



Global Environment Facility

GEF/LDCF.SCCF.2/3
May 17, 2007

GEF LDCF/SCCF Council Meeting
June 15, 2007

Agenda Item 4

SCCF WORK PROGRAM

SUBMITTED FOR THE LDCF/SCCF COUNCIL APPROVAL

Recommended Council Decision

The LDCF/SCCF Council reviewed the proposed work program to be financed from the SCCF submitted to Council in document GEF/LDCF.SCCF.2/3 and approves the following project proposals, subject to comments made during the Council meeting and additional comments that may be submitted to the Secretariat by June 29, 2007.

[list of approved project proposals]

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.

With respect to the following ___ proposals approved as part of the work program, the Council requests the Secretariat to arrange for Council Members to receive draft final project documents and to transmit to the CEO within four weeks any concerns they may have prior to the CEO endorsing a project document for final approval by the Implementing or Executing Agency. Such projects may be reviewed at a further Council meeting at the request of at least four Council Members.

[list of project proposals for recirculation to Council prior to CEO endorsement]

Executive Summary

1. This is the first work program presented by the CEO for SCCF/LDCF Council review and approval in GEF-4 and the second work program proposed for financing under the SCCF. The first SCCF work program was approved by the SCCF/LDCF Council in December 2006.
2. This work program contains two full-sized project (FSP) proposals for approval under the SCCF Adaptation Program. The SCCF project grant amounts to \$9.90 million. The total SCCF financing requested through this work program is \$10.876 million.¹ Total co-financing amounts to \$27.75 million which, when added to the total SCCF project grant results in a total project value of \$38.59 million – each dollar of SCCF grant is matched by \$2.60 in co-financing.
3. The last SCCF work program approved by SCCF/LDCF Council contained two full-sized projects and listed four medium-sized projects that were previously approved under the SCCF Adaptation Program. When combined with the projects proposed for approval under this work program, the total quantity of resources committed to projects under the SCCF Adaptation Program comes to \$27.93 million.
4. The pipeline for SCCF Adaptation Program (see the paper Status Report of the Climate Change Funds GEF/LDCF.SCCF.2/ Inf. 2) contains an additional four projects which are expected to be submitted to the SCCF/LDCF Council as part of work programs at the next two Council meetings: in November 2007 and May 2008. Together, these projects are expected to request approximately US\$29.5 million of funding from the SCCF Program for Adaptation.
5. Funding for the two project proposals in this work program and the current pipeline would require US\$57.43 million from the Adaptation Program under the SCCF. As total pledges to the Adaptation Program of the SCCF amounts to US\$51.4 million, programming under this program will be unable to fund all the projects currently in the pipeline, and the Secretariat has suspended consideration of any further projects until such time as additional funding is made available. Donors are, therefore, being requested to make further contributions to the Adaptation Program of the SCCF.
6. This work program does not contain any proposals for approval under the SCCF Technology Transfer Program. The evolution of the SCCF Technology Transfer Program is described in some detail in the SCCF programming paper (GEF/LDCF/SCCF.2/Inf. 3).

¹ \$9.90 million in new funding for the two FSP proposals plus \$0.976 million in Agency fees.

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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

BACKGROUND

1. This is the first work program presented by the CEO for SCCF/LDCF Council review and approval in GEF-4 and the second work program proposed for financing under the SCCF. The first SCCF work program was approved by the SCCF/LDCF Council in December 2006.
2. This work program contains two full-sized project (FSP) proposals for approval under the SCCF Adaptation Program. The SCCF project grant amounts to \$9.90 million. The total SCCF financing requested through this work program is \$10.876 million² (see “Work Program Project Summaries” for details on these projects and Annex A for their financial breakdown). Total co-financing amounts to \$27.75 million which, when added to the total SCCF project grants results in a total project value of \$38.59 million – each dollar of SCCF grant is matched by \$2.60 in co-financing.

Table 1. Proposed Grant for June 2007 SCCF Work Program
(in \$ million)

	SCCF Project Grant	Agency Fee	Total SCCF Resource Requested
Regional (Bolivia, Peru, Ecuador): Design and Implementation of Pilot Climate Change Adaptation Measures in the Andean Region	6.90	0.674	7.574
Ecuador: Adaptation to Climate Change through Effective Water Governance	3.00	0.302	3.302
Total	9.90	0.976	10.876

CO-FINANCING

3. Table 2 shows the distribution of co-financing levels in projects proposed in this work program by co-financiers. Governments provide 48 percent of the co-financing, while bilateral donors bring 25 percent. Total co-financing for the two projects amount to \$27.75 million which, when added to the total SCCF project grants brings the total project value to \$38.59 million. The total SCCF project grant also included two project development facility grants in the amount of \$940,000 which were previously approved by the CEO. As shown in the table, each dollar that the SCCF provides is matched by \$2.6 in co-financing. Seventy-two percent of the project cost is financed by co-financing sources.

² \$9.90 million in new funding for the two FSP proposals plus \$0.976 million in Agency fees.

Table 2: Proposed Co-financing in the June 2007 SCCF Work Program
(in \$ million)

Type	Regional (Bolivia, Peru, Ecuador): Design and Implementation of Pilot Climate Change Adaptation Measures in the Andean Region	Ecuador: Adaptation to Climate Change through Effective Water Governance	Total
SCCF Project Grant	6.90	3.00	9.90
PDF/PPG*	0.59	0.35	0.94
Total SCCF Project Grant	7.49	3.35	10.84
Co-financier			
Governments	7.20	6.00	13.20
Regional Agencies	0.25		0.25
Trust Fund	0.90		0.90
Bilateral Donors	6.80		6.80
Private Water Utility	4.70		4.70
Others	1.90		1.90
Total Co-financing	21.75	6.00	27.75
Total Project Cost	29.24	9.35	38.59
SCCF: Co-financing Ratio			2.60
Co-financing percentage			72%

* PDF = Project Development Facility is project preparation funding approved under GEF-3.
PPG = Project Preparation Grant is project preparation funding approved under GEF-4.

AGENCY FEES FOR THE CURRENT WORK PROGRAM

4. Total Agency fee requested in this work program amount to \$0.976 million, based on the latest fee policy approved by the Council in December 2006.

PROJECTS APPROVED UNDER EXPEDITED PROCEDURES (DECEMBER 2006 – MARCH 2007)

5. The CEO has approved a Project Preparation Grant of \$283,000 for one project during this period. See Annex B for details.

6. No projects by an Executing Agency (ExA) under the policy of Expanded Opportunities were approved in this period.

PROJECTS IN THE PROPOSED SCCF WORK PROGRAM

1. **Regional (Bolivia, Peru, Ecuador):** Design and Implementation of Pilot Climate Change Adaptation Measures in the Andean Region (World Bank)(SCCF Grant : \$6.9 m)
2. **Ecuador:** Adaptation to Climate Change through Effective Water Governance (UNDP) (SCCF Grant : \$3.0 m)

SCCF WORK PROGRAM PROJECT SUMMARIES

1. **Regional (Bolivia, Peru, Ecuador):** Design and Implementation of Pilot Climate Change Adaptation Measures in the Andean Region (**World Bank**)

<u>Focal Area/OP/Strategic Priority:</u>	Climate Change/Special Climate Change Fund
<u>Local Executing Agency:</u>	
<u>Total Cost of the Project:</u>	\$29.24 million
<u>GEF Funding Request:</u>	\$6.9 million (+ \$590,000 PDF-Bs previously approved)

Project Rationale and Objective:

While much attention has been paid to climate change in the polar region, those mountains that extend into the troposphere have been warming faster than adjacent lowlands. Thus, heavily populated, high-elevation areas in the tropics, such as the tropical Andes, are now experiencing, and will likely continue to experience, dramatic changes in climate. In particular, global warming has been linked to the accelerated retreat of tropical glaciers in the Andes and to an increase in the weather variability and weather extremes affecting the Andean ecosystems with immense repercussions on ecosystem integrity and the welfare of local populations. Runoff from tropical glaciers plays a critical role in mountain ecosystem integrity and its reduction will have lasting and pervasive implications for water supply in the Andes. Glacier retreat will have severe negative effects on regional water supply, local agriculture, and hydro power supply in these countries.

The development objective of the proposed project is to implement adaptation measures to meet the anticipated consequences of the catastrophic glacier retreat induced by climate change. This will be achieved by: a) supporting the detailed design of selected adaptation measures; b) implementing regional and strategic adaptation pilots to address key impacts from rapid glacier retreat on selected basins; and c) supporting continuing observation and assessment of glacier retreat and the associated impacts on the region (no GEF resources requested for this activity). The measures will be located in vulnerable highland glacial-dependent watersheds, other associated ecosystems, and regions of mutual interest to participating member countries, where the combined impacts of glacier retreat on global commons and on the prospects for local sustainable development are the highest.

2. Ecuador: Adaptation to Climate Change through Effective Water Governance (UNDP)

<u>Focal Area/OP/Strategic Priority:</u>	Climate Change/Special Climate Change Fund
<u>Local Executing Agency:</u>	Ministry of Agriculture
<u>Total Cost of the Project:</u>	\$9.35 million
<u>GEF Funding Request:</u>	\$3.0 million (+ a PDF-B of \$350,000 previously approved)

Project Rationale and Objective:

Because of its geographical location, Ecuador is highly vulnerable to climate change on water resources. Periodic El Niño events have already demonstrated the magnitude of catastrophic effects from climatic perturbations. Due to the cross-cutting nature of water resources, increased mean temperature, recurrent droughts and floods, retreating glaciers, and more intense and infrequent rainfall patterns will have a wide ranging set of impacts on water supply. These heightened vulnerabilities to climate hazards will compound current water governance problems in Ecuador.

The project goal is to “mainstream climate change risks into water management practices in Ecuador.” As a contribution to this goal, the project objective is “to increase adaptive capacities to address climate change risks in water resource management at the national and local level.” Towards this end, three outcomes will be realized including: 1. the integration of climate change risks into key national and local water development and management plans; 2. implementation of adaptation measures; and 3. information management and knowledge brokering.

The project focuses on interventions (“system boundary”) at the national and local level. At the national level, the project will improve water governance by incorporating climate risks consideration into water management and decision making processes. At the local level, interventions will be in specific provinces that have been identified based on climate change vulnerability assessments and stakeholder consultations completed during the preparatory phase. The participation of provincial authorities and local communities is an integral component of this project and will ensure the sustainability of the interventions beyond the lifetime of this project.

PROJECT PROPOSALS SUBMITTED FOR COUNCIL APPROVAL
Under the Special Climate Change Fund (SCCF)
June 2007

All amounts shown in US\$ million.

#	GEF ID	IA ID	OP Country	IA	Project Title	PDF B + GEF Project		Total GEF Allocation*	Cofin.	Total Project Cost **
						PDF A	PDF C			
Climate Change										
1	2902	98248	SCCF Regional (Bolivia, Peru, Ecuador)	World Bank	Design and Implementation of Pilot Climate Change Adaptation Measures in the Andean Region	0.590	6.900	7.490	21.750	29.240
2	2931	3520	SCCF Ecuador	UNDP	Adaptation to Climate Change through Effective Water Governance	0.350	3.000	3.350	6.000	9.350
Sub total for Climate Change						0.940	9.900	10.840	27.750	38.590
Total for New Submissions						0.940	9.900	10.840	27.750	38.590
Grand Total						0.940	9.900	10.840	27.750	38.590

* "Total GEF Allocation" is the GEF Project Amount plus previously approved grants for project preparation (PDF A, B & C).

** "Total Cost" includes GEF Allocation and all project cofinancing

^: M - Denotes multi focal area project.

PROJECT PREPARATION GRANT (PPG)
Under the Special Climate Change Fund (SCCF)
 (for the reporting period December, 2006 to March, 2007)

#	GEF ID	IA ID	OP	Country	IA/ExA	Project Title	GEF Allocation (US\$ million)	Cofin Amount (US\$ million)	Total PDF Cost (US\$ M)	Approval Date
<u>Climate Change</u>										
1	3243	101076	SCCF	Philippines	World Bank	Climate Change Adaptation Project	0.283	0.130	0.413	02/27/07
Sub total for Climate Change							0.283	0.130	0.413	
<u>Grand Total</u>							0.283	0.130	0.413	