



GEF/LDCF.SCCF.9/Inf.6
October 20, 2010

LDCF/SCCF Council Meeting
November 18, 2010

**REPORT ON ACTIONS UNDERTAKEN IN RESPONSE AND
FOLLOW UP TO JOINT EXTERNAL EVALUATION: 'OPERATION
OF THE LEAST DEVELOPED COUNTRIES FUND (LDCF) FOR
ADAPTATION TO CLIMATE CHANGE'**

I. INTRODUCTION

1. This paper follows up on the independent evaluation carried out by the Danish International Development Agency (DANIDA) and the GEF Evaluation Office “Evaluation of the Least Developed Countries Fund (LDCF) for Adaptation to Climate Change” published in September 2009. The evaluation provides an analysis and documentation of the results and lessons learned from the operations of the LDCF in financing and promoting climate change adaptation in the least developed countries. The evaluation was first presented to the LDCF/SCCF Council at its seventh session November 2009 in document GEF/LDCF.SCCF.7/5 and GEF/LDCF.SCCF.7/inf.4 and an initial management response was provided in GEF/LDCF.SCCF.7/inf.5.

2. This paper reports on the specific actions undertaken in response to the conclusions and recommendations presented in the evaluation report. The GEF secretariat has worked actively over the last 12 months to take advantage of the recommendations provided by the evaluation report and to address all of the concerns raised in the report. This effort has been recognized by DANIDA in a follow up memo released in May 2010: ‘Review of the follow up on the LDCF evaluation and information update on the LDCF and SCCF’ (please refer to GEF.LDCF.SCCF.9/inf.8).

II. OVERVIEWS OF GEF RESPONSES AND FOLLOW UP ON CONCLUSIONS AND KEY RECOMMENDATIONS

3. The DANIDA funded Joint External Evaluation: “Evaluation of the Least Developed Countries Fund (LDCF) for Adaptation to Climate Change” provides an analysis and documentation of the results and lessons learned from the operations of the LDCF in financing and promoting climate change adaptation in the least developed countries. The evaluation included observations about the achievements and management of the LDCF since its creation in 2001, and provided a number of key recommendations to the GEF secretariat for future operation of the Fund (recommendation 20-31 of the executive summary), as well as a number of observations. This paper details these recommendations and observations, and provides a report on the actions undertaken since the evaluation was issued.

A. Key Recommendations:

4. Since the completion of the evaluation report, the GEF Secretariat has introduced a number of reforms and has in other ways responded to the recommendations provided by the evaluation. The below sections provide a summary of GEF Secretariat responses and follow up to each of the key recommendations.

5. Recommendation 20: *Establish a help desk or hotline with direct access for countries, GEF Agencies and consultants working on project preparation.*

GEF Secretariat response and follow up action

6. As a GEF policy, the GEF Secretariat responds to every single request or question received from individuals, country representatives, NGOs and GEF agencies within a period of ten working days. This rule also applies to the LDCF and has been strengthened and expanded by special initiatives especially dedicated to the LDCs. LDC representatives can, and have been, accessing the LDCF staff at the GEF, as direct telephone numbers and email addresses of the adaptation cluster team members are readily available at the GEF website as well as in the GEF publications, fact sheets and handouts, and are routinely distributed at UNFCCC meetings.

7. The GEF partnership model implies that most of the practical and technical questions related to country level on-the-ground activities are handled by the GEF implementing agencies. The Secretariat, however, is fully available to discuss and clarify eligibility rules and other overarching technical and policy related questions both with countries and GEF agency staff as needed. Also, the GEF Secretariat continuously interacts with implementing agencies both on day to day questions related to individual projects and more long term strategic issues.

8. A new database system was developed to ensure full disclosure of information related to the LDCF project cycle. LDCF focal points have access to the database and can access the most up-to-date information on the status of project of their interest.

Finally, the LDCF website has been carefully redesigned in order to be more transparent and user-friendly (<http://www.thegef.com/gef/lDCF>)

9. Recommendation 21: *Systematic and inclusive learning and reflection processes should be initiated as part of NAPA priority activity implementation so that LDCs and other stakeholders can draw lessons and identify ways of improving adaptation delivery. This will require: (a) adequate financial and technical resourcing of monitoring and evaluation for NAPA implementation, (b) that sufficient NAPA priority activities across different LDCs are synchronized to allow concurrent and therefore more easily comparable initiatives.*

GEF Secretariat response and follow up action:

10. All LDCF projects have a monitoring and evaluation framework, as well as a Result-Based Management Framework and a Tracking Tool to measure progress towards resiliency. In addition, all LDCF projects can benefit from a learning module – usually linked to international adaptation knowledge mechanisms, including the “Adaptation Learning Mechanism¹” However,

¹ The Adaptation Learning Mechanism (ALM) is a GEF-supported Interagency Global Knowledge Platform on Climate Change Adaptation, and is the first global system for adaptation management. (more details can be found at the ALM’s website: www.adaptationlearning.net.)

it is worth noting that projects are only in the early stages of implementation, and therefore the learning process is still in its infancy.

11. Recommendation 22: *Significant multiplier effects would be possible by investing in programmatic implementation and careful scrutiny of the socio-economic costs and benefits of climate change adaptation in terms of learning outcomes and knowledge generation.*

GEF Secretariat response and follow up action:

12. The LDCF follows all GEF operational rules, unless the LDCF/SCCF Council decides otherwise, in response to UNFCCC COP guidance. The recently approved new GEF project cycle includes the option to submit projects under a Programmatic Approach. The Programmatic Approach is a vehicle that would enable thematic, cross-cutting, and cross-boundary approach to adaptation under the LDCF as well. It is worth noting, however, that a programmatic approach can be effective only with adequate resources.

13. Recommendation 23: *Implementation of NAPAs could be treated as piloting ways of (a) mainstreaming by both getting climate change adaptation priorities into sectoral planning through the generation of high level then more local scale policy developments, (b) the elaboration of policy instruments for adaptation and development objectives including in the areas of, for example, food security, water resources management, public health and disaster risk reduction and (c) to assess what approaches to project interventions, integration into development, capacity development and policy reform work best for adaptation outcomes.*

GEF Secretariat response and follow up action:

14. All of LDCF NAPA implementation projects include specific components that integrate (or mainstream) adaptation into national and local policies, plans and actions. Projects often include a combination of implementation of concrete adaptation actions, policy reforms that promote resiliency and avoid maladaptation, and capacity building. This can include technical support for the revision of sector-specific plans and budgets as well as more overarching development strategies and frameworks. With respect to assessing what works best, please refer to the Adaptation Learning Mechanism mentioned under point 21.

15. Recommendation 24: *It is essential to identify and to understand how LDCF supported adaptation actions can best address gender equality issues and women as agents of adaptation.*

GEF Secretariat response and follow up action:

16. Both the new PIF/CEO endorsement templates as well as the review criteria introduced for GEF-5 LDCF and SCCF now include a strong emphasis on gender equity issues. In the PIF template it is now mandatory to respond to question B.3. which reads: ‘Describe the socioeconomic benefits to be delivered by the project at the national and local levels, including

consideration of gender dimensions, and how these will support the achievement of Global Environment Benefits (GEF Trust Fund) or Adaptation benefits (LDCF/SCCF)’. The corresponding review question is: ‘Is the role of civil society, including indigenous people and gender issues being taken into consideration and addressed appropriately?’

17. Gender will achieve greater visibility in the NAPA implementation process following the latest RBM policy for adaptation. The project results frameworks for the LDCF and SCCF will include indicators that are disaggregated by gender as appropriate, in particular those related to outputs and outcomes associated with adaptation assets created in support of individual or community livelihood strategies. Gender will be integrated as appropriate in all results frameworks and in updated operational guidance.

18. *Recommendation 25: Resources should be invested in developing an understanding across different LDCs of the true escalating costs of climate change leading to adaptation needs. As part of this, finance and planning specialists from government and non-government agencies across LDCs should be convened into a community of practice on assessing costs and benefits of climate change adaptation using NAPA priority activities as case studies.*

GEF Secretariat response and follow up action:

19. The economic needs to address adaptation in highly vulnerable countries have been assessed by several organizations. As a main source, the GEF Secretariat relies on the assessment carried out by the UNFCCC Secretariat, which estimates that the costs of NAPA implementation for the most urgent and immediate needs total \$2 billion. Other assessments, including studies from Oxfam, “Economics of Adaptation to Climate Change,” coordinated by the World Bank, the SCCF supported ‘Economic Analysis of Adaptation Options in support of decision making’ prepared by McKinsey and Co. etc., have been taken into account in the LDCF strategy for an adequate replenishment. So far, neither the UNFCCC COP nor the LDCF/SCCF Council has requested an economic assessment, and therefore LDCF resources have been utilized only to prepare and implement the NAPAs.

20. *Recommendation 26: Issue guidelines and/or good practices on how to establish ‘additional costs’ in adaptation projects, how to interpret the equitable access protocol and how to deal with co-financing requirements. Guidance should be developed and disseminated on good practices in NAPA priority activity implementation*

GEF Secretariat response and follow up action:

21. The GEF Secretariat has been working (and continues to work) in a number contexts to clarify key technical concepts and operational procedures of the LDCF. This has resulted, e.g., in the preparation of an LDCF Step-by-Step Guide in collaboration with the GEF agencies, the UNFCCC Secretariat and other partners (can be accessed at: http://unfccc.int/resource/docs/publications/ldc_napa2009.pdf), and a user-friendly document that illustrates how to access financing under the LDCF which will be widely circulated pending its approval by the

LDCF/SCCF Council in November (GEF/LDCF.SCCF.9/5). Furthermore guidance and clarification of concepts and procedures for the LDCF is available at the updated GEF website. Moreover, the GEF Secretariat is continuously communicating LDCF concepts and procedures during meetings and presentations with stakeholders around the world, e.g. in the LEG/UNFCCC organized NAPA implementation workshops in Dar Es Salaam, Tanzania (October 2009), Bamako, Mali (February 2010), Vientiane, Lao PDR (May 2010), and Sao Tome, Sao Tome and Principe (September 2010).

22. Recommendation 27: *A knowledge base should be developed on climate change adaptation experiences at local through to national levels across LDCs where different types of governance systems prevail.*

GEF Secretariat response and follow up action:

23. Refer to recommendation 21 above.

24. Recommendation 28: *The technical advice available to the LDCF administration should be strengthened both through a permanent advisory body and ad hoc groups for addressing specific thematic issues.*

GEF Secretariat response and follow up action:

25. As previously mentioned, the LDCF follows GEF policy and operational rules unless the LDCF/SCCF Council says otherwise in response to UNFCCC COP guidance. For this reason the fund is operated within the structure of the GEF network, which includes the GEF Secretariat, the office of the Trustee, ten agencies, the STAP and the LDCF/SCCF Council. Within the GEF network, the most active stakeholder is the Adaptation Task Force, which includes adaptation experts from the GEF Secretariat, GEF agencies, Evaluation Office and STAP. LDCF staff at the GEF works particularly closely to the LDC group of UNFCCC focal points, who are consulted on a regular basis on the development of LDC policies and operational rules. Another important stakeholder is the civil society, as NGO and CBO groups are also consulted on LDCF matters. The establishment of a permanent advisory body will be considered, should the COP and the LDCF/SCCF Council ask for its establishment.

26. Recommendation 29: *In order for the LDCF to play a complementary role to the emerging other climate change financing mechanisms greater responsiveness and flexibility of procedures will have to be introduced to ensure lack of duplication and complementarity.*

GEF Secretariat response and follow up action

27. The GEF adaptation staff has been analyzing, in cooperation with the colleagues from the World Bank, UNDP, and other UN and regional development institutions that comprise the

Adaptation Task Force, the comparative advantage of existing adaptation-related funds, in a collective effort to identify each fund's niche. Initial results show that: the PPCR is the mechanism for scaling up adaptation investments in a limited number of targeted countries; the AF is the strongest mechanism to test direct access; the LDCF remains the main mechanism to finance the implementation of projects that address urgent and immediate adaptation needs of the LDCs as identified by their NAPAs; and the SCCF is the fund available to assist all vulnerable countries, whether or not they are covered by the PPCR. All agency-implemented funds finance adaptation actions that are integrated into development plans, programs and projects (and not stand-alone activities). As the LDCF has a specific niche in this financing landscape, financing priorities under the LDCF will continue to be consistent with the UNFCCC COP guidance – i.e. to finance the preparation and implementation of National Adaptation Programmes of Action to address the urgent and immediate adaptation needs of the LDCs.

28. Recommendation 30: *All the NAPA priority projects should: use evidence-based inquiry into the ways climate change effects are differentiated between genders, introduce measures that identify women's vulnerability to climate change, and listen to the voices of climate vulnerable women.*

GEF Secretariat response and follow up action

29. Refer to recommendation 24 above, as well as the LDCF Results-Based Management framework and the Adaptation Tracking Tool (all disaggregated by gender)

30. Recommendation 31²: *In order to reduce process time for the NAPA follow-up project preparation stage, it is advised to limit the documentation needs at the early phase of the cycle. This implies a risk, but this risk must be handled and mitigated later in the project cycle. This should be addressed promptly through consultation with representatives from recipient countries and stakeholders and agencies involved. Through discussion of experiences, pragmatic ways need to be identified to:*

- a) *Shorten the project cycle by, for example, combining the Project Identification Format and Project Preparation Grant stages within a project inception stage. This is standard practice in development assistance funding. It will require further detailed guidance to countries in order to avoid uncertainties on the feasibility of the project and the project criteria.*
- b) *Create stricter deadlines for the GEF Agencies on submission of project documents for CEO endorsement, e.g. at 12 months deadline for submission followed by a sunset clause.*

² Please note that representatives of the LDC group defined this recommendation “obsolete” in recognition of the progress in streamlining the LDCF and GEF project cycle in November 2009 during a presentation at the UNFCCC talks in Barcelona. The presentation and the LDC reactions were filmed and are available on a DVD.

- c) *Create transparent and clear criteria for reviewing PIFs, PPGs and other project documents including putting review sheets, or some version thereof, into the public domain, so that these are used only for issues that are crucial for the early preparatory phase – those issues relevant for the elaboration of a full project document should be dealt with at that later stage.*
- d) *Introduce a common tracking procedure across the LDCF and the agencies, so that the status of a given project may be found irrespective of where it is in the cycle and with which agency it is in the process.*

GEF Secretariat response and follow up action

31. a) PIF and PPG can be, and are generally, submitted, reviewed and approved at the same time. Furthermore, GEF-5 introduces a number of project cycle reforms, which by default extend to the LDCF and SCCF, and shorten several aspects of the project cycle. Of particular relevance to the acceleration of the project cycle are the following reforms: (1) Medium-sized Projects (up to \$2 million under the LDCF– MSPs) are no longer required to go through a two step approval process, but can be submitted directly for CEO approval; (2) Full-sized Projects (above \$2 million – FSPs) no longer require circulation of the final project document for Council review prior to CEO endorsement (this effectively shortens the time needed for final approval of funding requests by 4 weeks); and, (3) the maximum time allowed for development of FSPs from PIF to CEO endorsement has been reduced from 22 to 18 months. Experience shows that the LDCs themselves often need that time to develop their LDCF projects and if a shorter time framework is imposed, the LDCs ask for a deadline extension. Further details on project cycle reforms can be found in GEF/C.39/Inf.3.
- b) This has already been implemented. MSPs (up to \$2M) have 12 months to submit project documents. Also, as mentioned above, the maximum preparation time for FSPs has been reduced from 22 to 18 months. Under exceptional circumstances, extensions for deadlines can be requested and granted to countries. However, the GEF Project Management Information System automatically generates reminder letters to agencies 3 months prior to, at, and 1 month past due date for submissions of project documents. These letters clearly state that one of the possible outcomes is the cancellation of the project.
- c) The criteria for projects in the different stages of the project cycle are publicly available at the GEF website at <http://www.thegef.org/gef/LDCF>. Furthermore, relating to the notion that PIFs and PPGs requires too detailed or too technical comments, it should be noted that PIF and PPG review sheets are technical tools to be sent to technical agencies' staff who are fully capable to handle them, as the operational guidelines have been developed in cooperation with them. They are not written for the public, and must ensure that established criteria are followed. The PPG requests require the submission of indicative costs, and this information is very useful as it often flags issues with a particular PPG (for example, high travel and workshop budgets, high international consultant costs, etc.) The large number of PPGs approved shows that LDCs rarely experience any issues in accessing PPG financing.

- d) The status of a given project can be accessed, irrespective of where it is in the cycle and with which agency through the publicly accessible GEF Project Database:
<http://www.gefonline.org/>

B. General Observations

32. In addition to the recommendations discussed in the previous section, the evaluation also included a number of general observations on the progress and mandate of the LDCF. This section provides a brief response to each of these observations and updates on progress made since the completion of the evaluation:

33. *Observation 1: ‘The LDCF has slow procedures and lacks expedited access and ‘operational flexibility’. Continued COP and LDC requests for the adoption of “simplified procedures and expedited access” has proved problematic and current efforts by the GEF and its Agencies to expedite access and streamline procedures have come late in the process and caused confusion.’*

GEF Secretariat response and follow up action

34. The expedited access to financing has increased, as:
- a) evidenced by the fact that 13 projects (totaling \$47.5 million in LDCF grants) have completed project preparation and had their proposals CEO Endorsed since June 2009 (where the data collection for the evaluation was completed), of which are thirteen new countries (Benin, Comoros, Congo DR, Djibouti, Guinea, Liberia, Malawi, Maldives, Mali, Rwanda, Sudan, Tuvalu, and Zambia) to have completed the project preparation phase, submitted finalized project documents and received CEO endorsement or approval, and ready to access the LDCF funding.
 - b) reflected in the “Conclusion of the Chair” under the SBI at COP15, where the SBI expressed its appreciation to the GEF and its agencies for the steps taken to improve the processing of applications for funding of the implementation of NAPA projects under the Least Developed Countries Fund (LDCF) and for the constructive dialogue among the LDC Parties, the LEG and the GEF and its agencies on the provision of enhanced support for the preparation and implementation of NAPAs, there has been significant progress. Similar sentiments have been expressed at other forums, most recently at the 17th LEG Meeting.

35. Observation 2: *'LDCF should open a civil society-only funding window to support the delivery of climate change adaptation according to NAPA priorities by NGOs, CBOs and local organizations. This opportunity should be taken to test innovative funding schemes, e.g. 'pull' mechanisms and output based models. Greater coherence in terms of funding and lesson learning should be introduced between the GEF supported Small Grants Programme and the LDCF.'*

GEF Secretariat response and follow up action

36. The LDCF follows COP guidance. There is no COP decision so far, requesting civil society only funding window. As the Secretariat of the LDCF, the GEF cannot open funding windows with this fund in the absence of the COP and / or LDCF/SCCF Council decisions. At the moment, NGOs, CBOs, and local organizations can access funding, through the implementing agency and with GEF Focal Point endorsement being a prerequisite, as is the case for any LDCF project where a government agency is the primary project proponent. This modality applies to all GEF projects, including those under the LDCF and SCCF. In addition, the GEF implementing agencies have to follow the GEF Public Involvement Policy (please refer to http://thegef.org/gef/public_involvement) as well as their own policies that require mandatory consultations and other involvement of community, local groups, and NGOs.

37. The direct access and expedited access are in practice very different concepts. As the LDCF and its rules were established by the UNFCCC-COP, setting up direct access for the LDCF would need to be requested by the COP. The LDCF is currently working on expediting access by improving the existing model, through working with the agencies to streamline the processes.

38. Observation 3: *'The niche of the LDCF, given the likely scale of its funding and the emergence of new channels for adaptation funding, should be better defined'*

GEF Secretariat response and follow up action:

39. Since the recommendations were issued, the role of LDCF in the financing mechanism for climate change has been further reaffirmed as central in the financial architecture post-2012, as designated in COP15.

The LDCF has a unique role among other financial mechanisms:

- a) LDCF is uniquely dedicated to LDCs, whereas the Adaptation Fund and the SCCF (Adaptation window) are for all the developing countries, including the rapidly industrializing economies and the middle income countries.
- b) LDCF applies the principle of "balanced access" ensuring that funding is made available to the LDCs with the weakest capacity, as opposed to funding on a "first-come, first-served" basis.

- c) Unlike the World Bank's Pilot Programme for Climate Resilience (PPCR), the LDCF is serving all LDCs, and not just a limited subset.
- d) Unlike the other mechanisms, LDCF (and SCCF) was created under the COP, and its legitimacy under the Climate Change Convention ensures broad-based support for its mandate.

With respect to the comparative advantage among different funds, please refer to section under "Recommendation 29" earlier in this paper.

Conclusion

40. The GEF Secretariat welcomed DANIDA's 'Evaluation of the Least Developed Countries Fund (LDCF) for adaptation to climate change' and has worked actively to take advantage of the recommendations and to address any concerns raised. This effort has already been recognized by DANIDA, among others, in a follow up memo released in May 2010: 'Review of the follow up on the LDCF evaluation and information update on the LDCF and SCCF' (GEF.LDCF.SCCF.9/inf.7). In addition, the recent GEF-5 reforms, insofar they apply to the LDCF, further bolster these efforts.

41. Some of the efforts continue to be constrained by the current state of the LDCF funding. For example, Recommendation 22 calls for the strengthening of the programmatic approach in the LDCF. While administratively, the LDCF is capable of carrying out programmatic approaches, including those that are multi-sectoral in nature, in practice the funding constraints severely limit its ability to make the investments of that scale beyond a small number of pilots.

42. It is understood that, given its role as one of the very first multilateral mechanisms to fund adaptation actions, optimizing the performance of the LDCF will always be evolving, and the GEF Secretariat will continue to engage new ideas on how procedures and day to day management of the Fund can be improved – to the benefit of LDCs and LDCF donors alike. It is expected that the lessons that emerge from this and other similar exercises will also be of great benefit to other climate change funds that are currently beginning their operations.