



Global Environment Facility

GEF/LDCF.SCCF.1/4/Rev.1

November 20, 2006

GEF LDCF/SCCF Council
December 8, 2006

Agenda Item 5

**SCCF WORK PROGRAM
SUBMITTED FOR APPROVAL**

Recommended Decision

The LDCF/SCCF Council reviewed the proposed work program to be financed from the SCCF in document GEF/LDCF.SCCF.1/4 and approves the following project proposals, subject to comments made during the LDCF/SCCF Council meeting and additional comments that may be submitted to the Secretariat by December 22, 2006:

[list approved documents]

The LDCF/SCCF Council agrees that the CEO should endorse the final draft project document for each of the above projects prior to final approval by the Implementing or Executing Agency, if the CEO concludes: (a) that the draft final project document satisfactorily responds to the LDCF/SCCF Council's comments on the work program; and (b) that the draft final project document continues to be consistent with the policies and procedures agreed for the SCCF. The CEO is requested to post endorsed draft final project documents on the GEF website.

Executive Summary

The CEO proposes to the LDCF/SCCF Council, the approval of this SCCF work program containing two full-sized project (FSP) proposals to be financed under the Special Climate Change Fund (SCCF). Total SCCF allocation amounts to \$10.59 million. The total SCCF financing requested through this work program is \$11.543 million.¹

Total co-financing amounts to \$61.04 million which, when added to the total SCCF allocation, results in a total project value of \$71.63 million.

This is the first work program proposed for financing under the SCCF. In addition to this work program, the CEO also approved one medium-sized project (MSP) under the SCCF. Three MSPs were circulated to the Council on November 6, 2006, and are expected to be approved by the CEO on November 27, 2006.

¹ \$10.59 million in new funding for the 2 FSP proposals plus \$0.953 million in Agency fees.

Table of Contents

I. Projects in the proposed SCCF work program	1
II. SCCF Work Program.....	1
Cofinancing Amount.....	1
Agency Fees for the Current Work Program	1
III. Projects Approved under Expedited Procedures.....	2
IV. Council Decision on Work Program.....	2
V. Project Summaries for SCCF Work Program.....	4

List of Annexes:

Annex A	Project Proposals Submitted for LDCF/SCCF Council Approval, December 2006
Annex B:	Medium-Sized Projects under the SCCF
Annex C:	Project Development Facility Grant – PDF B

List of Tables:

Table 1. Proposed Allocations for the December 2006 SCCF Work Program	1
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Where to send technical comments:

Council members are urged to send their technical comments electronically (in Word file) to the GEF Secretariat's program coordination registry at: gcoordination@TheGEF.org

I. PROJECTS IN THE PROPOSED SCCF WORK PROGRAM

1. **Guyana:** Conservancy Adaptation Project (World Bank) (SCCF Grant : \$3.8 m)
2. **Kenya:** Adaptation to Climate Change in Arid Lands (KACCAL) (World Bank/UNDP) (SCCF Grant : \$6.50 m)

II. SCCF WORK PROGRAM

1. The GEF Chief Executive Officer/Chairperson (CEO) proposes to the LDCF/SCCF Council the approval of this SCCF work program consisting of two full-sized project (FSP) proposals reflecting a SCCF allocation of \$10.59 million (see Section V “Project Summaries for SCCF Work Program” for details on these projects and Annex A for their financial breakdown). The total GEF financing requested through this work program is \$11.543 million.²

2. This is the first work program proposed for financing under the SCCF. The CEO has also approved a project development facility grant for \$290,000 for one project proposed in the work program. Table 1 presents the total amount of SCCF allocations for the two project proposals.

Table 1. Proposed Allocations for the December 2006 SCCF Work Program
(in \$ million)

	SCCF Amount	Cofinancing Amount	Total Project Cost	Agency fees
Guyana: Conservancy Adaptation Project	3.80	16.20	20.00	0.342
Kenya: Adaptation to Climate Change in Arid Lands	6.79*	44.84	51.63	0.611
Total	10.59	61.04	71.63	0.953
Co-financing ratio			5.8	
Percentage Co-financing			85%	

* Includes a PDF-B of \$290,000 approved by the CEO on November 9, 2006.

Cofinancing Amount

3. The proposed co-financing for this current work program, as shown in Table 1, comes from beneficiaries, bilateral and multilateral agencies and the recipient governments. The total co-financing is \$61.04 million for the two projects, which, when added to the total SCCF allocation, brings the total project value to \$71.63 million. Hence, each dollar that the SCCF allocates is matched by \$5.8 in co-financing. Eighty five percent of the project cost is financed by co-financing sources.

Agency Fees for the Current Work Program

4. Fees are paid to the Implementing and Executing Agencies for project cycle management services. Since the revised fee system was approved at the June 2005 Council Meeting, a flat

² \$10.59 million in new funding for the 2 FSP proposals plus \$0.953 million in Agency fees.

rate of 9 percent of the grant amount is paid to the agencies. For this work program, a total agency fee of \$0.953 million for the two projects will be paid to the World Bank and UNDP.

III. PROJECTS APPROVED UNDER EXPEDITED PROCEDURES

5. The CEO has approved one medium-sized project under expedited procedures. Three more MSPs were circulated to the LDCF/SCCF Council on November 6, 2006, and are expected to be approved by the CEO on November 27, 2006. The four MSPs amount to \$3.938 million financed under the SCCF. Co-financing for these projects amount to \$5.527 million with the co-financing ratio of 1:1.4. Details are in Annex B.

6. One PDF-B for \$290,000 was approved for a project proposed in the work program. See Annex C for details.

Medium-Sized Projects

7. The three MSPs currently under circulation for comments emerged from the preparation of a common, regional project with the title “Coping with Drought” (funded from a project development facility grant block-B for \$425,000). As project discussions and stakeholder consultations progressed, project activities took different directions in each country in response to local circumstances and stakeholder concerns. The resulting three MSPs provide a unique opportunity to compare and contrast differential responses to the likely increasing drought conditions that will be experienced by eastern African agricultural sectors. Even though these initiatives no longer constitute a single regional project, UNDP has committed itself to operating these three MSPs in parallel and will ensure that the results provide useful comparative case-studies and are well-documented and widely shared throughout Africa and the rest of the world. See the financial details of these MSPs in Annex B.

IV. COUNCIL DECISION ON WORK PROGRAM

8. The guidance from the Conference of the Parties to the UNFCCC with respect to the new climate change funds has called for the GEF to expedite its procedures for project preparation and approval. In the programming document for the SCCF, it has been agreed that all steps will be undertaken to expedite project processing.

9. It is proposed that the LDCF/SCCF Council operate under a presumption that draft final project documents need not be circulated to the Members of the LDCF/SCCF Council prior to CEO endorsement. Rather, the LDCF/SCCF Council is requested to delegate review of draft final project documents to the CEO with a request that the CEO ensure that the draft final project document satisfactory responds to the LDCF/SCCF Council’s comments on the work program. The CEO is also to be requested to ensure that the draft final project document continues to be consistent with the policies and procedures agreed for the SCCF. Once final project documents are endorsed by the CEO they are to be posted on the website.

10. This presumption will not prevent a Member of the LDCF/SCCF Council from requesting that a project be recirculated to Members prior to CEO endorsement, but it will serve to encourage that such a request be made only in exceptional circumstances.

11. Comments by the STAP reviewer are required to be responded to in the project proposal that is submitted to the LDCF/SCCF Council for approval.

12. The proposed decision for the current work program reflects these proposed modifications to the procedures included in Council decisions on the work programs approved under the GEF Trust Fund.

V. PROJECT SUMMARIES FOR SCCF WORK PROGRAM

1. “Guyana: Conservancy Adaptation Project”

SCCF Adaptation Program

Local Executing Agency: Ministry of Agriculture

Total Cost of the Project: \$20 million

SCCF Funding Request: \$3.8 million

Project Summary: The objective of the proposed Conservancy Adaptation Project is to help the Government of Guyana adapt to global climate changes by mitigating the country’s risk to flooding. This goal will be achieved through the support of a long-term intervention and adaptation program designed to increase the drainage capacity of Guyana’s most important water conservancy system - the East Demerara Water Conservancy (EDWC) - and to strengthening the Government’s understanding of the functionality of this system. Changes in the severity of individual rainfall events, variations in annual rainfall levels and sea level rise represent significant threats to the EDWC system, the future agricultural productivity of Guyana, and the overall welfare of its inhabitants. The project will help protect the coastal population currently vulnerable to annual flooding and at risk of losing their homes and means of economic production. Specific project objectives involve conducting a comprehensive analytical assessment to serve as the foundation for the upgrade of the EDWC conservancy system, and strengthening the drainage capacity of the EDWC.

The key component of the project will be the creation of a comprehensive analytical assessment of the EDWC system based upon detailed topographical and hydrological data. This model will provide an assessment that will serve not only as a foundation for improvements to be financed by the Inter-American Development Bank (IADB) and other donors but also as a tool to continuously evaluate the challenges that the EDWC will face from climate variation and change over the longer term. It will be used to design a comprehensive strategy to address the many challenges confronting Guyana’s water conservancy systems. Other outcomes will include the rationalization and improvement of water flow systems, improvement in water removal systems, better hydro-meteorological monitoring, and enhanced emergency access improvements.

2. “Kenya: Adaptation to Climate Change in Arid Lands (KACCAL)”

SCCF Adaptation Program

Local Executing Agency:	Ministry of Agriculture
Total Cost of the Project:	\$51.63 million
SCCF Funding Request:	\$6.5 million (+ PDF-B amount of \$290,000)

Project Summary: The overall objective of the KACCAL is to assist Kenya in adapting to expected changes in climatic conditions that pose a threat to the sustainability of rural livelihoods in its arid and semi-arid lands. The project will focus on a) improving the ability to reduce the near-term vulnerability to current climate variability and trends in conjunction with the Arid Lands Resource Management Program (ALRMP), and on b) strengthening the medium to long-term ability to address climate change impacts related to increased climatic variability and higher temperature, associated with changes of magnitude and frequency of extremes. The project will be implemented jointly by UNDP and the World Bank.

The project will achieve this by strengthening institutional and technical ability to manage current and future climate risks across scales, specifically incorporating climate risk management into local and national strategies and activities that affect livelihood in ASALs, such as supporting innovative initiatives to diversify and improve long-term livelihoods by engaging local communities and the private sector.

At the local level, the project will place an emphasis on strengthening the adaptive capacity to current climate variability and extremes through connecting these efforts with a forward-looking perspective on the superimposed effects of climate change. Efforts include: increasing the accessibility of early warning and seasonal climate forecasts to vulnerable stakeholders in ASALs; training communities to act upon this information through improved land-use and natural resource management and economic development strategies; and building local level capacities to detect and address local climatic and environmental changes.

The project will also strengthen the link between disaster management and climate change to ensure that short-term responses that may be maladaptive in the medium to long-term are avoided. Support will be provided for development of partnerships and information sharing mechanisms that bring together technical, development and policy perspectives relevant to sound decision-making for the longer term.

Long-term sustainability and resilience will require including the private sector to create additional opportunities for those whose livelihoods may no longer be sustainable due to climate change. The project also focuses on opportunities for economic diversification in support of alternative livelihoods.

The four project components focus on building a comprehensive climate risk management approach by connecting activities at the local, sub-national and national level and engaging a broad range of stakeholder groups. Component 1 focuses on improving national coordination of information and action for the management of climatic risk. Component 2 seeks to integrate long-term climate risks into local-district planning and investment and will engage private sector entities for risk reduction. Component 3 supports community-driven initiatives to enhance long-

term livelihood strategies. Component 4 will involve support for program management and detailed impact monitoring, evaluation and regional knowledge sharing.

The monitoring and assessment framework for the project contains an especially innovative feature. As components 2 and 3 of the project will focus on four or five out of Kenya's 28 arid districts involved in the ALRMP, the monitoring framework will adopt an experimental design approach through which the results in these districts will serve as experimental groups for comparison with results in similar districts not targeted in the KACCAL project. These latter districts will serve as control groups. The results will also provide useful lessons for comparison with results of other SCCF-supported projects in Ethiopia, Mozambique and Zimbabwe.