptation across policies, plans and budgets at the national level.

(iii) **SCCF projects have been found to employ innovative approaches to overcome the lack of data on many emerging adaptation issues** (GEF/LDCF.SCCF.11/ME/02, see also Box 2, Annex II).

(iv) **Capacity building is best carried out in support of the achievement and sustainability of tangible adaptation impacts, rather than as a stand-alone activity.** At the same time, the GEF's experience shows that adaptation actions are more effective if designed and implemented in a context where adequate capacity is built. An overwhelming majority of projects and programs financed under the LDCF and the SCCF therefore combine technical assistance and investments.

(v) **Even the smallest and the most vulnerable developing countries have successfully overcome issues of absorptive capacity.** Recent progress under the LDCF shows that LDCs have been able to absorb resources, and to translate available knowledge of climate change impacts and associated vulnerabilities into adaptation priorities and interventions with tangible benefits (see Figure 1, Annex IV).

(vi) **There is considerable potential to exploit synergies with other GEF Focal Areas.** Early experience suggests that projects and programs that cut across climate change adaptation and other GEF focal areas represent a viable approach to addressing complex, cross-cutting issues, along with opportunities for economies of scale and reduced transaction costs (see Table 2, Annex IV).

7. **There are persistent barriers to further scaling up and mainstreaming adaptation.** The current supply of resources for adaptation continues to fall far short of current and projected demand. In addition, adaptation finance remains highly unpredictable, providing vulnerable countries with few opportunities and incentives to invest in longer term capacity building, institutional frameworks, planning and investments. As a result, adaptation remains inadequately coordinated and monitored in many countries. Rapid progress notwithstanding, there is a continued lack of awareness and data of climate change impacts, vulnerabilities and adaptation options.

8. **In responding to these challenges, the strategic value of the GEF Adaptation Program resides in its unique mandate, experience, partnerships and positioning.** The landscape of global climate finance is evolving, and the GEF remains key to ensuring continued support to vulnerable developing countries until a long-term climate finance architecture is fully effective. While seeking complementarities and coherence with relevant multi-lateral, bilateral and national climate change funds, the GEF is ideally placed to:

- (i) enable the most vulnerable developing countries, in an expedited manner, to address their most pressing adaptation needs, particularly those identified in LDC NAPAs;
- (ii) launch a transition to long-term adaptation through the emerging NAP process;
- (iii) harness synergies between trust funds, GEF focal areas and multi-lateral environmental agreements; and
- (iv) accelerate the demonstration and deployment of innovative adaptation technologies.

GOAL AND OBJECTIVES

9. Building on the GEF's unique value and proven approach to financing climate change adaptation, drawing on the lessons learned over the past decade, and recognizing the enduring challenges of scaling up and mainstreaming adaptation; the present Strategy defines the goal, objectives and programs of the LDCF and the SCCF for the period from July 1, 2014 to June 30, 2018.

10. The **goal** of the GEF Adaptation Program is to increase resilience to the adverse impacts of climate change in vulnerable developing countries, through both near- and long-term adaptation measures in affected sectors, areas and communities; leading to a reduction of expected socio-economic losses associated with climate change and variability.

11. The goal is supported through three strategic objectives:

- (i) reduce vulnerability;
- (ii) increase adaptive capacity; and
- (iii) enhance long-term adaptation.

(See also the full results framework for the LDCF and the SCCF in Annex I)

STRATEGIC PROGRAMMING PILLARS

12. The strategic value of the GEF Adaptation Program is tied to its unique mandate under the UNFCCC COP, its approaches, and its experience. The GEF, through the LDCF and the SCCF, will continue to adhere to this mandate, maintaining and further strengthening its core business areas and approaches. At the same, recognizing the urgency and the magnitude of the global adaptation challenge, the present Strategy identifies opportunities for innovation and scaling up, and to further capitalize on synergies with other areas of GEF's work. The core business model and emerging opportunities are captured in three strategic pillars that will guide programming under the LDCF and the SCCF and allow the GEF to achieve the goal and objectives of the present Strategy, namely:

- (i) mainstreaming adaptation across core development sectors;
- (ii) preparing the ground for long-term adaptation; and
- (iii) expanding synergies with other GEF focal areas.

Pillar I: Mainstreaming adaptation across core development sectors

13. The GEF's approach to adaptation is based on the fundamental recognition that climate change affects, directly or indirectly, all aspects of human, social and economic development. Accordingly, the GEF strives to incorporate adaptation projects and programs into broader development efforts, rather than financing isolated adaptation actions. The GEF supports the integration of appropriate adaptation measures into development plans, policies, programs and projects at the regional, national, sub-national and local levels, with the ultimate aim of achieving climate-resilient development. This approach has allowed the GEF to finance actions that increase resilience while utilizing adaptation resources in a targeted and catalytic manner, reducing transaction costs, and capturing economies of scale.

14. In line with its mandate under the UNFCCC, the GEF, through the LDCF, will continue to finance the preparation and implementation of NAPAs, in which LDCs identify their urgent and immediate adaptation priorities based on a consultative process and multi-criteria assessment. Through the SCCF Adaptation Program (SCCF-A), the GEF will continue to support priority investments in climate-resilient development across the areas of intervention identified by the COP, and consistently with national sustainable development plans. (decision 5/CP.7)

15. Based on COP guidance, country priorities and to-date realized country demand for resources under the LDCF and SCCF; and considering residual gaps and areas of emerging interest; the GEF Adaptation Program will support the mainstreaming of relevant adaptation tools, measures and budget allocations across policies, plans and investments in the following core development sectors:

- (i) agriculture and food security;
- (ii) water resources management;
- (iii) coastal zone management;
- (iv) infrastructure, including cities, transport and energy;

- (v) disaster risk management;
- (vi) natural resources management; and
- (vii) health.

16. The GEF will continue to support climate information systems, including hydro-meteorological services, as a prerequisite for successful adaptation in other sectors. This, along with each of the core development sectors above, are further elaborated among the programming priorities for the LDCF and the SCCF (see p. 11).

17. Recognizing the barriers to scaling up and mainstreaming adaptation, the GEF Adaptation Program will strengthen its engagement with coordinating bodies and platforms at the national level, particularly ministries of finance and planning, to ensure that adaptation needs, opportunities and resources are identified at an early stage of development planning processes; in an inclusive and transparent dialogue; and that adaptation is ultimately carried out in an effective, efficient and coherent manner. Similarly, the GEF will seek to engage more upstream in the strategy processes of multi-lateral development banks and UN agencies. In particular, the GEF notes the World Bank's increasing emphasis on climate-resilient growth in the strategy and operations of the International Development Association.

Pillar II: Preparing the ground for long-term adaptation

18. Recognizing the need to enhance long-term adaptation, and in accordance with COP guidance, the GEF, through the LDCF and the SCCF, will support eligible developing countries in a transition towards country-owned, continuous, progressive and iterative adaptation planning and action in the medium and long term.

19. The UNFCCC COP, at its sixteenth session, introduced the national adaptation plan (NAP) process as a means to allow developing countries to identify and address medium and long-term adaptation needs, drawing – in the case of LDCs – upon the experience of implementing the urgent and immediate priorities identified in NAPAs. Decision 12/CP.18 requests the GEF “to provide funding from the [LDCF] to meet the agreed full cost, as appropriate, of activities to enable the preparation of the national adaptation plan process” and “through the [SCCF], to consider how to enable activities for the preparation of the national adaptation plan process for interested developing country Parties that are not [LDCs]”.

20. As outlined in the initial guidelines for the formulation of the NAP process, annexed to decision 5/CP.17, the process would rely on an initial phase of (i) laying the groundwork and assessing the gaps for medium and long term adaptation planning and action. This would be followed by a (ii) preparatory phase, including assessments of impacts, vulnerabilities and appropriate adaptation measures, as well as stakeholder consultations. The preparatory phase would support the elaboration of (iii) implementation strategies, including prioritization, coordination and capacity building. Finally, the initial guidelines identify a need for regular (iv) reporting, monitoring and review of the NAP process and its outputs.

21. The GEF, through the LDCF and the SCCF, will support the NAP process in a flexible manner, through a range of modalities, different entry points, and a menu of relevant measures

and tools, in accordance with country needs and priorities and in line with COP guidance. Specifically, the GEF will:

- seek to advance integrated approaches that allow countries to continue addressing their urgent and immediate needs, while also creating institutional frameworks and capacities to continue to pursue adaptation strategies beyond individual projects and programs, particularly through national coordinating bodies and platforms, such as interministerial mechanisms;
- continue to respond to developing countries' need for stronger climate information systems and decision-support services as a prerequisite for long-term planning and action;
- recognizing that adaptation must become a continuous and iterative process, invest 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 knowledge to review and strengthen their adaptation strategies; and
- prepare the ground for large-scale investments for long-term climate resilience.

22. Long-term adaptation is also captured under Objective 3 of the revised results framework for the LDCF and the SCCF (see Annex I).

Pillar III: Expanding synergies with other GEF focal areas

23. Serving as the financial mechanism to several international environmental agreements, the GEF is uniquely placed to harness the synergies between climate change adaptation and global environmental benefits, as well as to devise strategic solutions to any conflict resulting from the sometimes-competing considerations of the two.

24. Building on initial experiences gained during the GEF-5 period (see Annex IV), the GEF Adaptation Program will pursue, in a more systematic manner, initiatives that cut across climate change adaptation and other GEF focal areas. This would enable the GEF to realize to the fullest extent possible both the adaptation and global environmental benefits delivered by the interventions financed under the LDCF, the SCCF and the GEF Trust Fund, resulting in greater impact per dollar spent. Initiatives that cut across adaptation and other GEF focal areas also support a strategic shift from projects to programmatic approaches, and from sector-specific interventions to cross-sectoral ones. Specifically, integrated projects and programs present the following opportunities:

(i) Fostering broad-based partnerships and greater development coherence:

GEF/LDCF/SCCF synergies may enable the preparation and implementation of larger initiatives with wider development coherence, as alignment and coordination are ensured across sectors, across national strategies and policies, and across multi-lateral environmental agreements. Larger, cross-cutting initiatives may also help foster broad-based partnerships between stakeholders at all levels.

(ii) Integrated solutions to multiple and cross-sectoral challenges: cross-cutting projects and programs may promote climate change adaptation and global environmental benefits (GEB) in integrated human and natural systems. Adaptation measures may generate co-benefits in other focal areas, for instance by improving water-use efficiency in agriculture or

promoting the sustainable management of mangroves in the face of sea-level rise and coastal erosion. Projects and programs to achieve GEBs may also help strengthen the climate resilience of natural assets along with the people and livelihoods they sustain.

(iii) Reduced transaction costs and cost-effectiveness in implementation: integrated, GEF/LDCF/SCCF initiatives may replace a larger number of conventional, single-trust fund and single-focal area projects, thus reducing the time requirement and the cost of developing, reviewing and processing projects. In addition, such initiatives may present opportunities for the delivery of climate change adaptation and GEBs through a single institutional framework.

(iv) Economies of scale: cross-cutting projects and programs may allow countries with smaller national allocations to propose larger projects and programmatic approaches, and to capture the associated economies of scale.

25. The GEF Adaptation Program will pursue these opportunities across the core development sectors identified above (paragraph 15), and in accordance with country demand.

EMERGING MECHANISMS AND AREAS FOR INNOVATION

26. The present Strategy introduces new mechanisms and associated areas for innovation that will be further explored across the three strategic programming pillars.

Enhanced private sector engagement

27. Much of what the private sector can do to improve climate resilience requires support from governments in the form of information, proper regulation, and incentives. To strengthen private sector engagement, the GEF, through the LDCF and SCCF, will promote initiatives that test how governments can enable the private sector to understand and effectively respond to climate change risks.

28. Some climate risks are sector specific, such as the potential for damages to ports, hydropower, agribusiness, and water-intensive industries. For these sectors, there are industry associations representing similar interests across the globe, including in developing countries. The GEF Adaptation Program will promote partnerships with these industries in relevant countries and regions to identify shared risks and response strategies, e.g., adaptation strategies for ports in areas subject to more intense storms such as those in the Caribbean.

29. In addition, based on early experiences of projects and programs financed under the LDCF and the SCCF, the GEF's will seek opportunities to expand private sector engagement through the following:

- awareness raising, including of potential risks and response measures;
- capacity building to help private entities manage climate change risks;
- efforts to improve policy and regulatory environments and institutional infrastructure;
- public-private partnerships that promote private sector responses to climate change; and

- entrepreneurship development to open and seize emerging private sector opportunities to reduce climate change vulnerabilities.

Risk transfer and insurance

30. As a specific area of private sector engagement, the insurance industry presents considerable potential for adaptation by helping spread the costs of losses, applying innovative risk-management practices, directly investing in projects, supporting capacity building, and engaging in related public policy processes. More importantly, the insurance industry plays a vital role in determining the financial incentives for any given decision concerning protection from risk of any business, public, or individual holding. Putting the right incentives in place, the \$4.6 trillion insurance industry has the potential to catalyze adaptation in a transformative way. The GEF, through LDCF and the SCCF, can help realize this potential through:

- (i) helping overcome market barriers to expanding access to insurance in the developing world; one such example is the Climate Risk Insurance Facility in South Eastern Europe, a regional project supported by the SCCF, which included support for regulatory assistance, weather risk models, risk maps, weather insurance products, and public awareness;
- (ii) providing support for introducing innovative products and services that support adaptation;
- (iii) preparing the ground (regulatory and otherwise) to allow insurers to directly invest in adaptation projects; and
- (iv) facilitating a formal space for engaging insurers and affiliated industries to provide support for policy reform, land-use planning, capacity building, and technology transfer.

Ecosystem-based adaptation

31. The GEF Adaptation Program will scale up the use of biodiversity and ecosystem services as part of broader adaptation strategies, recognizing that the sustainable management, conservation and restoration of ecosystems present opportunities to enhance the environmental sustainability and cost effectiveness of adaptation measures, as well as to achieve co-benefits in other GEF focal areas.

32. Poor and vulnerable individuals and communities generally rely more directly on ecosystem services for their livelihoods. As a result, ecosystems represent an important entry-point for adaptation measures financed through the LDCF and the SCCF. EbA includes biodiversity and ecosystem services as part of an overall adaptation strategy to help people to adapt to the adverse effects of climate change.

33. Ecosystem-based approaches to adaptation (EbA) can help maintain and restore natural infrastructure, such as wetlands and forests, contributing to food security, coastal protection and climate-resilient water resources management; while improving the resilience of fragile

ecosystems and biodiversity. EbA presents an approach through which adaptation actions generate significant co-benefits in one or more GEF focal areas.

THEMATIC PROGRAMMING PRIORITIES

34. Based on the three pillars of the present Strategy, the GEF, through the LDCF and the SCCF, will focus its programming on ten priority areas:

- (i) agriculture and food security;
- (ii) water resources management;
- (iii) coastal zone management;
- (iv) infrastructure, including cities, transport and energy;
- (iv) disaster risk management;
- (v) natural resources management;
- (vii) health;
- (viii) climate information services;
- (ix) climate-resilient urban systems; and
- (x) small-island developing states.

35. Seven of these areas correspond to the core development sectors presented above (paragraph 15). Climate information services constitute a cross-cutting priority, whereas sustainable and climate-resilient urban systems and SIDS have been identified as key operational spaces for expanding synergies among GEF focal areas and trust funds.

36. Each of the priority areas is consistent with recipient country demand as well as the mandate of the LDCF and the SCCF, and all have, to varying degrees, been addressed through past projects and programs supported through the funds. Each area also presents distinct challenges and opportunities for scaling up and mainstreaming adaptation in the context of development; for preparing the ground for long-term adaptation; for pursuing integrated, cross-focal area initiatives; as well as for private-sector engagement.

37. These programming priorities capture the demand for resources under the LDCF and the SCCF during the period from July 1, 2014 to June 30, 2018.

Agriculture and food security

38. Agricultural production and food security are inherently sensitive to the effects of climate change, including variability. Nearly 870 million people were chronically undernourished in 2010–12 (FAO, WFP and IFAD 2012) and areas currently affected by food insecurity are expected to suffer disproportionately from future climate change (STAP 2012). While important uncertainties remain as to the impacts of climate change on agricultural production and food security, current evidence indicates that rain fed systems in some of the poorest and most vulnerable regions will be adversely affected even by temperature increases below 2°C, whereas “climate change above 3°C risks overall decreases in the global food production capacity that would be profoundly destabilizing even in places where food production remains adequate locally” (Beddington 2012).

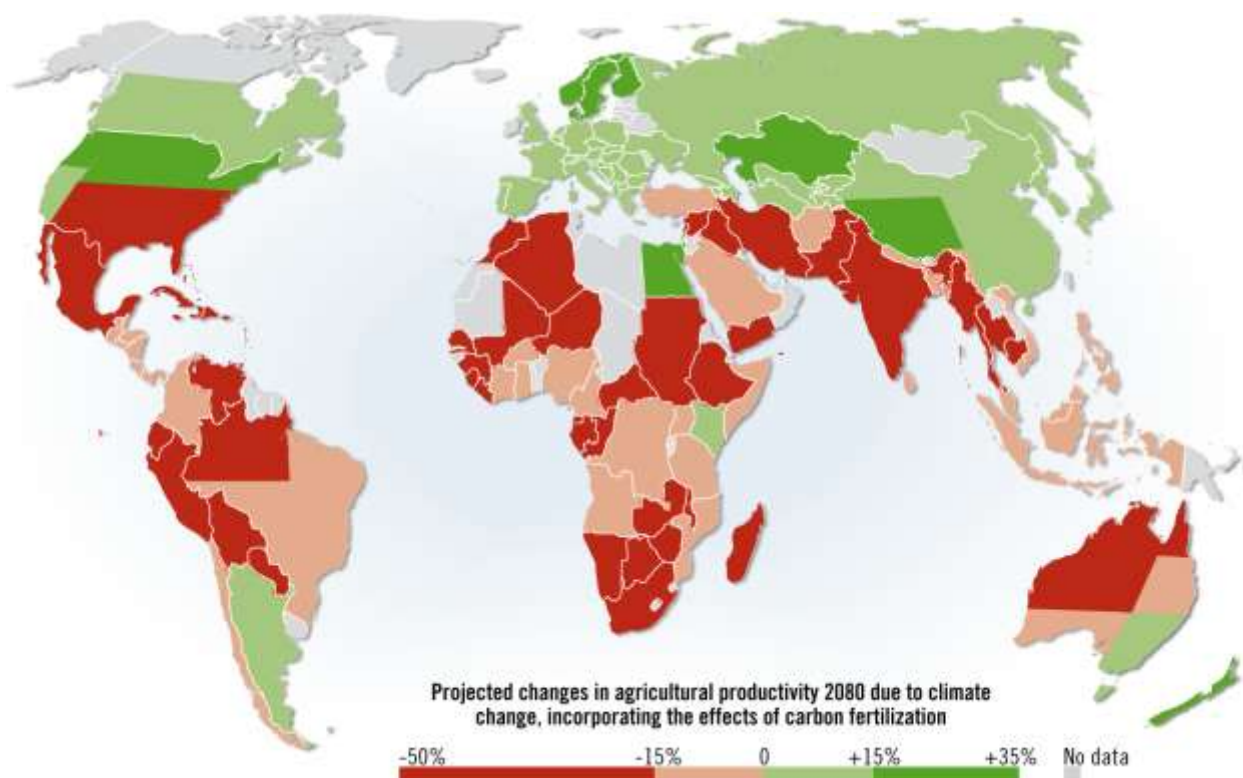


Figure 1: Projected changes in agricultural production in 2080 due to climate change. Source: Cline, W. R. 2007, *Global Warming and Agriculture: Impact Estimates by Country*, Washington D.C., USA, Peterson Institute; Credit: Hugo Ahlenius, UNEP/GRID-Arendal

39. Some 30 per cent of LDCF and SCCF investments promote adaptation in agriculture and food security (see Figures 3 and 4, Annex IV). The GEF Adaptation Program has financed measures to enhance the resilience of agricultural production systems, food systems and supply chains, as well as the demonstration and deployment of innovative, climate resilient technologies for agricultural production and processing.

40. Recognizing that climate change coincides with multiple, systemic pressures on agricultural production and food systems across the globe, including population growth, urbanization and changing consumption patterns, there is an urgent need to scale up and mainstream these investments. Climate-resilient tools and measures must be further integrated across agricultural policies, development frameworks and investment plans; policy and regulatory environments, as well as incentive structures and subsidies must be reformed; access to markets, credit, risk transfer and other financial services must be expanded; along with access to extension services, weather information and climate-resilient technologies.

41. Agriculture and food security presents several opportunities for synergies between climate change adaptation and other GEF focal areas, including land degradation, biodiversity, climate change mitigation, international waters and chemicals. There is also tremendous potential for expanding private sector engagement, particularly for addressing climate change

risks throughout agricultural supply chains, and for expanding access to insurance and micro-finance services.

Water resources management

42. Water is the primary medium through which climate change affects people and ecosystems. Nearly 80% of the world's population is currently exposed to high levels of threat to water security (Vorosmarty et al. 2010). Through shifting glacier- and snowmelt patterns, groundwater salination due to sea-level rise, and increasing risks of droughts and floods due to more intense and more variable rainfall; climate change is expected to exacerbate current stresses on freshwater resources, including population growth, land-use change and urbanization (IPCC 2007; STAP 2012). Climate-resilient water resources management is essential to addressing current and future development needs across several of the core sectors discussed in this Strategy, particularly agriculture and food security, and health.

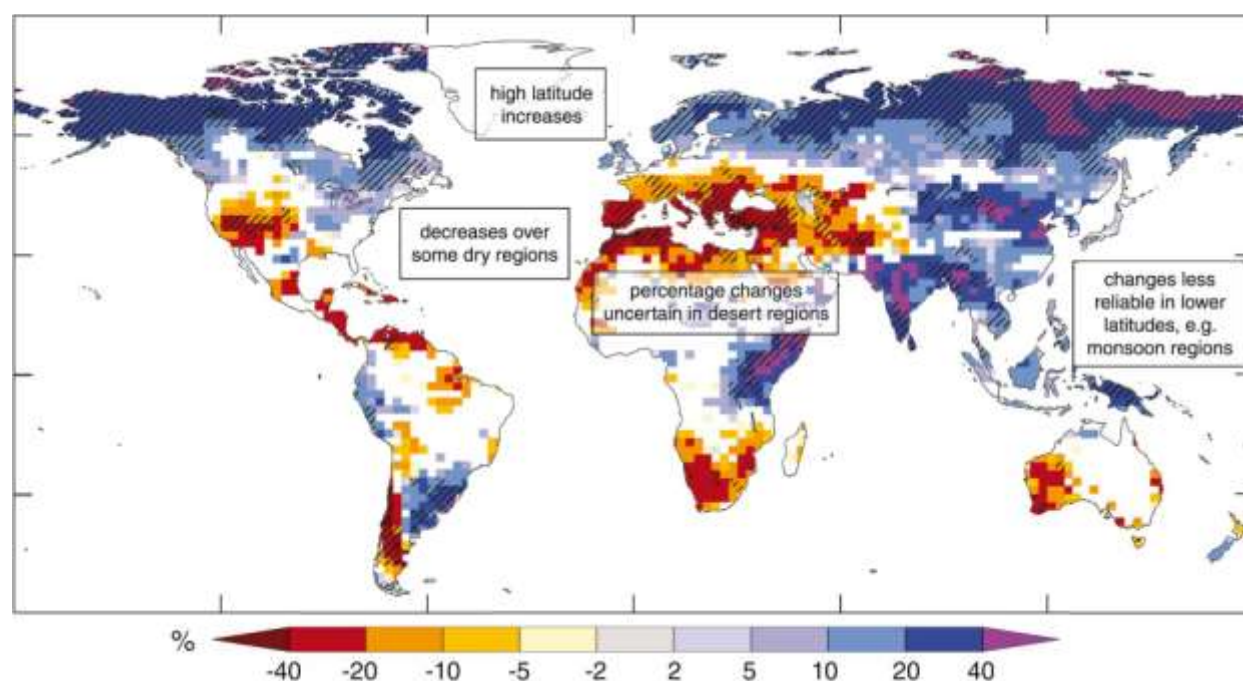


Figure 2: Percentage change in average annual runoff projected by four climate models for the period 2090-2099, relative to 1980-1999. Source: IPCC 2007, *Climate Change 2007: Synthesis Report*.

43. Approximately a sixth of LDCF projects and programs, and a quarter of investments financed through the SCCF enhance the resilience of water resources and their management in the face of climate change, including variability (see Figures 3 and 4, Annex IV). The GEF Adaptation Program has supported climate-resilient water governance; watershed and catchment management; and the transfer and adoption of technologies for water harvesting and enhanced water-use efficiency. Recent initiatives also target climate change adaptation in the context of trans-boundary water resources management.

44. Looking forward, an important challenge for the GEF is to accelerate and scale up the adoption of proven technologies for sound water resources management at the level of households, communities, municipalities, industries and energy production. There is also considerable scope for enhance the knowledge base for the climate-resilient management of water supplies through, *inter alia*, improved hydrological monitoring and data management. Finally, there is a need to continue strengthening regulatory frameworks and economic incentive structures for climate-resilient water resources management.

45. There are considerable opportunities to further capture the synergies between climate change adaptation and the GEF's international waters focal area. Climate-resilient water resources management also presents a space for closer collaboration with the private companies and industry associations, particularly in water-intensive sectors (see paragraph 29 above).

Coastal-zone management

46. The world's coastal zones are highly exposed and sensitive to climate change, including variability, and often ill-equipped to adapt. Balk et al. (2007) estimate that vulnerable, low-elevation coastal zones (LECZ) cover 2 per cent of the world's land area but contain 10 per cent of the world's population and 13 per cent of the world's urban population. A disproportional share of these vulnerable people live in LDCs and SIDS. Coastal zones are also crucial to trade and economic activity. STAP (2012) finds that observed sea-level rise has been much higher than IPCC model projections: IPCC (2007) projected a sea level rise of 0.18 to 0.59m towards the end of this century, whereas more recent studies project levels ranging from 0.5 to 2m over the same period. Coastal zones will also be affected by more intense tropical and extra-tropical cyclones, larger extreme waves and storm surges, altered precipitation patterns, and ocean acidification; with overwhelmingly negative impacts (IPCC 2007).



Figure 3: Coastal population and shoreline degradation. Source: Adapted from UNEP 2002b, based on Burke and others 2001, Harrison and Pearce 2001; Credit: Bounford.com and UNEP/GRID-Arendal

47. Some 15 per cent of LDCF and SCCF investments promote climate-resilient, integrated coastal zone management (see Figures 3 and 4, Annex IV). The GEF Adaptation Program has invested in projects and programs that reduce the vulnerability of coastal communities and

infrastructure to the effects of climate change, including sea-level rise, storms, floods, and erosion; through improved land-use planning, climate-resilient coastal infrastructure, and the sustainable management of natural infrastructure.

48. Still, recognizing the cost of protecting infrastructure and settlements from climate change in coastal areas, there is a significant need to expand the investments carried out through the LDCF and the SCCF as part of a comprehensive approach to resilient and sustainable development in vital and rapidly growing coastal zones. The GEF will continue to target the people most at risk from climate change-induced coastal hazards by strengthening early-warning systems and promoting diversified and resilient livelihoods. In addition, the GEF will play a catalytic role in climate-resilient coastal development, supporting the integration of relevant knowledge and adaptation measures into coastal settlement planning and infrastructure investments. Finally, the GEF will also seek to scale up private-sector engagement as a crucial component in climate-proofing coastal roads, ports, industrial facilities and tourism.

Infrastructure, including cities, transport and energy

49. Climate change is likely to adversely affect key infrastructure assets in a variety of ways, including transport infrastructure, such as roads, ports and airports; energy infrastructure, including both the energy supply chain and energy demand; as well as urban settlements, water and sanitation systems. IPCC (2007) finds that industry, infrastructure, and settlements are generally more vulnerable in high-risk locations, particularly coastal and riverine areas, and that rapid urbanization is placing increasing numbers of people and economic activity at risk from climate change and its effects on infrastructure.

50. While a significant share of LDCF and SCCF investments has targeted coastal zone management (see paragraph 47) and enhanced flood risk management, there is a need to scale up the GEF's investments in climate-resilient infrastructure, particularly in the areas of transportation; urban settlements, water supplies and sanitation; and energy. The availability and predictability of resources in the LDCF and the SCCF have curbed investments in larger public works, but there is also scope for strengthening structural codes and standards, and their enforcement; and mainstreaming adaptation tools, measures and budget allocations across infrastructure planning and development processes. The GEF will work to catalyze investments, including from the private sector, in infrastructure and settlement planning solutions that prevent developing countries from becoming trapped in unsustainable and potentially maladaptive development pathways.

Disaster risk management

51. Evidence gathered since 1950 suggests a change in climate extremes, including hot and cold days, extreme rainfall, tropical cyclone activity, more frequent and more intense droughts, and floods. It lies in the nature of extreme events, however, that data is limited and any trends are difficult to ascertain. Adaptation to climate change -induced extreme events, therefore, entails coping with considerable uncertainty, and constantly improving the evidence base for decision-making. In contrast, it is certain that developing countries are the most severely affected by

extreme events. During the period from 1970 to 2008, 95 per cent of deaths from natural disasters occurred in developing countries. (IPCC 2012)

52. Some 9 per cent of LDCF and SCCF investments target disaster risk management (DRM) (see Figures 3 and 4, Annex IV). The GEF Adaptation Program has financed measures to reduce climate change-induced disaster risks across sectors, through information services, capacity building, and public works. Based on country demand, DRM will remain a priority area for the LDCF and the SCCF. In particular, there is a need to further mainstream disaster risk information, assessment tools and appropriate mitigation measures across relevant policies, development frameworks and investment plans; strengthen disaster preparedness for effective response at all levels, and disaster contingency planning; increase access to early-warning information, education and awareness raising on climate change-induced hazards at all levels; and promote the development of and access to financial instruments for disaster risk management, including risk transfer.

53. As the GEF Adaptation Program supports developing countries in pursuing progressive and iterative, long-term adaptation planning and action, it is crucial that disaster risk information and DRM tools are fully institutionalized in decision-making, planning and monitoring processes and systems at the national and sub-national levels.

Natural resources management

54. IPCC (2007) estimates that “during the course of this century the resilience of many ecosystems is likely to be exceeded by an unprecedented combination of change in climate, associated disturbances (e.g., flooding, drought, wildfire, insects, ocean acidification) and in other global change drivers (especially land-use change, pollution and over-exploitation of resources), if greenhouse gas emissions and other changes continue at or above current rates” and that “approximately 20 to 30% of plant and animal species assessed so far are likely to be at increased risk of extinction, if increases in global average temperature exceeds 1.5 to 2.5°C”. Based on more recent data, STAP (2012) suggests that projected biodiversity loss due to climate change could even be higher than previously thought. In addition, at current rates, climate change is likely to adversely affect the productivity of land and marine ecosystems and their services.

55. Natural resources management (NRM) is the primary sector for 4 per cent of investments under the LDCF, and 9 per cent of investments under the SCCF (see Figures 3 and 4, Annex IV). At the same time, however, NRM has served as a means to enhance resilience across other, core development sectors. Between 4 and 15 per cent of resources provided through the LDCF and the SCCF have been used towards ecosystem-based approaches. The GEF Adaptation Program will continue to enhance the resilience of natural assets in the face of climate change, as a basis for enhancing the resilience of people and their livelihoods, and to reduce the vulnerability of fragile ecosystems. This includes, *inter alia*, strengthening environmental management in vulnerable areas; protecting ecosystems and natural resources that shield communities from coastal hazards and flood risks, such as coral reefs and mangroves; and promoting sustainable, resilient and diversified livelihoods as a means to reduce anthropogenic pressures on the natural resources that buffer the impacts of climate change.

56. As noted above (see paragraph 33), there are considerable opportunities to scale up the use of ecosystem-based approaches, with significant co-benefits across other GEF focal areas.

Health

57. IPCC (2007) concludes with very high confidence that “climate change currently contributes to the global burden of disease and premature deaths”. Climate change affects human health through, *inter alia*, shifting patterns of disease; water and food insecurity and associated increases in waterborne disease and malnutrition; and extreme climate events, such as more frequent and more severe storms, floods, heat waves and fires. The adverse health impacts of climate change will be greatest in low-income countries, particularly among the urban poor, children and the elderly, traditional societies, subsistence farmers, and coastal populations.

58. To date merely 4 per cent of SCCF investments and 1 per cent of LDCF investments have targeted public health as a primary area of intervention (see Figures 3 and 4, Annex IV). The limited country demand for LDCF and SCCF resources for public health is a likely result of the high level of uncertainty regarding the health impacts of climate change, and the associated absence of proven adaptation measures.

59. As a result, there is a considerable need to strengthen the evidence base and decision-support services as a basis for mainstreaming climate change adaptation in the public health sector, including policies, development frameworks and investment plans. The pioneering projects supported through the SCCF and carried out in partnership with WHO will provide much-needed lessons and best practices; informing scaled-up support towards strengthening the public health infrastructure to rapidly and effectively respond to climate change-induced health risks, and capacity building and awareness raising at all levels of health care provision.

60. The public health sector presents important, new opportunities for initiatives that cut across climate change adaptation and sound chemicals management.

Climate information services

61. Vulnerable developing countries suffer from a chronic shortage of timely and reliable information regarding the different components of vulnerability, resilience and adaptation.

62. The GEF Adaptation Program has provided considerable support towards weather and climate monitoring, data collection and early-warning systems, particularly through the LDCF, under which this cross-cutting area accounts for 24 per cent of all investments. Climate information services address countries’ urgent and immediate needs associated with expanding and strengthening early-warning systems; while also providing essential information and decision-support services to enable sustainable and resilient policy-making and planning for long-term climate-resilient development. Past investments notwithstanding, there is a continuous demand for improving systems to systematically gather, store and disseminate socio-economic and biophysical information to better understand the vulnerabilities of individuals, communities and systems; upgrading existing systems to capture changing hazard circumstances; building

institutional and technical capacities to process and convert data; and strengthening infrastructure to disseminate information to end-users in a timely, useful and understandable way.

63. The GEF Adaptation Program is already exploring opportunities for public-private partnerships in the area of hydro-meteorological services. These lessons will help design pathways to accelerate and scale up the provision of climate-information services across the developing world.

Climate-resilient urban systems

64. Cities present a unique space for addressing some of the most important global risks of the 21st century, including climate change, rapid population growth, changing consumption patterns, and environmental degradation. As a result, cities have been identified as one of the principle operational spaces for enhanced synergies among climate change adaptation and other GEF focal areas.

65. Cities have a complex relationship with climate change. Many are exposed to extreme weather events, such as floods and droughts, because of their geographic location, often near coastlines, and because of the number of vulnerable people living in cities. Urban dwellers and municipal governments face numerous climate change and development challenges, associated particularly with the provision of water and the management of wastewater; disaster risk reduction in general, including emerging issues such as epidemics exacerbated by climate change; shifting energy use; and the deterioration of important ecosystem services due to climate change.

66. Urban systems face unique challenges due the spatial concentration of hazards and stressors (and the number of people at risk from them), the number of hazards (e.g. the range of infectious and parasitic diseases that can spread rapidly among concentrated populations, the close proximity of people, industries and industrial wastes) and their mix and potential for exacerbating each other (e.g. floods contaminating water supplies which lead to water-related disease epidemics). It is also common for cities to expand and develop in ways that erode natural defenses or buffers (for instance wetlands) and increase flooding risks from rainfall (as an ever larger area is covered by buildings or paved surfaces). Likewise, cities have a huge potential to avert the most serious risks of climate change to their residents, assets, and economies.

67. In addition, urban contexts are a particularly significant target for adaptation, as their unique features generally lead to an increase in risk of cascading effect of disasters, whereby primary hazard leads to secondary hazard (e.g. floods creating water-supply contamination), as well when natural hazards trigger technological disasters. On the ground, the impacts of natural and technological hazards, including pollution events, overlap and compound one another – and this is one of the defining challenges of urban disaster-risk management.

68. There are substantial synergies between successful adaptation to climate change and successful local development including:

- improvements in housing and living conditions and in infrastructure and services, including housing for lower-income groups with safer, legal alternatives to informal settlements by increasing the supply and reducing the cost of land for housing, and supporting infrastructure on suitable sites;
- addressing health issues including emergency response capacity for extreme weather events and reducing environmental health risks;
- reducing vulnerabilities of especially vulnerable groups, infants and children, the elderly, and others;
- land-use management that protects and enhances natural buffers and defenses for cities and their surrounds, and also sustains the water sector, drainage, etc.;
- protecting the critical economic assets of cities, and reducing casualties, particularly ports and other transport infrastructure and systems.

69. Urban areas are also key contributors to climate change and play a role in other global environmental problems. There are obvious linkages between adaptation to climate change and most other areas of development and environmental management that can be realized through sound policy, planning, and investments. Relevant challenges and opportunities include:

- changes in mean temperatures that produce shifts in energy demand, with implications for the energy sector, including energy efficiency and the use of renewable energy sources;
- sustainable land management may protect and enhance natural buffers and defenses for cities and their surroundings, and also sustain the water sector, drainage, etc.;
- sustainable management and regeneration of natural infrastructure, such as mangroves and coral reefs, may contribute towards adaptation and global environmental benefits in urban settings; and
- the growing demand for water and further challenges in wastewater management may further increase the need for sustainable, trans-boundary water resources management.

Small Island Developing States

70. Small island developing states (SIDS) have been recognized to have very unique vulnerabilities and characteristics. They are often geographically isolated, located in regions prone to natural disasters, have high population densities, and very limited natural resources. These unique characteristics make SIDS amongst the most vulnerable to the impacts of climate change, with sea level rise and extreme events posing a threat to their very existence. Thus for many small island states climate change is an issue of the viability of their nations.

71. Due to their size, SIDS are well suited to pursue integrated approaches to climate change adaptation and sustainable development. The GEF Adaptation Program will provide prioritized access to small island states for innovative, multi-sectoral activities for climate resilience, while seeking opportunities to achieve global environmental benefits across various GEF focal areas.

LEAST DEVELOPED COUNTRIES FUND

72. **Purpose under the Convention:** The LDCF was designed to address the special needs of LDCs under the UNFCCC, with the priority of supporting the preparation and implementation of NAPAs. NAPAs identify and prioritize countries' urgent and immediate adaptation needs, focusing on the sectors and resources that are central to human and socioeconomic development.

73. **Eligibility:** All least developed countries that are parties to the UNFCCC are eligible to receive financial support for adaptation under the LDCF.

74. **Preparation for programming:** All eligible LDCs have already received support to prepare their NAPAs.

75. **Programming priorities:** LDC NAPA priorities address adaptation in the following sectors: water resources; food security and agriculture; coastal zone management; disaster preparedness; infrastructure; natural resource management, hydrometeorological and climate information; and health. Community-based adaptation continues to be a cross-sectoral priority. Following the preparation phase, the demand has exponentially grown for the implementation of NAPAs.

LDCF: Financing needs

76. As of 2013, 47 NAPAs have been completed and 3 are in the process of preparation. A recent assessment completed within the GEF estimates that the cost of meeting the urgent and immediate needs of climate change in the LDCs could range from \$2–2.5 billion.

77. According the World Bank report, *Economics of Climate Change*, in Bangladesh tackling the effects of extreme weather through embankments, afforestation, shelters and early warning systems would cost about \$2.4 billion in initial investments, and \$50 million in annual recurrent costs. \$0.79–2.8 billion per year would be required in Ethiopia to meet adaptation needs in agriculture and vital infrastructure, such as roads and dams. These costs are close to the total estimated cost of NAPA implementation. Therefore, the full cost of addressing the adaptation needs of all LDCs would be significantly higher than the estimated cost of NAPA implementation.

SPECIAL CLIMATE CHANGE FUND

78. The SCCF holds considerable potential to address the adaptation needs of vulnerable countries worldwide. Unlike the LDCF, which is specifically dedicated to the urgent and immediate needs of the LDCs, the SCCF is open to all vulnerable developing countries. In addition, it may finance a wide range of concrete adaptation measures, which may include longer term time horizons. Projects have the option to focus on long-term planned response strategies, policies, and measures, rather than short-term activities.

79. **Purpose under the Convention:** The SCCF was established in response to guidance received from the seventh session of the UNFCCC COP in Marrakech in 2001. It is designed to finance activities, programs and measures related to climate change that are complementary to those funded by GEF under the climate change focal area, under the following four financing windows:

- (i) Adaptation to climate change;
- (ii) Technology transfer;
- (iii) Mitigation in selected sectors including: energy, transport, industry, agriculture, forestry and waste management; and
- (iv) Economic diversification.

80. Among these four categories, adaptation has the top priority. The present Strategy encompasses the SCCF Adaptation Program (SCCF-A), and the Program on Technology Transfer (SCCF-B).

81. **Eligibility:** All developing countries that are parties to the UNFCCC are eligible to receive financial support for adaptation interventions to be integrated into development activities.

82. **Preparation for Programming:** The adaptation program under the SCCF does not allocate resources for enabling activities limited to assessing vulnerability to climate change and identifying adaptation needs. Projects proposed under this fund are to be for implementation of adaptation activities under priority areas of intervention as identified by the Climate Convention.

Adaptation (SCCF-A)

83. **Programming Priorities:** The GEF, through SCCF-A, was requested to start implementing adaptation activities promptly where sufficient information is available to warrant such activities, inter alia, in the areas of:

- water resources management;
- land management;
- agriculture;
- health;
- infrastructure development;
- fragile ecosystems, including mountainous ecosystems;
- integrated coastal zone management;

- improving the monitoring of diseases and vectors affected by climate change, and related forecasting and early-warning systems, and in this context improving disease control and prevention; and
- supporting capacity building, including institutional capacity, for preventive measures, planning, preparedness and management of disasters relating to climate change, including contingency planning, in particular for droughts and floods in areas prone to extreme weather events.

84. The COP has also requested the GEF, through the SCCF, to support the NAP process in developing countries that are not LDCs (decision 12/CP.18).

Technology transfer (SCCF-B)

85. The SCCF has a specific financing window on technology transfer (SCCF-B), which has contributed to the implementation of the Poznan Strategic Program on Technology Transfer¹ through Technology Needs Assessments (TNA), as well as technology transfer pilot projects. Projects have the option to focus on long-term planned response strategies, policies, and measures, rather than short-term activities.

86. According to COP guidance the SCCF can support:

- implementation of the results of technology needs assessments;
- technology information;
- capacity-building for technology transfer; and,
- enabling environments.

87. SCCF-B has its own strategic objective, distinct but complementary to that of the LDCF and SCCF-A. For adaptation projects, the Strategic Objective of the SCCF-B window is to promote transfer and adoption of adaptation technology, with the outcomes of:

- (i) Successful demonstration, deployment, and transfer of relevant adaptation technology in targeted areas; and,
- (ii) Enhanced enabling environment to support adaptation-related technology transfer.

88. For mitigation projects, SCCF-B will rely on the RBM framework of the GEF climate change mitigation program.

¹ The strategic program on technology transfer consists of three funding windows: (1) technology needs assessments (TNAs); (2) technology transfer pilot projects; and (3) dissemination of technologies and practices. (Decision 2, CP. 14)

Table 2: SCCF-B results framework

	Technology Transfer for Adaptation	Technology Transfer for Mitigation
Goal	Increase resilience to the adverse impacts of climate change in vulnerable developing countries, sectors, areas, communities, and ecosystems, through both near- and long-term adaptation, with the impact of reducing projected losses associated with climate change and variability	Please refer to GEF Climate Change Mitigation Results Based Management Framework
Strategic Objectives	Promoting the transfer and adoption of adaptation technologies	
Strategic Outcomes	Successful demonstration, deployments, and transfer of relevant adaptation technology in targeted areas. Enhanced enabling environment to support adaptation-related technology transfer.	

SCCF: Financing needs

89. Despite a successful record, both in terms of positive evaluations and accelerated approval and disbursement rates, the main obstacle to adaptation programming under the SCCF remains the lack of adequate and predictable resources. The SCCF is still the only operational fund under the UNFCCC COP (as the Adaptation Fund operates under the Kyoto Protocol and the Green Climate Fund is not fully operational yet) that can serve all vulnerable developing countries, and the demand for SCCF financing has been growing significantly every year. The GEF Secretariat has received a demand for projects of about \$250 million per year under SCCF-A from its Agencies, which have become gradually more involved in adaptation and climate resilient development in the past four years.

ANNEX I: RESULTS FRAMEWORK OF THE LDCF AND THE SCCF

Objective 1	Reduce vulnerability
<i>Outcome 1.1</i>	<i>Mainstreaming adaptation in broader development frameworks at country level and in targeted vulnerable areas</i>
Output 1.1.1	Adaptation measures and necessary budget allocations included in relevant frameworks
<i>Outcome 1.2</i>	<i>Reduction of vulnerability in development sectors</i>
Output 1.2.1	Vulnerable physical, natural and social assets strengthened in response to climate change impacts, including variability
<i>Outcome 1.3</i>	<i>Diversification and the strengthening of livelihoods and sources of income for vulnerable people in targeted areas</i>
Output 1.3.1	Targeted individual and community livelihood strategies strengthened in relation to climate change impacts, including variability
Objective 2	Increase adaptive capacity
<i>Outcome 2.1</i>	<i>Increased knowledge and understanding of climate variability and change-induced risks at country level and in targeted vulnerable areas</i>
Output 2.1.1	Risk and vulnerability assessments conducted and updated
Output 2.1.2	Systems in place to disseminate timely risk information
<i>Outcome 2.2</i>	<i>Strengthened adaptive capacity to reduce risks to climate-induced economic losses</i>
Output 2.2.1	Adaptive capacity of national and regional centers and networks strengthened to rapidly respond to extreme weather events
Output 2.2.2	Targeted population groups covered by adequate risk reduction measures
<i>Outcome 2.3</i>	<i>Strengthened awareness and ownership of adaptation and climate risk reduction processes at local level</i>
Output 2.3.1	Targeted population groups participating in adaptation and risk reduction awareness activities
Objective 3	Enhance long-term adaptation
<i>Outcome 3.1</i>	<i>Knowledge gaps and capacity constraints for long-term adaptation identified</i>
Output 3.1.1	Assessment of available information on medium and long-term climate change impacts, vulnerability and adaptation needs at the national and sub-national levels
Output 3.1.2	Capacity needs assessment for long-term adaptation
<i>Outcome 3.2</i>	<i>Development of policy processes and enabling policy environment for long-term adaptation</i>
Output 3.2.1	Institutional and technical capacities for long-term adaptation enhanced at the national and sub-national levels
Output 3.2.2	Relevant policy (including regulatory and legal) reforms for long-term adaptation carried out at the national and sub-national levels
Output 3.2.3	Frameworks established for coordination and integration of adaptation across all relevant vulnerable sectors, at the inter-ministerial and other levels of governance
<i>Outcome 3.3</i>	<i>Integration of adaptation into long-term planning processes</i>
Output 3.3.1	Adaptation tools, measures and budget allocations integrated into long-term development plans, programs, frameworks and associated processes at the national and sub-national levels
Output 3.3.2	Systems and frameworks established for continuous monitoring, reporting and review of adaptation at the national and sub-national levels

ANNEX II: GUIDING PRINCIPLES

The present strategy is aligned with the GEF's long-term vision of transformational change (see Box 1), and the associated guiding principles, namely collective leadership and effective communication; promoting country ownership; a resolute focus on achieving results; and a lean and efficient organization. The implementation of this Strategy will be guided by the GEF 2020 long-term strategy exercise.

Box 1: Towards transformational change: the Adaptation Program and the GEF's long-term vision

Consistently with the GEF's long term vision of transformational change, the GEF Adaptation Program will promote:

(i) continuous innovation: seeking programming opportunities where barriers to adaptation remain high, enabling its partners and beneficiaries to access and adopt cutting-edge technologies in response to evolving challenges, and constantly improving its processes, procedures, modalities, and delivery mechanisms;

(ii) scaling up: identifying and strengthening pathways for expanding, adapting and sustaining successful adaptation, including through a shift from projects to programmatic approaches, by bridging the gap between successful pilot initiatives and sector-wide adaptation, and by shifting from thematic, ad hoc adaptation planning towards increasingly mainstreaming adaptation across key national development policies and plans;

(iii) synergies and partnerships: seeking greater development coherence through broader and more effective partnerships across the sustainable development community, stronger engagement in development planning processes at the national level, and more systematically promoting integrated operations across trust funds, GEF focal areas and conventions; and

(iv) knowledge management: effectively and systematically generating, capturing, storing, sharing and applying knowledge across its portfolio, recognizing the high demand for lessons and best practices on adaptation.

In addition, the GEF Adaptation Program will continue to rely on the following guiding principles:

- (i) responsiveness to COP guidance;
- (ii) responsiveness to the needs of vulnerable developing countries;
- (iii) responsiveness to independent evaluations; and
- (iv) complementarity and coherence with other climate change funds.

Responsiveness to COP guidance

As an entity entrusted with the operation of the financial mechanism of the UNFCCC, the GEF has a unique and longstanding mandate to support climate change adaptation. Responding to guidance provided by the COP at its first session, the GEF Operational Strategy of 1995 notes that “the strategic thrust of GEF financed climate change activities is to support sustainable measures that minimize climate change damage by reducing the risk, or the adverse effects, of climate change. The GEF will finance agreed and eligible enabling, mitigation, and adaptation activities in eligible recipient countries.” In 2001, as part of the Marrakesh Accords, the COP decided to establish the LDCF (decision 5/CP.7) and the SCCF (decision 7/CP.7). The GEF was entrusted with the management of the two funds, both of which were to prioritize climate change adaptation. The COP further requested the GEF to carry out pilot and demonstration projects to show how adaptation planning and assessment could be practically translated into projects that provide real benefits (decisions 6/CP.7; 27/CP.7). Accordingly, SPA was launched in 2005 as a \$50 million allocation within the GEF Trust Fund.

As SPA resources have been fully allocated and SPA is successfully completed, the GEF now finances adaptation solely through the LDCF and the SCCF.

The GEF receives frequent guidance from the COP pertaining to the LDCF and the SCCF. Recently, the COP has requested the GEF, through the LDCF, to facilitate the implementation of the LDC work program, including elements other than NAPAs (decision 5/CP.14; reiterated in 5/CP.16). At its seventeenth session, the COP requested the GEF, inter alia, to continue to provide financial resources to developing countries for strengthening existing and, where needed, establishing national and regional systematic observation and monitoring networks under the [LDCF] and the [SCCF]” (decision 11/CP.17). COP 17 also requested the GEF, through the LDCF, “to support the development of a programmatic approach for the implementation of NAPAs by those LDC Parties that wish to do so” (decision 9/CP.17). At its eighteenth session, the COP requested the GEF “to provide funding from the [LDCF] to meet the agreed full cost, as appropriate, of activities to enable the preparation of the national adaptation plan process” and “through the [SCCF], to consider how to enable activities for the preparation of the national adaptation plan [NAPs] process for interested developing country Parties that are not [LDCs]”. In its annual reports to the COP, as well as submissions to the Subsidiary Body for Implementation (SBI), the GEF has systematically responded to guidance from the Parties and it will continue to ensure that the present Strategy is fully aligned with the mandate of the LDCF and the SCCF under the UNFCCC.

Responsiveness to the needs of vulnerable developing countries

The present Strategy will be implemented in full accordance with relevant country needs and priorities. NAPAs (in the case of the LDCF), National Communications, Vulnerability Assessments Poverty Reduction Strategies and other relevant national policies, strategies and plans form the basis for the design and implementation of GEF adaptation projects and programs. Through these projects and programs, the GEF also seeks to strengthen the capacities

of developing countries to integrate considerations of climate change across relevant development plans and investments. The GEF is engaged in an ongoing dialogue with developing countries to better understand and respond to their adaptation needs and priorities. Through such dialogue, and thanks to continuous support from its Agencies, the GEF has witnessed first-hand the exponential increase in developing country demand for and access to adaptation finance from the LDCF and the SCCF, encouraged in large part by countries' growing capacity to absorb such finance.

Responsiveness to independent evaluations

The GEF has benefited from independent evaluations of all its adaptation-related trust funds and programs. A Joint Evaluation of the LDCF, was carried out in 2009 by DANIDA and the GEF Evaluation Office (GEF/LDCF.SCCF.7/Inf.4) and a follow-up evaluation was completed in 2010 (GEF/LDCF.SCCF.9/Inf.7). SPA was evaluated in 2010 (GEF/ME/C.39/4) and the SCCF was evaluated in 2011 (GEF/LDCF.SCCF.11/ME/02). The GEF Adaptation Program has also benefited from independent assessments by contributing members to the LDCF and the SCCF (see e.g. Australian Multilateral Assessment of 2012). The GEF has responded to all evaluations, and implemented relevant recommendations (see inter alia GEF/LDCF.SCCF.7/Inf.5; GEF/LDCF.SCCF.9/Inf.6; GEF/ME/C.39/5; and GEF/LDCF.SCCF.11/ME/03). Most recently, in response to the independent evaluation of the SCCF, the GEF clarified relevant procedures for constituting work programs under the fund (GEF/LDCF.SCCF.12/Inf.05). The GEF will remain responsive to independent evaluations and it will continue to draw on the insights of evaluators, particularly as these relate to the global role and relevance of the adaptation program, and its long-term contribution towards transformational change.

Box 2: Independent evaluation of the Special Climate Change Fund

An independent evaluation of the SCCF was completed in 2011, the main findings of which were presented to the LDCF/SCCF Council in November 2011. The evaluation concludes, inter alia, that:

- (i) the adaptation projects financed under SCCF-A are relevant to COP guidance;
- (ii) these projects are highly relevant to the national sustainable development agendas of beneficiary countries, contributing to socio-economic development goals;
- (iii) projects employ innovative approaches to overcome the lack of data on many emerging adaptation issues; and
- (iv) the SCCF has been managed by the GEF in a cost-effective way – its management costs are the lowest of comparable funds.

The evaluation also notes, however, that the LDCF/SCCF Council should appeal to donors to adequately fund the SCCF in a predictable manner, preferably through a replenishment process.

Complementarity and coherence with other climate change funds

In accordance with its mandate, the GEF Adaptation Program will pursue complementarity and coherence with relevant multi-lateral, bilateral and national climate change funds. Specifically, the GEF will seek synergies with the Green Climate Fund (GCF), acknowledging the decision of the COP that a “significant share of new multilateral funding for adaptation should flow through the [GCF]” (decision 1/CP.16). In particular, the GEF, through the LDCE and the SCCF, will play an important role in progressively enhancing the capacities of vulnerable developing countries to access and effectively benefit from increasing financial flows and new financial instruments for adaptation, including from the GCF and the private sector. The GEF also recognizes that the Kyoto Protocol Adaptation Fund and the Pilot Program on Climate Resilience of the World Bank remain important actors in the global landscape of adaptation finance, and it will continue to ensure effective coordination with these funds in relevant countries and sub-regions. Finally, the GEF welcomes the growing number of national adaptation funds that have emerged across developing countries, including in LDCs, as a signal of increasing country ownership of adaptation planning, finance, and implementation. The GEF Adaptation Program will continue to promote all steps towards stronger national-level coordination of adaptation.

ANNEX III: ELIGIBILITY CRITERIA AND POLICIES

Beyond the guiding principles presented above, the GEF Adaptation Program will continue to adhere to the eligibility criteria and policies for projects and programs financed under the LDCF and the SCCF. In particular, all projects and programs should:

- be consistent with the mandate, goal and objectives of the LDCF and the SCCF;
- be consistent with relevant national reports, strategies, policies, plans and legislation;
- align with the implementing agency's comparative advantage, role, and relevant programming;
- generate adaptation benefits in line with additional cost reasoning;
- demonstrate cost-effectiveness;
- complement and be coordinated with other relevant initiatives;
- be sustainable, innovative, and promote scaling up;
- identify relevant risks and demonstrate adequate mitigation measures; and
- adhere to GEF policies on gender mainstreaming and public involvement.

Further to the final criteria, the GEF will promote a consistent, gender-sensitive approach to adaptation. Recognizing the different vulnerabilities and adaptation needs among women and men, and in line with GEF policy, the GEF Adaptation Program will continue to support gender-sensitive assessments of impacts, vulnerabilities and appropriate adaptation measures; the participation of both women and men in project design and implementation; and gender-sensitive project and portfolio-level results monitoring. In addition, consistently with GEF policy and COP guidance, the GEF Adaptation Program will continue to promote public participation in projects and programs financed under the LDCF and the SCCF, seeking inclusive and participatory approaches to project and program design, implementation, as well as monitoring and evaluation. The RBM framework and its associated tracking tool (AMAT) for adaptation will continue to request that all indicators are disaggregated by gender.

ANNEX IV: THE GEF'S ACCOMPLISHMENTS

Through the LDCF, the SCCF and SPA, the GEF has supported the most comprehensive and the most advanced global portfolio of adaptation projects and programs, including more than 170 interventions in more than 110 countries, and total grant resources exceeding \$800 million. These projects and programs build on and strengthen the resilience of baseline development investments amounting to nearly \$4 billion (see Table 1). Through the LDCF, the GEF has enabled 49 of the world's poorest and most vulnerable countries to access resources for the preparation of National Adaptation Programmes of Action (NAPA). 47 countries have completed their NAPAs, and have accessed resources for the implementation of their NAPA priorities. Capacity constraints notwithstanding, LDCs have made rapid progress in accessing resources from the LDCF (see Figure 1).

Table 1: Overview of LDCF, SCCF and SPA resources as at February 2013 (\$m)

	LDCF	SCCF	SPA	Total
Pledges and Contributions				
Total cumulative pledges	\$605.3	\$258.8	\$50.0	\$914.1
Total paid contributions	\$585.4	\$227.9	NA	\$813.3
Project Approvals and CEO Endorsements				
Total Grants Approved (including Agency Fees)	\$458.3	\$193.8	\$50.0	\$702.1
Total Co-Financing Mobilized	\$1,986.0	\$1,400.8	\$608.8	\$3,995.6
Total Number of Projects	99	47	26	172
Project Currently Under Implementation				
Number of Projects	26	17	13	56
Total Grants (including Agency Fees)	\$91.0	\$75.7	\$68.3	\$235.1
Total Co-Financing	\$406.7	\$520.4	\$379.2	\$1,306.3

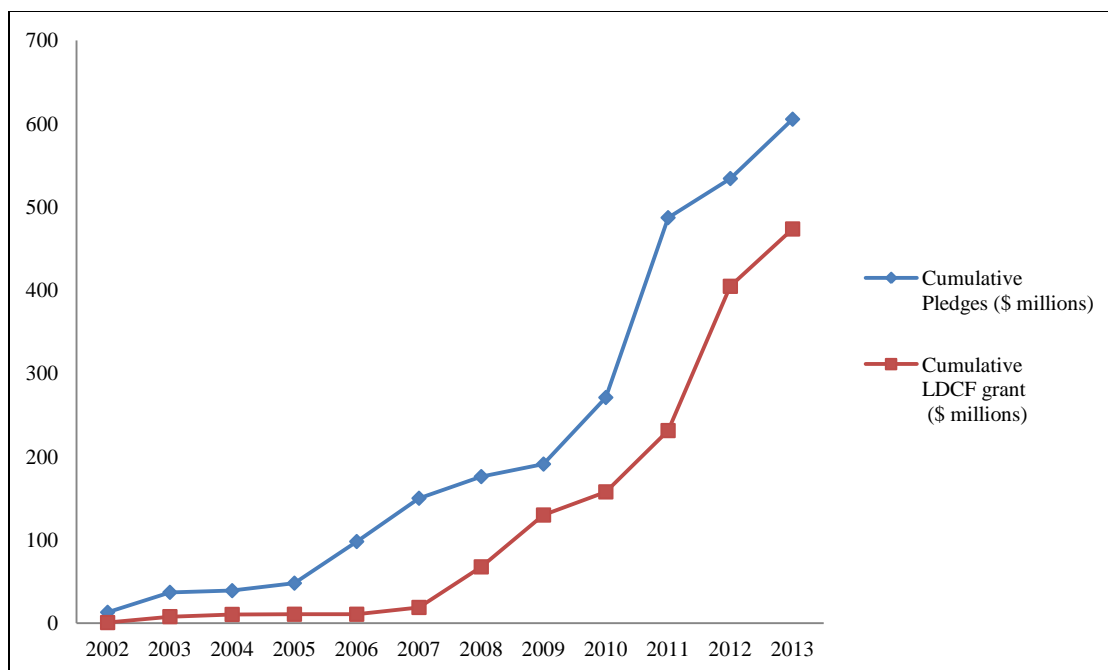


Figure 1: Cumulative LDCF pledges and approvals (\$ millions)

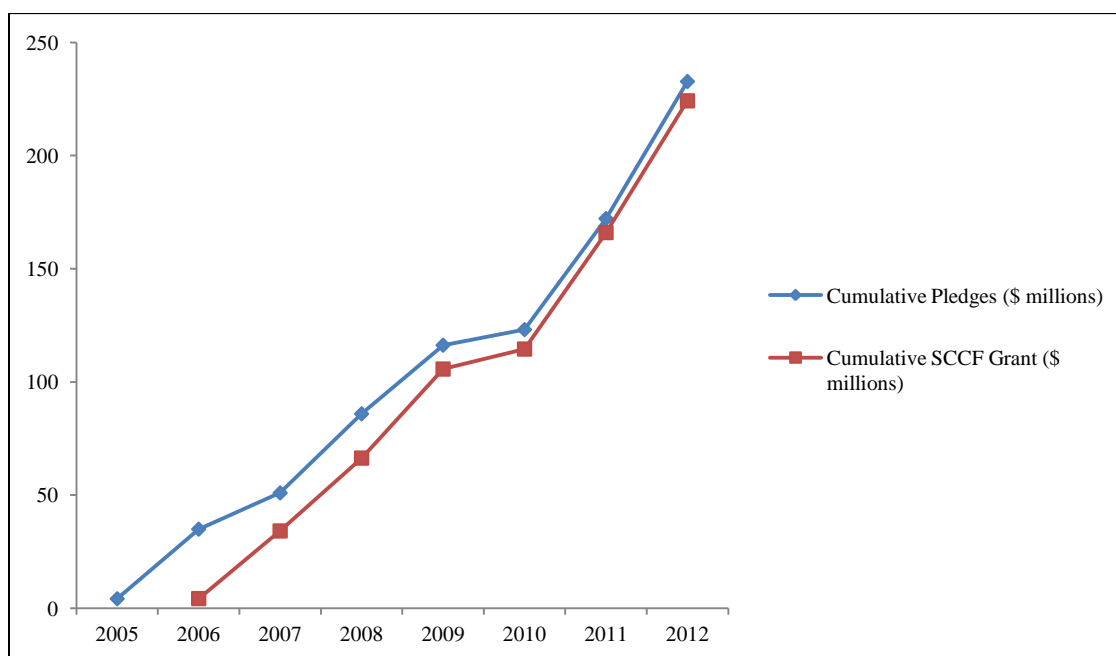


Figure 2: Cumulative SCCF pledges and approvals (\$ millions)

Initial results show that the GEF Adaptation Program is making strong progress towards its objectives. Of the 23 LDCF projects that entered implementation on or before July 1, 2011, 21 were rated marginally satisfactory or above in terms of their progress towards adaptation objectives, representing 91 per cent of the sample. Under the SCCF, all projects were rated in the satisfactory range, with more than 60 per cent rated satisfactory or highly satisfactory.

Addressing adaptation priorities across key development sectors

Seeking to promote climate-resilient development, and in response to COP guidance and country demand, the GEF Adaptation Program encompasses all principle development sectors, with an emphasis on those most vulnerable to climate change. Through the LDCF and the SCCF, GEF investments have focused on food security and agriculture, water resources management, coastal-zone management, and disaster risk management, with important cross-cutting initiatives aiming to strengthen hydro-meteorological monitoring systems and enhancing the resilience of the natural assets on which livelihoods depend. A comparison of actual programming against NAPA priorities and COP guidance shows that the sectoral distribution of LDCF and SCCF investments is closely aligned with recipient country demand as well as the mandate of the funds (see figures 2, 3 and 4). Similar findings were highlighted in the 2011 independent evaluation of the SCCF.

Box 1: Regional (Andes) – Piloting climate change adaptation measures in the Andean region (SCCF)

Millions of people throughout the Andes region depend on the glacial runoff for their daily fresh water needs. Andean glaciers are already receding rapidly and projections show this will continue. This disruption in the hydrological cycle is bound to strain access to fresh water in the region, threatening agriculture, hydropower generation and water supply. The GEF has financed, through the Special Climate Change Fund and in partnership with the World Bank,, a project that meets the anticipated consequences of the catastrophic glacier retreat induced by climate change. The project activities include the updating of local and national water management policies; plans to address the long-term impacts of climate change and receding glaciers on water availability; and concrete adaptation pilots to demonstrate how climate change impacts can be integrated into practical development activities across the Andes. The project has funded installation of eight monitoring stations at the glacier basins of Peru, Ecuador and Bolivia to monitor the state of glaciers and their impacts on the hydrological cycle in the region. The meteorological and hydrological information generated will be used to plan and design adaptation measures, especially with respect to the use and management of water resources. Pilot adaptation measures for this sub-basin include management of high mountain wetlands, promotion of climate-resilient irrigation techniques and improved water-use efficiency in urban areas. This project has also a significant technology transfer component.

Box 2: Regional – Pacific Adaptation to Climate Change Project (PACC) (SCCF)

The Special Climate Change Fund provided \$13.8 million to a consortium of 13 Pacific Island Countries to respond to the expected climate change risks in the region. The program is one of the first adaptation initiatives in the region and it will set up a regional framework to deliver adaptation benefits through concrete projects in these vulnerable countries. The PACC project includes adaptation interventions on the ground and also policy level changes to ensure that adaptation is systematically included in national level decision-making. The PACC supports adaptation activities in three main areas – food security, coastal management and water resources management. The Secretariat of the Pacific Regional Environment Programme (SPREP) is an implementing partner with the United Nations Development Programme (UNDP). The project started implementation on February 2009, and has since engaged 148 government institutions to mainstream adaptation in their respective policies and plans. In 5 countries sectoral policy frameworks that integrate climate change have been endorsed by the respective cabinets. 14 different types of concrete adaptation measures have been identified through participatory processes and are currently in different stages of implementation in each of the participating islands.

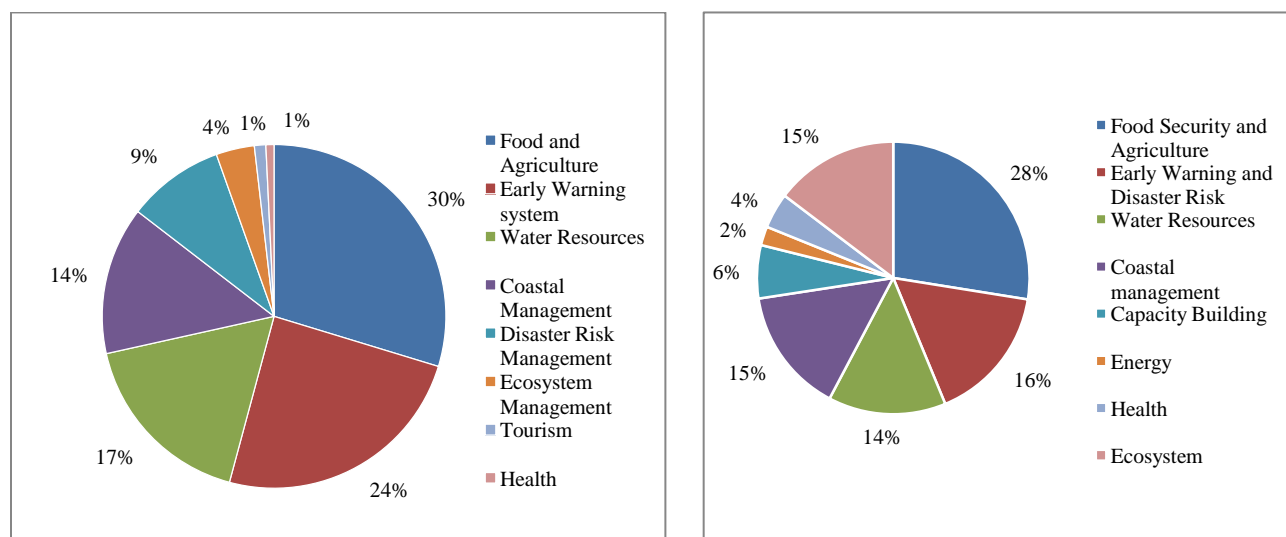


Figure 3: LDCF funding by sector in Alignment with NAPA Sectors

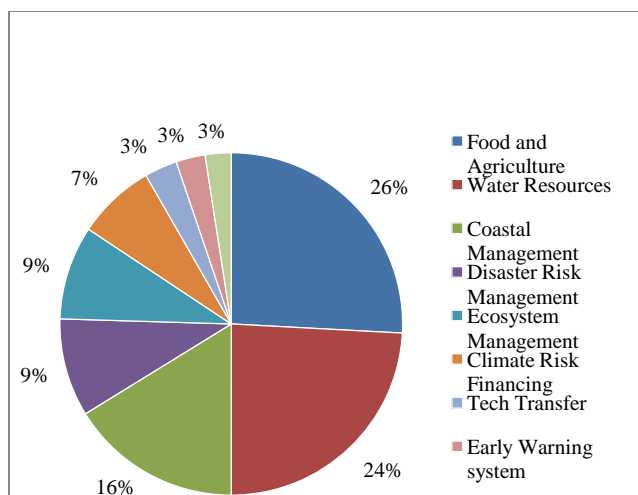


Figure 4: SCCF Funding By Sector

Scaling up and promoting synergies – first steps

In the past four years, the Adaptation Program has sought increasingly to scale up successful approaches and technologies, through larger projects and programmatic approaches. Thanks to significant contributions to the LDCF, the average size of grant approvals has doubled over time. As at February 2013, each eligible LDC country may access up to \$20 million from the fund in accordance with the principle of equitable access. In June 2012, the LDCF/SCCF Council approved more than \$40 million for a regional initiative aiming to strengthen hydro-meteorological services and early-warning systems in nine LDCs in Sub-Saharan Africa. While the limited availability and predictability of resources has prevented a similar growth under the SCCF, the financing leveraged by each dollar of SCCF funding has increased from \$4.5 for the first ten projects to \$9.3 for the last ten.

Since May 2011, the LDCF/SCCF Council has approved \$24.5 million in LDCF and SCCF resources towards three regional, programmatic approaches, aiming to secure a larger-scale and sustained impact by implementing medium to long-term sustainable and climate-resilient development strategies. Programs also provide an attractive platform for interested donors and other partners, including the private sector, to invest additional, focused funding that seeks to achieve the same impacts. Through these innovative regional programs, as well as a growing number of national full-sized projects, the GEF Adaptation Program has taken concrete steps towards harnessing the synergies between climate change adaptation and the other focal areas of the GEF. Though the LDCF and the SCCF, the GEF has invested \$47.6 million in projects and programs accessing resources from multiple trust funds. Multi-trust fund projects and programs have allowed the GEF to pursue integrated solutions in response to environmental and adaptation challenges, while reducing transaction costs and capturing economies of scale.

Table 2: Projects and programs accessing resources from multiple trust funds

Project Title	Country	Total grant	GEF Trust Fund (Focal Area)	Adaptation
Climate Change Adaptation to Reduce Land Degradation in Fragile Micro-Watersheds located in the municipalities of Texistepeque and Candelaria de la Frontera	El Salvador	\$1.7	\$0.6 (LD)	\$1.1 (SCCF)
Greater Mekong Sub-region Forests and Biodiversity Program (GMS-FBP)	Regional	\$21.9	\$10.3 (BD) \$3.5 (CCM) \$5.4 (SFM/REDD+) \$2.3 (LD)	\$0.5 (SCCF)
MENA- Desert Ecosystems and Livelihoods Program (MENA-DELP)	Regional	\$22.9	\$8.1 (BD) \$2.6 (CCM) \$9.2 (LD)	\$3.0 (SCCF)
Sahel and West Africa Program in Support of the Great Green Wall Initiative	Regional	\$108.8	\$69.3 (LD, BD, CCM) \$20.5 (SFM/REDD+)	\$16.0 (LDCF) \$5.0 (SCCF)
Shire Ecosystems Management Project	Malawi	\$7.2	\$3 (BD) \$1.2 (LD) \$1.4 (SFM/REDD+)	\$1.7 (LDCF)
Landscape Approach to Forest Restoration and Conservation (LAFREC)	Rwanda	\$10.5	\$1.5 (BD) \$3.0 (LD) \$1.5 (SFM/REDD+)	\$4.5 (LDCF)
Pilot Asia-Pacific Climate Technology Network and Finance Center	Regional	\$12.0	\$10.0 (CCM)	\$2.0 (SCCF)
Climate Technology Transfer Mechanisms and Networks in Latin America and the Caribbean	Regional	\$12.0	\$10.0 (CCM)	\$2.0 (SCCF)
Pilot African Climate Technology Finance Center and Network	Regional	\$15.8	\$10.0 (CCM)	\$5.8 (SCCF)
Regional Climate Technology Transfer Center	Regional	\$12.0	\$10.0 (CCM)	\$2.0 (SCCF)