

GEF PROGRAMMING STRATEGY ON ADAPTATION TO CLIMATE CHANGE FOR THE LEAST DEVELOPED COUNTRIES FUND AND SPECIAL CLIMATE CHANGE FUND AND OPERATIONAL IMPROVEMENTS: JULY 2022 TO JUNE 2026
SECOND MEETING February 16, 2022
CHAIR'S SUMMARY

The second meeting on the *GEF Programming Strategy on Adaptation to Climate Change for the Least Developed Countries Fund and Special Climate Change Fund and Operational Improvements: July 2022-June 2026* was held virtually on February 16, 2022. The meeting was chaired by Mr. Gustavo Fonseca, the Director of Programs of the Global Environment Facility.

Donors were joined by non-donor recipient participants representing the Least Developed Countries (LDC) Group; five representatives from non-donor recipient countries representing Africa, Asia, Eastern Europe/Central Asia, Latin America, and the SIDS; as well as observers from GEF Agencies, the GEF CSO network, a representative from the Green Climate Fund (GCF), and a representative from the Adaptation Fund.

Mr. Fonseca opened the meeting by welcoming participants and thanking them for their participation. Mr. Fonseca explained that the ensuing discussion, based on the revised document, would reflect the GEF Secretariat's best efforts to address the comments and suggestions received since the start of the strategy development and related consultative process. The Secretariat also took into account the outcomes of 26th session of the Conference of the Parties (COP26) of the UN Framework Convention on Climate Change (UNFCCC) in Glasgow, while making progress toward finalizing key elements of the strategy; including programming themes, the preferred modality for resource mobilization, and a way forward for the SCCF. Mr. Fonseca reminded participants that the Glasgow Pact calls for a doubling of climate adaptation finance in the next three years and highlights the urgency for climate change adaptation in developing countries, and that the Intergovernmental Panel on Climate Change (IPCC's) latest assessment presents a clearer and more urgent case for climate change than ever before. Mr. Fonseca ended his remarks by summarizing the highly successful event for the LDCF and SCCF at COP26, which secured record-breaking cumulative pledges of \$413 million for the LDCF, but reminded participants that the SCCF had only one donor in GEF-7 and did not receive any pledges.

Mr. Daniele Violetti, Senior Director of Program Coordination at the UNFCCC Secretariat, also provided opening remarks. He highlighted the increasing need for adaptation finance and technical support and that the clear takeaway from COP26 is that there is no time to waste. He emphasized the importance of predictable, adequate, and accessible financing. Within this context, he reminded participants that funding for adaptation continues to be significantly unbalanced in favor of mitigation, and that, more than ever, developing countries need access to finance, data, and capacity building to support adaptation planning in their countries.

Madeleine Diouf, Chair of the LDC Group, provided remarks reiterating the importance of the LDCF to the group of countries it serves, and applauded the innovativeness of the approaches

outlined in the new strategy. She also emphasized the importance of local communities, as well as a whole of society approach to ensure successful adaptation action. She continued by emphasizing the need to reflect actual needs and priorities of the LDCs and their vulnerable communities in the strategy. Lastly, she welcomed the proposed financial scenarios for LDCF, and called on the international community to support the new proposed focus area for SCCF, while highlighting the value of both funds.

Mr. Fonseca closed the opening portion of the event by stating that the pledges secured for the LDCF from donors in Glasgow indicates that the aspirations and goals articulated in the financing scenarios presented are not out of reach. He thanked both speakers for recognizing the importance of the Funds.

Program Evaluation of the SCCF

The GEF Independent Evaluation Office (IEO) presented the findings of the program evaluation of the SCCF and highlighted the overall relevance of the fund to countries' adaptation priorities and needs. The presentation underscored effectiveness and efficiency of the fund, but noted the adverse effects of a chronic lack of funding, and that most donors are not aware of the unique potential and role of the SCCF within the climate finance architecture. The evaluation found that the SCCF could act as an incubator, de-risking new technologies and piloting innovative modes of adaptation. Other findings of program evaluation highlighted: (i) the overall relevance of the fund to country priorities and meeting countries' adaptation needs; (ii) a strong coherence with GEF Trust Fund initiatives as well as GCF; (iii) effectiveness particularly in terms of introduction/development of technology and private sector engagement; (iv) higher sustainable outcomes compared to the GEF Trust Fund.

The presentation reiterated that the fund is seriously undermined by limited and unpredictable funding and has experienced a virtual absence of new pledges since 2014. The presentation closed with the IEO's recommendation to develop a proactive action plan to revitalize the fund, together with the key and emerging donors and stakeholders.

Participants shared their views that SCCF is an important fund with a unique role to play, and agreed that resource availability and predictability have been major hurdles to actualization. Participants supported the IEO's recommendation to have a proactive plan to revitalize the funds to avoid continued missed opportunities to scale up the good results achieved under the SCCF.

Programming Priorities

The GEF Secretariat presented the strategic positioning of the two funds, thematic and priority areas, and options for resource mobilization. Participants welcomed the presentation, and voiced their general enthusiasm and support for the Programming Strategy.

With regards to LDCF, there was broad support for the four proposed priority themes and areas. The participants commended the GEF Secretariat for presenting a comprehensive set of measures to address key vulnerability and adaptation needs of the LDCs. Some participants

emphasized Nature-based Solutions as an important cross-cutting theme which bolsters the other priority themes, particularly for initiatives with the GEF Trust Fund and other funds. Similarly, participants also welcomed the whole-of-the society approach, with several voicing the importance of locally led adaptation and the role of CSOs in enhancing ownership for sustainable adaptation outcomes.

A broad consensus was reached regarding changing the LDCF financing modality to a multi-year contribution model, allowing for sufficient flexibility for intermittent and additional contributions. Some donors also requested additional information on how this option would be operationalized. Transitioning to this model would be a critical signal to countries and provide an increased level of predictability, which would enable more ambitious programming and greater coherence and complementarity with other funds. The next steps would include further clarifications on how this model will be operationalized, and continued discussion with and amongst donors regarding resource mobilization over the next four years to agree on the recommended financial scenario.

Regarding the SCCF, participants acknowledged the unique position of the fund and its potential role in the evolving climate finance landscape. The particular set of needs of SIDS was highlighted by numerous participants, as well as the pressing need for financing, in the context of the ambitious new strategy. Various participants appreciated the SIDS portfolio and performance analysis carried out by the Secretariat. A consensus was reached on optimizing the SCCF, with broad support for the priority themes, levers, and intervention scales, namely with a focus on SIDS for the SCCF window A and technology transfer for the SCCF window B with increased private sector engagement and innovative approaches. Some donors requested further data on SIDS so as to make the case of how critical the SCCF could be for these countries. The GEF Secretariat agreed to continue to provide more data and inputs in the Programming Strategy to support the business case and value addition of a potential special window adapted specifically for SIDS, so as to ensure the SCCF can adequately and effectively respond to and address the needs of this particularly vulnerable set of countries at the onset of the GEF-8 period.

Some participants questioned whether guidance would be needed from the COP in order to effectively refocus the SCCF window A on SIDS.

Operational Improvements for LDCF and SCCF

Participants welcomed the presentation on the operational improvements for the two funds. There was positive feedback on the direction of the operational improvements presented, which builds on the successful “operational turn around” of the two funds in the GEF-7 period. Various participants also expressed support for the proposed Dedicated Programs on communications, visibility, and outreach and capacity building for both funds. Enhanced partnerships and collaboration with other climate funds, particularly the GCF, was also applauded.

Some donors mentioned the importance of tracking co-benefits, particularly through the Rio Markers, in the GEF-8 period. The GEF Secretariat agreed to look further into the possibility of tracking co-benefits in the GEF-8 period, while reminding participants that adaptation projects funded through the two funds address context specific and highly localized priorities. Some donors reiterated concerns regarding reducing the concentration of projects with certain agencies, and stressed that engaging with a wide range of partners and agencies is beneficial and should be a goal for GEF-8.

Next steps

The following was proposed for next steps:

- i. The GEF Secretariat will circulate the Chair's Summary of the meeting by March 2, 2022, and participants will have two weeks to comment, for submission by March 16, 2022.
- ii. Written comments will also be accepted on the current version of the Programming Strategy until March 16, 2022.
- iii. The GEF will continue dialogue with donors to finalize proposed financial scenarios.
- iv. The GEF will look into providing more data on the business case for a SIDS window under the SCCF.
- v. The third meeting will take place either fully virtually or in person, back-to-back with the final GEF replenishment meeting, subject to confirmation and finalization of the meeting dates.