

Third LDCF/SCCF Strategy Meeting  
April 26, 2022  
Virtual

**GEF PROGRAMMING STRATEGY ON ADAPTATION TO CLIMATE CHANGE  
FOR THE  
LEAST DEVELOPED COUNTRIES FUND AND THE SPECIAL CLIMATE CHANGE FUND  
FOR THE  
GEF-8 PERIOD OF JULY 1, 2022, TO JUNE 30, 2026  
AND  
OPERATIONAL IMPROVEMENTS**

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# Programming Strategy

## INTRODUCTION

1. This document presents the programming directions and strategy on adaptation to climate change that forms the basis for supporting activities under the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF) for the GEF-8 period of July 1, 2022 to June 30, 2026.<sup>1</sup> Options for operational improvements to implement the strategy are also presented in this document.

## GLOBAL CONTEXT

2. This strategy is presented at a time when the world is recovering from the impacts of the COVID-19 pandemic, amid continued global environmental threats including climate change. These stressors exert direct and indirect impacts and exacerbate existing vulnerabilities. Yet, it is also a time of enhanced collective global action, through partnership as well as ambitious multilateral goals.

3. The Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report states that “human-induced climate change is already affecting many weather and climate extremes in every region across the globe. Evidence of observed changes in extremes such as heatwaves, heavy precipitation, droughts, and tropical cyclones, and, in particular, their attribution to human influence, has strengthened” since the Fifth Assessment Report.<sup>2</sup> Table 1 shows some of the observed and projected climate impacts for Africa, Asia and the Small Islands, which together host many of the world’s most vulnerable countries. There is also evidence that climate change has reduced food and water security.<sup>3</sup> The Global Risk Report 2022 has ranked “climate action failure” as the number one risk with the potential to inflict the most damage globally over the next decade, followed by extreme weather and biodiversity loss.<sup>4</sup>

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<sup>1</sup> For brevity and ease of reading, the duration covered by this strategy is often referred to as “GEF-8”. This term is only used in this document to refer to the applicable period of the ‘GEF Programming Strategy on Adaptation to Climate Change for the LDCF and the SCCF and Operational Improvements July 2022 to June 2026’. The use of the term “GEF-8” in this document is not in any way intended to refer to the replenishment process or the strategy of the GEF Trust Fund for 2022-2026.

<sup>2</sup> IPCC, 2021, [Summary for Policymakers](#). In: Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Masson-Delmotte, V., P. Zhai, A. Pirani, S.L. Connors, C. Péan, S. Berger, N. Caud, Y. Chen, L. Goldfarb, M.I. Gomis, M. Huang, K. Leitzell, E. Lonnoy, J.B.R. Matthews, T.K. Maycock, T. Waterfield, O. Yelekçi, R. Yu, and B. Zhou (eds.)]. Cambridge University Press. In Press.

<sup>3</sup> IPCC, 2022, [Summary for Policymakers](#). In: Climate Change 2022: Impacts, Adaptation, and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [H.-O. Pörtner, D.C. Roberts, M. Tignor, E.S. Poloczanska, K. Mintenbeck, A. Alegría, M. Craig, S. Langsdorf, S. Lösschke, V. Möller, A. Okem, B. Rama (eds.)]. Cambridge University Press. In Press.

<sup>4</sup> World Economic Forum, 2022, [The Global Risks Report, 17<sup>th</sup> Edition](#).

4. Coastal ecosystems are affected by ocean warming, including intensified marine heatwaves, acidification, loss of oxygen, salinity intrusion and sea level rise, in combination with adverse effects from human activities on ocean and land.<sup>5</sup> The IPCC Sixth Assessment Report states that unavoidable sea level rise will bring cascading and compounding impacts resulting in losses of coastal ecosystems and ecosystem services, groundwater salinization, flooding and damages to coastal infrastructure that cascade into risks to livelihoods, settlements, health, well-being, food and water security, and cultural values in the near to long term.<sup>6</sup>

5. For the least developed countries (LDCs) and small island developing States (SIDS), these impacts translate into myriad hazards affecting life, livelihoods, food security, and health. Their people and ecosystems are at higher risk: they are most susceptible to climate and non-climate shocks and are largely dependent on natural resources to sustain their economy, jobs, basic services, and food security, for instance through agriculture, commodity production, extractive industries, and tourism. The COVID-19 pandemic has exacerbated these stresses.<sup>7</sup> LDCs are reported to have recorded their worst growth performance in about three decades in the year 2020.<sup>8</sup> Similarly, in a number of SIDS, the COVID-19 crisis is generating liquidity impasses to their already existing debt distress.<sup>9</sup> Extreme pressure faced by communities can result in behaviors that exacerbate vulnerability by further degrading natural systems that can play a role in buffering stresses. Cross-cutting and transformational adaptation and resilience-building measures are needed, to enable the vulnerable poor to thrive, and to enable blue, green, and resilient recovery in the context of complex and interconnected change.

6. Many LDCs and SIDS are more likely to descend into, and remain in, fragile and conflict situations, and with limited capacity, policy frameworks, and institutions to address such challenges. Huge gaps remain in finance for developing countries and in bringing adaptation projects to the stage where they generate real reductions in climate risks and protection against climate impacts such as droughts, floods and sea-level rise.<sup>10</sup> More than ever, targeted and timely efforts are needed to support LDCs and SIDS to reduce and manage risks and vulnerabilities systematically and bridge the financing gap, with a view to safeguard livelihoods and natural ecosystems that societies depend upon.

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<sup>5</sup> IPCC, 2019, [Summary for Policymakers](#). In: IPCC Special Report on the Ocean and Cryosphere in a Changing Climate [H.-O. Pörtner, D.C. Roberts, V. Masson-Delmotte, P. Zhai, M. Tignor, E. Poloczanska, K. Mintenbeck, A. Alegría, M. Nicolai, A. Okem, J. Petzold, B. Rama, N.M. Weyer (eds.)]. In press.

<sup>6</sup> IPCC, 2022: [Summary for Policymakers](#). In: Climate Change 2022: Impacts, Adaptation, and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [H.-O. Pörtner, D.C. Roberts, M. Tignor, E.S. Poloczanska, K. Mintenbeck, A. Alegría, M. Craig, S. Langsdorf, S. Löschke, V. Möller, A. Okem, B. Rama (eds.)]. Cambridge University Press. In Press.

<sup>7</sup> UN, 2021, [State of the Least Developed Countries 2021: Building Back Better in Response to COVID-19](#). The Report states that “The pandemic has laid bare and further exacerbated pre-existing inequalities within and between countries and it is expected that the effects of COVID-19 will jeopardize LDCs’ progress towards sustainable development for years to come.” (page vi).

<sup>8</sup> UNCTAD, 2021, [The Least Developed Countries in the Post-COVID World: Learning from 50 Years of Experience](#).

<sup>9</sup> Piemonte, C., 2021, [The Impact of COVID-19 Crisis on External Debt in Small Island Developing States](#), OECD, Paris.

<sup>10</sup> UNEP, 2021, [Adaptation Gap Report 2020](#). Nairobi.

7. Furthermore, evidence is emerging on the immense negative impacts of climate change on children and youth, highlighting their vulnerability and the intergenerational aspects of climate change. Nearly half of the world's children, or almost one billion, live in one of 33 countries classified as "extremely high risk" due to climate change impacts, where their health, education and protection are threatened by increasing exposure to diseases and other dangers.<sup>11</sup> Exposure to climate extremes tends to increase with rise in mean temperature, and also for younger people, highlighting intergenerational inequities. For a 3°C warming pathway, a 6-year-old in 2020 will experience four times more crop failures, five times more droughts, and 36 times more heat waves among other impacts, compared to the reference case. These analyses also highlight strong benefits of aligning policies with the Paris Agreement in order to safeguard the future of the current young generations.<sup>12</sup>

8. Many women and girls are disproportionately vulnerable to the negative impacts of climate change. The 2020 UN-wide report on gender, climate and security has highlighted how climate change impacts, such as extreme weather events, droughts, and temperature changes, expose women and men to risks and exacerbate challenges. Women's exposure to physical hazards and their capacity to cope with risks are influenced by gender norms and power dynamics, impacting their access to, and use of, natural resources and economic assets, mobility and migration, decision-making power, and expectations of households and communities. Efforts must be made to address climate-related risks and responses from the gender lens, in order to avoid exacerbating vulnerabilities and also to uncover "...new entry points for advancing gender equality, improving climate resilience, and sustaining peace."<sup>13</sup>

9. Conflict and fragility also pose important contexts for determining adaptation imperatives. Twenty-six of the countries on the World Bank's list of conflict-affected or fragile countries in fiscal year 2022<sup>14</sup> are also LDCs or SIDS. A recent evaluation of support provided by the GEF in fragile and conflict-affected situations by the GEF Independent Evaluation Office (IEO) found that more than one-third of the GEF's portfolio is invested in countries affected by major armed conflict.<sup>15</sup> The GEF will implement the Evaluation's recommendations as per the actions identified in its Management Response.<sup>16</sup>

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<sup>11</sup> UNICEF, 2021, [The Climate Crisis is a Child Rights Crisis: Introducing the Children's Climate Risk Index](#). New York.

<sup>12</sup> Thiery, W. et al., 2021, [Intergenerational Inequities in Exposure to Climate Extremes](#), Science DOI: 10.1126/science.abi7339

<sup>13</sup> UNEP, UN Women, UNDP, and UNDP/PA/BSO, 2020, [Gender, Climate and Security: Sustaining Inclusive Peace on the Frontlines of Climate Change](#).

<sup>14</sup> World Bank, 2021, FY22 FCS List. See page on '[Classification of Fragile and Conflict-Affected Situations](#)'.

<sup>15</sup> IEO, 2020, [Evaluation of GEF Support in Fragile and Conflict-Affected Situations](#), GEF/E/C.59/01.

<sup>16</sup> GEF, 2020, [Management Response to \(1\) GEF/E/C.59/01: Evaluation of GEF Support in Fragile and Conflict-Affected Situations](#), Council Document GEF/E/C.59/06.

**Table 1: Selected IPCC Findings at a Level of High Confidence<sup>17</sup>**

<b>AFRICA</b>	
	The rate of surface temperature increase has generally been more rapid in Africa than the global average
	Observed increases in hot extremes (including heatwaves) are projected to continue throughout the 21st century with additional global warming
	Relative sea-level rise is <i>likely to virtually certain</i> to continue around Africa, contributing to increases in the frequency and severity of coastal flooding in low-lying areas to coastal erosion and along most sandy coasts
	The frequency and intensity of heavy precipitation events are projected to increase almost everywhere in Africa with additional global warming
<b>ASIA</b>	
	Average and heavy precipitation will increase over much of Asia
	Heat extremes have increased
	Relative sea level around Asia has increased faster than global average, with coastal area loss and shoreline retreat. Regional-mean sea level will continue to rise
<b>SMALL ISLANDS</b>	
	Warming will continue in the 21st century for all global warming levels and future emissions scenarios, further increasing heat extremes and heat stress
	Ocean acidification has increased globally as have the frequency and intensity of marine heatwaves in some areas of the Indian, Atlantic and Pacific Oceans except for a decrease over the eastern Pacific Ocean. Marine heatwaves and ocean acidification will increase further with 1.5°C of global warming
	Sea level rise coupled with storm surges and waves will exacerbate coastal inundation and the potential for increased saltwater intrusion into aquifers
	Sea level rise will cause shorelines to retreat along sandy coasts of most Small Islands

10. However, impacts of climate change, such as crop failure, water stress and sea level rise, can compound the challenges faced by communities in conflict-affected or fragile contexts. The Global Risk Report 2022 states that “climate change is a key driver of migration. It displaces people directly because of natural disasters and it can displace them indirectly by encouraging economic migration from weakening economies vulnerable to the adverse impacts of climate change.”<sup>18</sup> Adaptation interventions can alleviate pressures contributing to migration and displacement, with higher likelihood of sustainability when blended with other development programs. Early warning systems, access to climate information and forecasts, and improved land use planning and zoning can contribute to reduced risk and informed decision-making by communities.

<sup>17</sup> IPCC, 2021, [Regional Factsheets](#), AR6 Climate Change 2021, The Physical Science Basis.

<sup>18</sup> World Economic Forum, 2022, [The Global Risks Report, 17<sup>th</sup> Edition](#).

11. Against this background, this strategy identifies entry points where the LDCF and SCCF can offer the most effective and timely climate change adaptation support, in recognition of their role as catalytic players in this space. Created two decades ago, the two funds embody a wealth of climate adaptation experience. Together, the LDCF and the SCCF are responsible for the longest track record of support to address climate change adaptation in vulnerable countries and on innovation in this field among all existing financial mechanisms. The proposed new strategy draws on this experience and presents an approach that is focused on enabling transformational adaptation in the context of evolving global commitments and action.

## **THE ROLE OF LDCF AND SCCF**

12. The LDCF and SCCF were established in response to guidance received from the seventh Conference of the Parties (COP 7) to the United Nations Framework Convention on Climate Change (UNFCCC) in 2001, reflecting the need for expedited support to climate change adaptation efforts in developing countries.<sup>19</sup> The two funds have been successfully supporting country-driven projects that address national priorities. They are also facilitating the development of initiatives with transformative potential at the global and regional levels that may be too early or risky to be rolled out at the national level, as well as enabling activities. The two funds have been the engines of a pioneering portfolio of 448 climate change adaptation projects and programs, with over \$2.0 billion in grant resources to date.<sup>20</sup> The state of the LDCF and SCCF at a glance is presented in Annex I.

13. Both funds have built a significant track record in producing substantial positive human impact. The LDCF portfolio of projects that are under implementation or completed as of September 30, 2021 seek to directly reduce the vulnerability of more than 51 million people to adverse impacts of climate change. The SCCF portfolio of projects that are under implementation or completed aims to directly reduce the vulnerability of over seven million people. Since the start of the GEF-6 period in July 2014, which is when all GEF-managed trust funds started systematically tracking sex disaggregated data, 50 percent of beneficiaries for both LDCF and SCCF projects are expected to be female.<sup>21</sup>

14. The LDCF has been successfully providing services tailored exclusively to LDCs which face challenging circumstances to adapt to the impacts of climate change. The LDCF remains the only fund entirely dedicated to supporting climate adaptation action in LDCs. Since the fund inception to September 30, 2021, 51 LDCs had accessed a total of \$1.65 billion for 360 projects from the LDCF for the preparation and implementation of National Adaptation Programmes of Action (NAPAs) and towards the National Adaptation Plan (NAP) process through projects and enabling activities. The fund also supports global initiatives for the preparation of the NAP

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<sup>19</sup> UNFCCC, 2001, [Decision 5/CP.7](#).

<sup>20</sup> This figure also includes the \$50 million Strategic Priority on Adaptation (SPA) fund, which ran from 2004 to 2010 and funded 26 adaptation pilots and demonstration projects.

<sup>21</sup> GEF, 2021, [Progress Report on the Least Developed Countries Fund and the Special Climate Change Fund](#), Council Document GEF/LDCF.SCCF.31/04/Rev.01.

process for all LDCs and supports the implementation of the LDC work programme in line with its mandate.<sup>22</sup>

15. The SCCF, on the other hand, has been designed to finance activities, programs and measures related to climate change adaptation and technology transfer to all eligible developing countries. The SCCF portfolio comprises of 88 projects for adaptation and technology transfer, for a total of \$364 million as of September 30, 2021.<sup>23</sup> Despite resource constraints, the SCCF programming in the GEF-7 period has focused on supporting innovation and technology transfer, and on integrating climate adaptation elements into GEF Trust Fund projects.

## **EVOLUTION OF LDCF AND SCCF**

### **Fund Portfolio**

16. As the first dedicated climate adaptation funds under the UNFCCC, the LDCF and SCCF have been supporting a wide portfolio of adaptation initiatives. Floods and droughts are the primary climate hazards targeted by both funds, with projects also supporting slow onset climate impacts such as water stress and climate variabilities related to changing trends in temperature and precipitation. The LDCF has supported nearly 70 percent of projects in Africa, with the remaining portfolio supporting Asia, SIDS, and global projects. The regional distribution of the SCCF portfolio is balanced across different regions as the fund is also able to support non-LDC vulnerable countries.

17. Since its inception, the LDCF has been addressing urgent adaptation priorities of the LDCs, which are among the most vulnerable to climate change. As the LDCF played a very important role in enabling the LDCs to identify their adaptation priorities by supporting preparation of NAPAs, the portfolio also reflects priorities identified therein. In addition, the portfolio supports implementation of NAP priorities as well as issues articulated in the LDC work programme.

18. The LDCF has supported a wide range of sectoral and cross-sectoral priorities of LDCs. Agriculture and food security (67 percent) is the most widely supported sector followed by water (55 percent) and climate information services (53 percent). Over the years, LDCF projects and programs have taken a more integrated and value chain-based approach to adaptation. This approach has been delivering on the urgent special needs of the LDCs while supporting long-term resilience by enabling policies, supporting alternative livelihoods, and strengthening institutional capacities. Nearly 70 percent of LDCF projects support capacity building of institutions, both at national and local levels, for planning and decision making.

19. The SCCF adopts an innovative approach targeting key drivers of vulnerability in countries beyond LDCs with a focus on technology, innovation and private sector engagement.

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<sup>22</sup> Ibid.

<sup>23</sup> Ibid.

The SCCF's sectoral distribution therefore is wider, across the water sector (43 percent), climate information services (37 percent) and agriculture (28 percent). A notable development under the SCCF and LDCF in the GEF-7 period has been the Challenge Program for Adaptation Innovation, which has strengthened GEF's engagement with the private sector for mobilizing its investment and implementing innovative and impactful adaptation business models.

## Portfolio Performance

20. The portfolio performance of the LDCF and SCCF is monitored on a regular basis and reported to the LDCF/SCCF Council. The most recent Annual Monitoring Review (AMR) covers the cohort of projects that had begun implementation on or before June 30, 2019 and that were under implementation during at least part of the fiscal year 2020 (FY20), which is from July 1, 2019 to June 30, 2020.<sup>24</sup>

21. Seventy-eight LDCF projects had begun implementation on or before June 30, 2019 and were under implementation during at least part of FY20. Among these, sixty-three LDCF projects under implementation, or 81 percent of the projects under implementation, were rated moderately satisfactory (MS) or higher in terms of their progress towards development objectives (DO). Sixty-two projects, or 79 percent, were also rated MS or higher in their implementation progress (IP).

22. As of June 30, 2020, the 78 projects in the active LDCF portfolio had already reached more than 5.2 million direct beneficiaries, brought around 1.3 million hectares of land under more climate-resilient management, and trained more than 107,000 people in various aspects of climate change adaptation.

23. Under the SCCF, forty-one projects had begun implementation on or before June 30, 2019 and were under implementation during at least part of FY20. These projects had achieved a high level of implementation performance, exceeding the GEF Trust Fund average: 91 percent received a DO rating of MS or higher and 94 percent received an IP rating of MS or higher.

24. SCCF projects under implementation had reached approximately 3.5 million direct beneficiaries, brought 0.6 million hectares of land under more climate-resilient management, and trained some 36,000 people in various aspects of climate change adaptation.

25. As the COVID-19 pandemic unfolds, risk monitoring becomes more relevant and important to help inform portfolio management. The risk levels faced by LDCF and SCCF projects combined were reported as low or moderate for 77 percent of the projects. Overall, SCCF projects reported less risk compared to LDCF projects. While 72 percent of LDCF projects reported low or modest risks, approximately 90 percent of SCCF projects rated their risk as low or modest. As LDCF is specifically for LDCs and SCCF is for all developing countries, this difference in risk ratings highlights the greater challenges faced by LDCs.

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<sup>24</sup> GEF, 2021, [Annual Monitoring Review of the Least Developed Countries Fund and the Special Climate Change Fund](#), Council Document GEF/LDCF.SCCF.30/04.

26. Risk ratings at the portfolio level have not shown any discernible difference before and during the pandemic as the risk ratings from FY20 are at a comparable level with risk ratings from FY19. However, an analysis revealed that 83 percent of the projects with modest or low risk, and over 90 percent of projects with high or substantial risk, specifically mentioned the COVID-19 pandemic in their implementation documents. This implies that while the pandemic is not yet affecting the risk ratings of the LDCF and SCCF portfolio as a whole, COVID-19 as a risk factor is being widely recognized, particularly in higher-risk projects.

### Responsiveness to Convention Guidance

27. As the funds were established by a COP decision, responsiveness to various guidance the GEF receives from the UNFCCC COPs is an important feature of the LDCF and SCCF.<sup>25</sup> Each year, the GEF as an operating entity of the Financial Mechanism of UNFCCC, submits an annual report to the COP, including GEF's response to the guidance from the COP and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA), as well relevant conclusions from the Subsidiary Bodies.

28. A summary of key recent COP decisions and responses is presented in Annex II as well as in the GEF COP reports. Of particular relevance for this strategy continues to be the COP 21 decision adopting the Paris Agreement, in which the LDCF and SCCF were given an important role in serving the Paris Agreement: Paragraph 58 decided "...that the Green Climate Fund and the Global Environment Facility, the entities entrusted with the operation of the Financial Mechanism of the Convention, as well as the Least Developed Countries Fund and the Special Climate Change Fund, administered by the Global Environment Facility, shall serve the Agreement."<sup>26</sup> Further, the CMA has confirmed in 2018 that "the Least Developed Countries Fund and the Special Climate Change Fund shall serve the Paris Agreement."<sup>27</sup>

29. Climate adaptation and adaptation finance were key themes discussed at COP 26 in Glasgow, United Kingdom in November 2021. This Programming Strategy has been developed to be aligned with and to support the key agreements, and also to respond to specific guidance to the GEF, the LDCF, and the SCCF. The Glasgow Climate Pact emphasized the "...urgency of scaling up action and support, including finance, capacity building, and technology transfer, to enhance adaptive capacity, strengthen resilience and reduce vulnerability to climate change in line with the best available science, taking into account the priorities and needs of developing country Parties."

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<sup>25</sup> A complete compilation of UNFCCC guidance and decisions of relevance from COP 1 to the most recent COP, and GEF's response, has been published annually by the GEF Secretariat. See: GEF, 2021, [United Nations Framework Convention on Climate Change Guidance from the Conference of the Parties and Responses by the Global Environment Facility COP1 – COP25](#).

<sup>26</sup> UNFCCC, 2015, [Report of the Conference of the Parties on its twenty-first session, held in Paris from 30 November to 13 December 2015, Addendum Part two: Action taken by the Conference of the Parties at its twenty-first session, Decision 1/CP.21 Adoption of the Paris Agreement](#), FCCC/CP.2015/10/Add.1.

<sup>27</sup> UNFCCC, 2018, Decision 3/CMA.1.

30. The agreement also welcomed the recent pledges made to the LDCF, recognizing significant progress compared with previous efforts, and urged to at least double the collective provision of adaptation finance to developing countries from 2019 levels by 2025.<sup>28</sup>

31. Paragraph 8 of the COP 26 guidance to the GEF welcomed with appreciation contributions to the LDCF and encouraged "...additional voluntary financial contributions to the Fund and the Special Climate Change Fund to support adaptation and technology transfer. Parties also requested the GEF, as an operating entity of the Financial Mechanism of the Convention entrusted with the operation of the Special Climate Change Fund, to continue to assist developing country Parties in accessing resources in an efficient manner."<sup>29</sup>

**Relevant Findings on Responsiveness and Relevance to Conventions Guidance and Decisions  
in Program Evaluations of the LDCF and the SCCF**

**LDCF:** The 2020 Program Evaluation of the LDCF by the GEF Independent Evaluation Office (IEO) found that the LDCF support continues to be highly relevant to COP guidance and decisions, as well as to the GEF adaptation programming strategy, and countries' broader development policies, plans, and programs. The evaluation further found that "...a large portion of the LDCF's work is inherently aligned with the Paris Agreement through its support of adaptation related NDCs/INDCs. Notably, in response to recent COP guidance based on findings of the 2016 LDCF program evaluation, the LDCF has enhanced domestic institutional capacities in LDCs by supporting institutional capacity development through the involvement of national institutions in LDCF project development, approval and delivery."

Further, the evaluation noted that the overall gender performance of the LDCF portfolio has improved.

*Source:* GEF IEO, 2020, [2020 Program Evaluation of the Least Developed Countries Fund](#), Council Document GEF/LDCF.SCCF.29/E/01.

**SCCF:** The 2021 Program Evaluation of the SCCF by the GEF IEO concluded that "SCCF support continues to be relevant to COP guidance, to the GEF adaptation strategy, and to countries' national priorities." It also stated that although the portfolio was small, "it does provide evidence of responsiveness to COP guidance on nearly all fronts", with relevant COP guidance including encouragement of support to SIDS, enhanced engagement with the private sector, enhanced complementarity between operating entities and engagement with the GCF, mainstreaming gender, support for recently graduated LDCs, support for country-driven strategies, and alternative policy approaches, including joint mitigation and adaptation approaches.

The evaluation also concluded that the SCCF has increased complementarity with other funds in climate finance, and that the overall gender performance of the portfolio has improved, and it has been effective and performed well.

*Source:* GEF IEO, 2021, [2021 Program Evaluation of the Special Climate Change Fund](#), Council Document GEF/LDCF.SCCF.31/E/01/Rev.01.

<sup>28</sup> UNFCCC, 2021, [Glasgow Climate Pact, COP26 cover decision](#), Decision-/CP.26.

<sup>29</sup> UNFCCC, 2021, [Outcome of the Glasgow Conference](#), Decision -/CP.26.

32. Further, the outcome of the Glasgow Climate Change Conference “encourages GEF to consider ways to further enhance the role of national agencies and civil society organizations as executing agencies in order to enhance country ownership of projects and programmes”, and *urges* to “enhance its support for projects that engage with stakeholders at the local level, and to continue to provide funding for projects related to technology training and scale up South–South cooperation and triangular cooperation with the Technology Executive Committee and the Climate Technology Centre and Network”.

33. In terms of continued support to the LDCF and SCCF, the guidance to the GEF from COP 25 in 2019 encouraged “...additional voluntary financial contributions” to the LDCF and SCCF “to provide support for adaptation.”

34. Prior COP guidance of relevance for the present strategy includes support for the NAP process, which the GEF has been supporting in coordination with the Green Climate Fund (GCF), and adaptation communication, which the GEF is ready to support with NAPs, Nationally Determined Contributions (NDCs), and/or national communications financed by the GEF Trust Fund. Other key guidance includes: support for LDCs with adaptation technology as well as to strengthen their capacities in hydrological and meteorological services; support for national and regional systematic observation and monitoring networks; and support to activities contained in the updated LDC work programme, which was adopted at COP 24 in 2018.<sup>30</sup>

35. In addition, there are relevant guidance to the GEF to promote synergies across its focal areas;<sup>31</sup> enhance complementarity and coherence with other operating entities of the financial mechanism; engage with the private sector; improve access modalities for LDCs and SIDS;<sup>32</sup> and formulate alternative policy approaches that enable joint programming.<sup>33</sup>

### **Key Findings of Program Evaluations of LDCF and SCCF**

36. The GEF IEO conducts periodic evaluations of the LDCF and SCCF. Implementation of all evaluation recommendations, including those on the LDCF and SCCF, are tracked and reported annually to the GEF Council.<sup>34</sup> This section presents their findings relating to the relevance, effectiveness, additionality, and other aspects of the support provided by these two funds.

#### ***LDCF Program Evaluation***

37. In its 2020 Program Evaluation of the Least Developed Countries Fund,<sup>35</sup> the IEO found that:

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<sup>30</sup> UNFCCC, 2018, Decision 16/CP.24.

<sup>31</sup> UNFCCC, 2018, Decision 6/CP.24.

<sup>32</sup> UNFCCC, 2017, Decision 11/CP.23.

<sup>33</sup> UNFCCC, 2016, Decision 11/CP.22.

<sup>34</sup> GEF IEO, 2021, [Management Action Record 2021](#), Council Document GEF/E/C.60/inf.01.

<sup>35</sup> GEF IEO, 2020, [2020 Program Evaluation of the Least Developed Countries Fund](#), Council Document GEF/LDCF.SCCF.29/E/01.

- LDCF support continues to be highly relevant to COP guidance and decisions, the GEF adaptation programming strategy, and countries' broader development policies, plans and programs;
- LDCF support has resulted in catalytic efforts through production of public goods and their demonstration;
- LDCF support has built foundations for larger scale projects; and
- The current LDCF portfolio is well-aligned with all three strategic objectives.

38. The evaluation made the following two recommendations, which this strategy seeks to address through programming and operational enhancements:

- Build on progress made on mainstreaming gender in the LDCF portfolio and aim to decrease the knowledge gap about gender-related results; and
- Continue to enhance the likelihood of the sustainability of outcomes.

### ***SCCF Program Evaluation***

39. The IEO concluded its 2021 Program Evaluation of the Special Climate Change Fund.<sup>36</sup> Some of its main conclusions were as follows:

- SCCF support continues to be relevant to COP guidance, to the GEF adaptation strategy, and to countries' national priorities;
- The SCCF has increased complementarity with other funds in climate finance;
- The SCCF portfolio has been effective and has performed well;
- Beyond field-based adaptation benefits, the SCCF portfolio has resulted in strengthened institutional capacity, and achieved innovation, legal and regulatory, socioeconomic, and sustainable financing outcomes;
- The overall gender performance of the SCCF portfolio has continued to improve;
- The GEF adaptation strategy has put a stronger emphasis on private sector engagement, reflected in the portfolio of recently approved projects; and
- The SCCF has a unique role that it could play if it were refocused and adequately funded.

40. The evaluation made the following recommendation:

*“The GEF Secretariat should acknowledge the semidormant state of the SCCF and— together with the key and emerging donors and stakeholders—develop a proactive action plan to revitalize the fund. Removing windows SCCF-C and SCCF-D, which are*

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<sup>36</sup> GEF IEO, 2021, [2021 Program Evaluation of the Special Climate Change Fund](#), Council Document GEF/LDCF.SCCF.31/E/01/Rev.01.

*evidently unattractive to donors, targeting support under window SCCF-A towards non-LDCs—particularly SIDS—and refocusing the fund toward technology transfer and innovation in adaptation in non-LDCs in window SCCF-B is the only way forward. In doing so, the Secretariat should actively articulate and communicate the SCCF’s niche and brand its focused and distinctive roles in the climate finance architecture. In the short term, and despite the preference of traditional donors to focus on few, larger funds, the existence of funds such as the SCCF could remain a proven and practical alternative for donors to diversify their funding, or an opportunity for new and emerging or smaller donor countries in climate finance”.*

41. In its Management Response to the evaluation,<sup>37</sup> the GEF Secretariat indicated that the draft LDCF/SCCF Programming Strategy proposes a focus for SCCF windows A and B that is aligned with the Evaluation’s recommendation. As presented in this strategy document, SCCF-A is well-placed to serve the needs of the many highly vulnerable, non-LDC SIDS, that are not able to access adaptation support from the LDCF and which need to compete with other developing countries for funds from other sources of climate finance. This strategy document is also fully consistent with the IEO finding that SCCF-B is well-placed to support innovation and technology transfer for adaptation.

42. The proposed Dedicated Program on Communications and Visibility Enhancement addresses the identified need to actively articulate and communicate the funds’ niche and distinctive roles in the climate finance architecture.

43. Some aspects of the recommendation, such as removal of windows SCCF-C and SCCF-D, are not possible for the GEF Secretariat to address in absence of a decision by the UNFCCC COP, and no such decision has been taken.

#### **GOALS OF THE PROGRAMMING STRATEGY**

44. The goal of the new Climate Change Adaptation programming strategy is to facilitate transformational adaptation in developing countries, towards achieving the Paris Agreement’s global goal on adaptation.<sup>38</sup>

45. By fully aligning with, and supporting the articulation of, the Paris Agreement’s global adaptation goal, the new strategy continues to anchor the contributions of the LDCF and SCCF with their unique role of the GEF as an operating entity of the financial mechanism of the Paris Agreement and UNFCCC.

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<sup>37</sup> GEF, 2021, [Management Response to 2021 Program Evaluation of the Special Climate Change Fund](#), Council Document GEF/LDCF.SCCF.31/05.

<sup>38</sup> As part of the Glasgow Climate Pact adopted at COP 26, Parties recognized “...the importance of the global goal on adaptation for the effective implementation of the Paris Agreement,” and launched a two-year Glasgow–Sharm el-Sheikh work programme on the global goal on adaptation. The GEF stands ready to contribute to this effort to help identify collective needs and solutions to address climate adaptation challenges.

46. The global adaptation goal is articulated in Article Seven of the Paris Agreement as “enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change, with a view to contributing to sustainable development and ensuring adequate response to the context of the temperature goal...”<sup>39</sup> The IPCC refers to ‘transformational adaptation’ as adaptation that changes the fundamental attributes of a system or systems in anticipation of climate change and its impacts.<sup>40</sup> The Working Group II contribution to the IPCC Sixth Assessment Report has a particular focus on transformation and system transitions in energy; land, ocean, coastal and freshwater ecosystems; urban, rural and infrastructure; and industry and society. Transitions across these systems make possible the adaptation required for high levels of human health and wellbeing, economic and social resilience, ecosystem health, and planetary health.

47. As transformational adaptation would require building resilience<sup>41</sup> at the systems level, including through technical, social and political interventions, the strategy puts a renewed focus on addressing vulnerability, and embraces a whole-of-society approach. The whole-of-society approach entails engaging with diverse actors and multi-sectoral stakeholders and facilitating their participation in the decision-making process to take appropriate measures together and mainstream climate considerations across different governance levels. Such participation is crucial to strengthen efforts and harness the knowledge, experiences, and capabilities of affected and interested individuals and groups, especially at the local level, to enhance climate resilience and adaptive capacity of communities and society as a whole. The approach would entail engagement of a range of stakeholders including governments, civil society, communities, academia, private sector, non-governmental organizations (NGOs), women, youth, and other vulnerable groups.

## **PROGRAMMING ARCHITECTURE**

### **Proposed Adaptation Approach: Themes, Intervention Scales, and Rationale**

#### ***Themes***

48. The strategy includes themes of particular interest for the LDCF and SCCF in GEF-8 that will build on areas of high impact, articulated national priorities, and experience of the two funds, with potential for trans-disciplinary interventions that can catalyze change and enable systemic shifts. These themes also recognize the interdependency between human well-being

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<sup>39</sup> UNFCCC, 2015, [Report of the Conference of the Parties on its twenty-first session, held in Paris from 30 November to 13 December 2015, Addendum Part two: Action taken by the Conference of the Parties at its twenty-first session, Decision 1/CP.21 Adoption of the Paris Agreement](#), FCCC/CP/2015/10/Add.1.

<sup>40</sup> IPCC, 2022: [Summary for Policymakers](#). In: Climate Change 2022: Impacts, Adaptation, and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [H.-O. Pörtner, D.C. Roberts, M. Tignor, E.S. Poloczanska, K. Mintenbeck, A. Alegría, M. Craig, S. Langsdorf, S. Lösschke, V. Möller, A. Okem, B. Rama (eds.)]. Cambridge University Press. In Press.

<sup>41</sup> *ibid*; The term “resilience” describes not just the ability to maintain essential function, identity and structure, but also the capacity for transformation.

and a healthy environment, well-aligned with the framework of *Healthy Planet, Healthy People* proposed in the GEF-8 programming directions of the GEF Trust Fund.<sup>42</sup>

### *Theme 1: Agriculture, Food security, and Health*

49. Agriculture, food security, and health will be important themes in GEF-8 with a heightened focus on community wellbeing. Programs and projects will support adaptation in the context of food security and health, aligned with the concept of agroecological transformation,<sup>43</sup> such as through improvements in ecosystem management, food value chains, and livelihoods.

50. Specific interventions may include support for social safety nets such as crop insurance; flood- and drought-tolerant crop species that also contribute better to meeting nutritional needs; climate-resilient aquaculture and fisheries; post-harvest measures such as grain/fish storage and all-weather access to market; farm digitization; pest and disease surveillance systems; strengthened extension services; and enhanced capacity of farmer/fisher and water user cooperatives. Projects seeking to reduce community risk from vector- and water-borne diseases where these are triggered by flooding and drought in areas where climate change is likely to exacerbate these risks will also be supported.

### *Theme 2: Water*

51. Climate change is characterized by some to manifest itself primarily through changes in the water cycle.<sup>44</sup> For human societies, water is needed for residential use including consumption and sanitation. It is also needed for agricultural, industrial, power generation and other uses. Thus, ensuring sufficient, timely and reliable access to water is important for the functioning of municipal services, industry and food production. However, climate change has been impacting freshwater availability, a trend that is expected to continue; the IPCC Sixth Assessment Report refers to strengthened evidence that the global water cycle will continue to intensify as global temperatures rise, with precipitation and surface water flows projected to become more variable over most land regions within seasons, and from year to year. The report further states that a warmer climate will intensify very wet and very dry weather, climate events and seasons, with implications for flooding and drought.<sup>45</sup> It also has implications for fragility and resource conflict.

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<sup>42</sup> GEF, 2022, [GEF-8 Strategic Positioning Framework](#), GEF/R.08/28.

<sup>43</sup> Defined by FAO as “an integrated approach that simultaneously applies ecological and social concepts and principles to the design and management of food and agricultural systems. It seeks to optimize the interactions between plants, animals, humans and the environment while taking into consideration the social aspects that need to be addressed for a sustainable and fair food system”. See [The 10 Elements of Agroecology: Guiding the Transition to Sustainable Food and Agricultural Systems](#).

<sup>44</sup> IUCN, 2015, [Issues brief: Water and Climate Change](#).

<sup>45</sup> IPCC, 2021, [Summary for Policymakers](#). In: Climate Change 2021: The Physical Science Basis. Contribution of

52. The above changes, as well as possible spatial changes in precipitation patterns, are expected to alter the patterns of demand and supply of water for agriculture, a critical economic sector for most of the countries served by the LDCF and SCCF. Yield and productivity of both irrigated and rainfed agriculture are likely to change, with implications for the livelihoods and sustenance of rural communities as well as on food security more broadly.

53. Thus, freshwater quality and quantity will be an important aspect of the GEF's adaptation program via integrated water resources management interventions that mainstream climate resilience, with continued support to be provided for ways to capture and store water (e.g., rainwater harvesting, tanks, etc.), conserve water (e.g., drip irrigation, water metering); and enable easier and more reliable access to water. Policy measures to enable efficient water use and effective decision-making, and capacity support for improved hydrological modeling and water resource scenario planning, will be supported. The LDCF and SCCF will continue to support measures to reduce vulnerability to droughts and floods that are induced by climate change.

### *Theme 3: Nature-Based Solutions*

54. Nature-based solutions (NBS) has been a cornerstone of the GEF's adaptation portfolio since inception. With high potential to deliver adaptation as well as a range of additional benefits contributing to resilience of people and ecosystems, as well as for biodiversity and climate change mitigation, NBS merits additional emphasis in the GEF-8 period as a means of effecting adaptation.

55. The LDCF and SCCF portfolio will draw on emerging science and lessons pertaining to NBS for adaptation, and enhance its support for efforts to strengthen the economic case for NBS, with a view to enabling transformative shifts. The focus on NBS for the LDCF and SCCF is complementary to the GEF-8 programming directions for the GEF Trust Fund, which builds on NBS as a central theme to support a healthy planet and resilient populations. Opportunities will be explored for potential parallel programming with the GEF Trust Fund in order to enhance adaptation considerations in efforts to support net-zero nature-positive targets, valuing and monetizing of NBS, and in addressing socio-economic priorities of LDCs and SIDS. Policies and financial incentives that can help scale up NBS, and analytical tools and methodologies that can demonstrate the case for nature-based infrastructure (NBI) over gray infrastructure, will also be supported.

### *Theme 4: Early Warning and Climate Information Systems*

56. Early warning and climate information systems have been a high priority of LDCF and SCCF programming, with programs as well as national and regional projects supporting

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Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [Masson-Delmotte, V., P. Zhai, A. Pirani, S.L. Connors, C. Péan, S. Berger, N. Caud, Y. Chen, L. Goldfarb, M.I. Gomis, M. Huang, K. Leitzell, E. Lonnoy, J.B.R. Matthews, T.K. Maycock, T. Waterfield, O. Yelekçi, R. Yu, and B. Zhou (eds.)]. Cambridge University Press. In Press.

investments and capacity in automated weather systems and their operations and maintenance; agro-hydrometeorological forecasting and information; related institutional capacity building; and 'last-mile' technologies for user groups. Over the 2022-2026 period, the two funds will support these areas, with a focus on bridging climate information value chain gaps, expanding access to early warning systems, and striving for greater user uptake and application of climate information services.

### *Other Adaptation Themes*

57. Beyond these four themes of particular interest, the LDCF and SCCF will also support other adaptation themes and solutions in vulnerable countries to address their urgent priorities including but not limited to climate resilient infrastructure, sustainable alternative livelihoods, ecosystem restoration, forestry, disaster risk management, and human health.

### *Intervention Scales*

58. The strategy places an emphasis on adaptation approaches and spatial scales where targeted interventions will strengthen climate resilience of human, natural, and economic systems, thereby contributing to transformational adaptation. For the LDCF, these intervention scales include focus on: (a) ecosystem and nature-based adaptation approaches; (b) landscape and value-chain based approaches; and (c) regional approaches focusing on rural, urban and coastal areas. For the SCCF, they include focus on: (a) coastal areas and vulnerable regions; (b) ecosystem and nature-based adaptation approaches; (c) vulnerable value chain-based approaches; and (d) enterprise, business, and finance.

59. These provide targeted opportunities for the LDCF and SCCF to reduce climate vulnerability in a comprehensive manner by supporting food and water security, strengthening climate resilient infrastructure and services and resilient ecosystems for sustained adaptation benefits.

### *Rationale*

60. The above themes and intervention scales present opportunities for the LDCF and SCCF to support vulnerable countries in adopting integrated approaches to tackle multiple climate hazards, implement comprehensive and innovative solutions at the nexus of land, food and water, and build long-term climate resilience at the systems level. These will also enable LDCF and SCCF to deliver key socio-economic benefits such as food security, sustainable livelihoods, improved health, social protection, and community empowerment, among others. Gender and inclusion will continue to be a key driver and fundamental in the strategy.

61. It is worth noting that the two funds have a robust history of successful support across these themes and can also build on synergy potential with the GEF Trust Fund interventions based on country preference. Over a period of time, LDCF and SCCF have diversified the concentration of sectors to support more integrated, cross-sectoral and systems-based approaches to tackle complex adaptation needs of vulnerable communities. The proposed

strategy aims to advance this further in the new phase to contribute to the realization of the Paris adaptation goals at a significant scale.

62. The context within which this strategy is being developed is different from that of the 2018-2022 strategy development. First, the COVID-19 pandemic has pointed to an acute need for prioritized support for the poorest and the most vulnerable countries whose hard-won gains in development and poverty alleviation have been threatened. Countries emerging from the COVID pandemic need support for blue, green and resilient recovery to restore and maintain healthy ecosystems for healthy people. The two funds can support measures for enhancing climate change adaptation, creating buffers to lessen the impact of risks and shocks, and using nature-based solutions, which are some of the common themes to address impacts of climate change and COVID-19.

63. Another emerging context is the development of a longer-term partnerships to facilitate effective implementation. For example, the LDCF and SCCF can develop major initiatives on adaptation and be part of joint national investment plan development with the GCF, based on the Long-Term Vision on Complementarity, Coherence and Collaboration between the GCF and the GEF and ongoing discussions on collaboration with other climate funds.<sup>46</sup>

64. In addition, there is growing recognition of more diverse entry points and scope for adaptation action, beyond national-level priority action. Locally-led action with full engagement of communities, civil society, and the Indigenous Peoples are an important part of the whole-of-society approach. Engagement of a diversity of private sector innovators who are increasingly concerned and proactive about the risks and opportunities of climate change impacts is crucial to achieve the scale and pace of transformation that is urgently required. Furthermore, the merit of regional approaches for effectiveness is increasingly recognized for SIDS, and shared ecosystems across national borders, such as the Sahel and the Mesoamerican Biological Corridor.

### Levers for Transformation

65. To facilitate transformational adaptation, in the 2022-2026 period, the LDCF and SCCF will build on their support for creating enabling conditions to target systemic barriers in countries. Enabling transformational adaptation will depend on levers which can catalyze action through identified entry points, themes and scales of interventions across different vulnerable systems. The strategy emphasizes on three key transformation levers: *(1) policy coherence and mainstreaming of climate adaptation, (2) strengthened governance for adaptation, and (3) knowledge exchange and collaboration*, which have emerged from past program experience, adaptation policy discourse and consultations. The transformation levers are also aligned with the latest IPCC Working Group II report which highlights inclusive governance, knowledge and

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<sup>46</sup> GEF, 2021, [Long-Term Vision on Complementarity, Coherence and Collaboration between the GCF and the GEF](#), Council Document GEF.C60/08.

institutional and policy frameworks as key enabling conditions among others for climate resilient development.<sup>47</sup>

66. Lever of Transformation 1: Policy coherence and mainstreaming of climate adaptation: Mainstreaming adaptation and climate resilience in national and subnational policies, plans and budgets has been an important focus of preceding phases of LDCF and SCCF programming, and will remain an important thrust for adaptation support in GEF-8. In addition, in order to support transformation, greater emphasis will be placed on policy coherence for harmonized policy environment, mobilization of additional resources for adaptation, and reduced trade-offs and potential for maladaptation.

67. Lever of Transformation 2: Strengthened governance for adaptation: An area of enhanced focus for the GEF-8 period will be LDCF and SCCF's support for adaptation action at all scales, from national to sub-national to community levels. Inclusive governance structure, institutions, and infrastructure for management and decision-making related to adaptation will underpin such action at all levels. Engagement and collaboration among decision makers also constitute an important part of strengthened governance which can be fostered through vertical integration (across governance levels) and horizontal integration (across sectors). Strengthened governance combined with a dedicated effort to enhance institutional capacity in LDCs, SIDS and other vulnerable countries will support in both design and implementation of projects with transformation potential.

68. Lever of Transformation 3: Knowledge exchange and collaboration: Knowledge exchange will serve as a key vehicle for innovation and technology transfer, sharing of best practice, and scaling-up of adaptation solutions, pioneering approaches and experience. To further catalyze transformation, the 2022-2026 strategy will advance collaboration among different stakeholders, particularly by facilitating South-South cooperation for sharing of lessons, research community findings on context-appropriate solutions, and locally-led processes that are catalyzing positive change. This lever also addresses the COP 26 guidance to the GEF.

## Theory of Change

69. Figures 1 and 2 present the theory of change for GEF's support to climate change adaptation through the LDCF and the SCCF over the next four years.

70. The goal of the adaptation strategy for the LDCF and SCCF for 2022-2026 is to facilitate transformational adaptation in developing countries towards achieving the Paris Agreement's global goal on adaptation. This goal will be achieved through the collective programming of the LDCF and SCCF, recognizing the unique strengths and specificities of both funds in

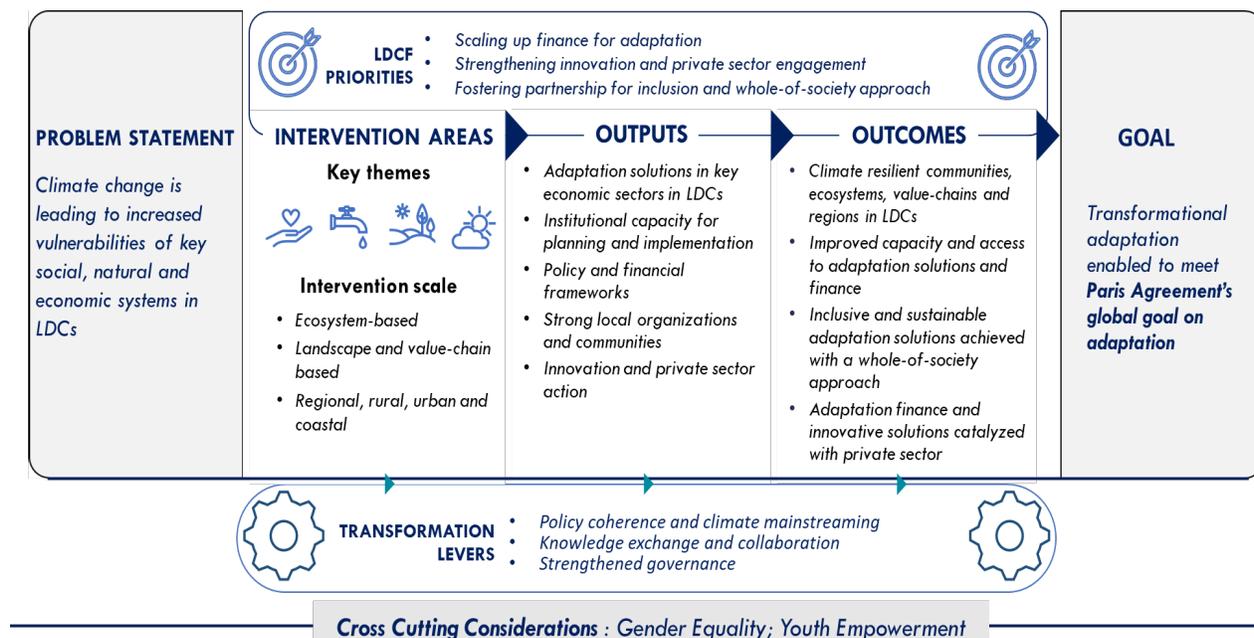
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<sup>47</sup> IPCC, 2022: [Summary for Policymakers](#). In: Climate Change 2022: Impacts, Adaptation, and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [H.-O. Pörtner, D.C. Roberts, M. Tignor, E.S. Poloczanska, K. Mintenbeck, A. Alegría, M. Craig, S. Langsdorf, S. Lössche, V. Möller, A. Okem, B. Rama (eds.)]. Cambridge University Press. In Press..

complementarity to other sources of climate adaptation finance, through a set of themes and entry points.

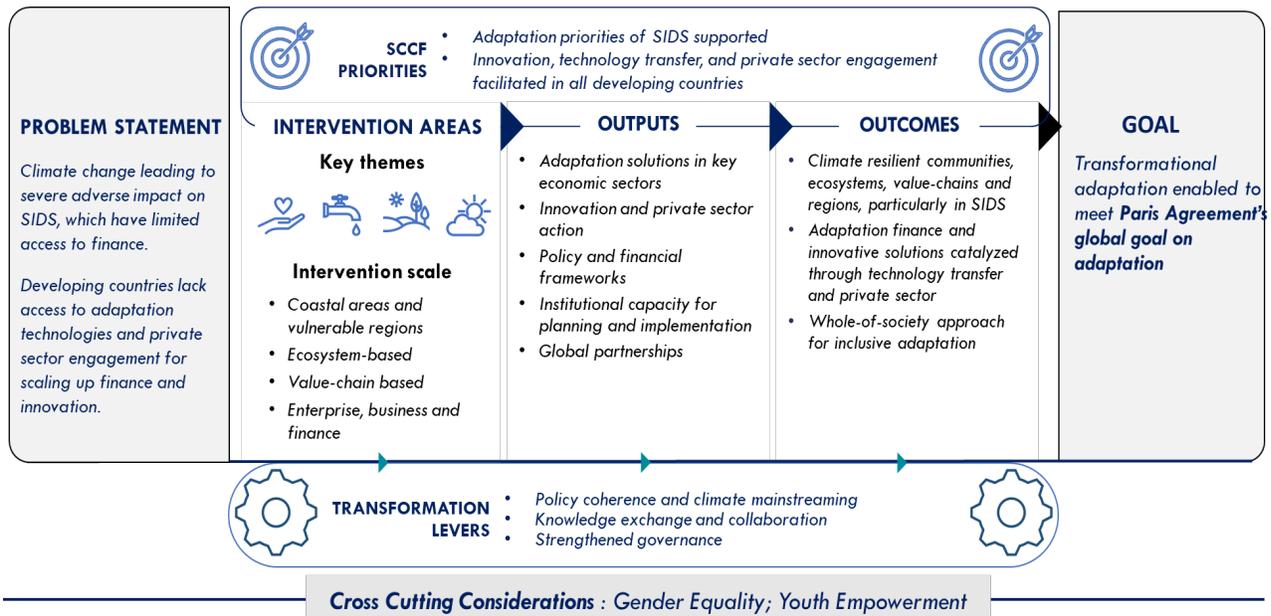
71. The pathway for transformation builds on addressing urgent adaptation needs of vulnerable countries, particularly LDCs and SIDS, in the thematic areas of agriculture, food, health, water, natural resources and climate risk information among others. To catalyze action in these thematic areas, the strategy aims to focus on key strategic priorities which include scaling up finance, technology transfer, whole-of-society approach and private sector engagement.

**Figure 1: Theory of Change for Climate Change Adaptation Strategy for the LDCF**



**ASSUMPTIONS:** Country ownership and receptiveness to whole-of-society approach | Adequate and predictable financing for LDCF | Efficient and effective project design, implementation, and M&E by GEF Partnership

**Figure 2: Theory of Change for Climate Change Adaptation Strategy for the SCCF**



**ASSUMPTIONS:** Country ownership and receptiveness to whole-of-society approach | Adequate and predictable financing for LDCF | Efficient and effective project design, implementation, and M&E by GEF Partnership

72. A critical step for transformation is transition from the current baseline towards climate resilience of communities, ecosystems and value chains by addressing adaptation barriers related to access to technologies, flow of finance, institutional capacity, knowledge and inclusion of the most vulnerable in adaptation planning. It aims to trigger transformation through key levers of policy coherence, improved governance and policies, and a robust system of evidence and knowledge exchange. While the goal of transformational adaptation will vary in different country contexts, the strategy aims to influence fundamental attributes of transformation and create space for countries to identify innovative and impactful solutions for enhanced adaptive capacity, resilience and reduced vulnerability.

73. The theory of change and its transformative pathways also focuses on two specific sets of countries: the LDCs, for which the LDCF is the only dedicated fund; and SIDS, which are uniquely vulnerable to climate change due to their geophysical and other circumstances and require special attention, which the SCCF proposes to focus on in during 2022-2026. The overall approach for transformation presented in the strategy through the identified themes, systemic approaches, priorities, transformation levers and ultimate outcomes and goals, revolves around countries' specific needs and gaps, and will continue to be country-driven. Gender equality and youth engagement will be fundamental attributes across the strategy along with a strong emphasis on engagement of the private sector in adaptation, in accordance with the Glasgow Climate Pact.

74. Moving towards this adaptation pathway would depend on a number of factors. The key assumptions that underpin this include adequate and predictable financing for the LDCF and SCCF, country ownership and receptivity for an integrated whole-of-society approach for

adaptation, and readiness of the GEF partnership in effective design, implementation, monitoring and adaptive learning.

### **Building on the GEF's Value Addition and Comparative Advantage**

75. This Programming Strategy builds on the unique value addition of the LDCF and SCCF. These are described further below.

76. First, the LDCF is the only fund that focuses on LDCs and is embraced by LDCs as their own fund. It is a unique vehicle to deliver targeted climate adaptation support to the world's most vulnerable countries and their people and ecosystems. The fund is ready to scale up its delivery. The LDCF leaves no LDCs behind: the fund has experience supporting on-the-ground adaptation projects in all LDCs, above and beyond planning, assessments, readiness, and capacity building. In the GEF-7 period, the LDCF is expected to support at least one climate adaptation project in all 47 LDCs that were eligible for GEF-7 support.

77. Second, the focused nature of the funds provides opportunities for targeted support, with 100 percent of resources attributable to climate adaptation benefits. The funds can serve as a ready and effective platform as global efforts continue to enhance the share of climate adaptation support in the overall climate finance. Of \$79.6 billion of climate finance provided and mobilized by developed countries towards the Paris Agreement goal of jointly mobilizing \$100 billion annually, the share of adaptation finance stood at \$20.1 billion, or 25 percent as of 2019.<sup>48</sup> Also, the two funds offer unique opportunities for donors to target contributions to support climate adaptation with focus. The SCCF is set up with specific windows, namely window A for climate adaptation and Tab for technology transfer. The 2022-2026 strategy has the potential to further articulate priority geographical coverage for the SCCF, in particular the SIDS.

78. Third, both the LDCF and SCCF have a strong track record of supporting projects that address multiple benefits, due to their unique ability to finance multi-trust fund projects with the GEF. The LDCF and SCCF can help countries address cross-cutting themes with climate adaptation and global environmental implications, such as food and agriculture systems, nature-based solutions, ecosystem-based management, and sustainable land management, in an integrated and systemic fashion with value for money. These systemic interventions are also highly relevant for blue, green and resilient recovery from COVID-19. As articulated by one Agency as part of its COVID-19 response document, "with reference to the adaptation needs of the LDCs, LLDCs,<sup>49</sup> and SIDS, the crucial role of LDCF is perhaps more apparent now than ever."

79. Fourth, the funds are highly relevant to UNFCCC COP guidance and national policies and plans, play a catalytic role, and effectively build foundations to enable scaling up, as described above in the section on Program Evaluations by the GEF IEO. A large portion of the LDCF's work

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<sup>48</sup> OECD, 2021, [Climate Finance Provided and Mobilised by Developed Countries: Aggregate trends updated with 2021 data](#), OECD, Paris.

<sup>49</sup> LLDCs are land-locked developing countries

is also found to be inherently aligned with the Paris Agreement. Furthermore, the LDCF has enhanced domestic institutional capacities. Similarly, the IEO's 2021 Program Evaluation of the SCCF, discussed above, has found the SCCF to be relevant to COP guidance, countries' national priorities, achieving innovation, effective, and with increased complementarity with other climate funds.

80. Fifth, both funds are agile and are able to review and approve concepts quickly, paving the way for timely action. In the GEF-7 period, as of December 15, 2021, the average time from the initial LDCF and/or SCCF proposal submission to the approval by the LDCF/SCCF Council in the Work Program is 156 days, and 147 days for medium-sized projects (MSPs) approved under delegated authority.

81. Sixth, this new strategy for the LDCF/SCCF will be aligned with the agreed Long-Term Vision with GCF, which is a blueprint for partnership. As described earlier, it is now possible to have upstream discussions and agreement on supporting major initiatives on adaptation together with GCF, and also engage in joint investment plan development with countries.

82. Seventh, the LDCF/SCCF are well-managed, with an effective set of programs and policies. The funds also have their own governance structure, with the LDCF/SCCF Council that meets twice each year to approve the Work Program, review progress, and approve the annual budget and business plan, and to review periodic independent evaluations conducted by the GEF IEO. For example, as part of the Seventh Comprehensive Evaluation of the GEF (OPS7), the GEF IEO has conducted the 2020 Program Evaluation of the LDCF as well as the 2021 Program Evaluation of the SCCF, as presented earlier. Adhering to high standards of transparency and accountability, there is regular reporting on LDCF/SCCF activities and results to the COP on how the funds respond to guidance and decisions of relevance to the LDCF/SCCF and climate change adaptation. Furthermore, the funds are subject to a regular review of the Financial Mechanism by the COP.

83. Eighth, the performance of the active SCCF portfolio is very high, exceeding key performance indicators of the well-performing overall GEF portfolio. For example, 91 percent of the active SCCF portfolio in FY20 received a Development Objective (DO) rating of marginally satisfactory or higher and 94 percent received an Implementation progress (IP) rating of MS or higher: these figures exceed the GEF Trust Fund portfolio average of 84 percent for DO, and 88 percent for IP.<sup>50</sup> Each dollar in SCCF project financing mobilized \$9.7 in co-financing for the active portfolio. In comparison, the indicative co-financing for the GEF-7 GEF Trust Fund portfolio is \$7.9, as reported in the December 2021 Corporate Scorecard.<sup>51</sup>

84. Finally, the two funds are driven by data and scientific findings; the programming strategy and rationale are based on science. The Scientific and Technical Advisory Panel (STAP) of the GEF plays an active part in screening LDCF and SCCF projects and produces applied

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<sup>50</sup> GEF, 2020, [GEF Monitoring Report 2020](#), Council Document GEF/C.59/03/Rev.01.

<sup>51</sup> GEF, 2021, [GEF-7 Corporate Scorecard – December 2021](#), Council Document GEF/C.61/Inf.04.

research products to help inform strategy development and to enhance project quality and durability.

### **Building Partnerships with Green Climate Fund and Others**

85. As described earlier, this strategy supports new opportunities to collaborate with the GCF within the framework of the Long-Term Vision on Complementarity, Coherence, and Coordination. Specific entry points for adaptation have been articulated, and they will be developed further as major initiatives, as part of national investment planning, and other opportunities.

86. Under collaborative and coordinated programming, the two funds will explore potential major initiatives that focus on adaptation including for LDCs and SIDS to be developed and supported jointly with the GCF. Support for the new phase of the Great Green Wall program will also be explored. Also, for countries that will undertake national investment planning with the GEF and GCF, the LDCF and SCCF will be included along with the GEF Trust Fund.

87. Similar to GEF-7, the GEF and GCF will provide complementary NAP support: the GCF will continue to support NAP preparations through its Readiness Programme, while the LDCF/SCCF will continue to support NAP implementation.

88. For sharing of information and knowledge, as well as exploring common frameworks for results and impacts, discussions with the Adaptation Fund and Climate Investment Funds (CIFs) are expected to further articulate the merits of collaboration among different funds, and also put this into practice as appropriate.

89. The LDCF and SCCF will articulate partnership and synergy opportunities as distinctive funds dedicated to climate change, while also continuing to position themselves as part of the GEF.

### **CLIMATE CHANGE ADAPTATION INVESTMENTS AND ASSOCIATED PROGRAMMING**

90. The Programming Strategy addresses the seminal decisions for the Paris Agreement as well as additional guidance and is also designed to continue supporting climate action in line with GEF's role as an operating entity of the financial mechanism for the UNFCCC.

### **LEAST DEVELOPED COUNTRIES FUND**

91. The LDCF Programming Strategy introduces three priority areas with entry points. The LDCF remains flexible to support other adaptation priorities and needs as identified by LDCs.

## LDCF Priority Areas and Entry Points

### *Priority Area 1: Scaling up Finance*

92. According to the UNEP Adaptation Gap Report 2020, the annual costs of adaptation in developing countries could range from \$140 billion to \$300 billion annually by 2030 and up to \$500 billion by 2050.<sup>52</sup> International climate finance from bilateral and multilateral funds are the fundamental sources of adaptation finance. However, they remain at a low level despite modest increase in the last few years. Also, according to the latest Biennial Assessment and Overview of Climate Finance Flows, support for climate mitigation continues to be greater than support for adaptation: adaptation finance has remained at 20 to 25 percent of total concessional finance committed across all sources. Climate finance flows remain relatively small, in the context of other finance flows, investment opportunities and costs, including fossil fuel investments, stimulus package investments, and trillions of assets under management.<sup>53</sup>

93. The LDCF and SCCF together have provided over \$2 billion grant financing since its inception and mobilized nearly \$10 billion domestic and international finance to support approximately 120 countries in financing their adaptation priorities. LDCF as a catalytic adaptation fund will continue to play a key role in not only directly financing adaptation priorities but also creating an enabling environment to mobilize large-scale financing from public and private sectors to bridge the adaptation financing gap. In particular, LDCF's investments will support aligning investments with multilateral development banks and other pooled sources directed towards LDCs for climate change adaptation.

94. Towards this, the LDCF aims to support the LDCs in addressing the systemic barriers which restrict flow and effective utilization of adaptation finance. An enhanced flow of finance for priority themes outlined in the previous section with adequate institutional capacity will contribute to transformational impact as well as support a resilient recovery in the short to medium term.

95. The LDCF will deliver this priority area in the 2022-2026 period through the following entry points.

### *Reinforcing policy coherence*

96. The LDCF will aim to promote mutually reinforcing policies of national governments and international public and private investments to mobilize large scale adaptation finance and enable vulnerable countries to go beyond incremental to transformative action. Policy coherence will lead to a more holistic and integrated approach and will likely influence systemic change in budget and investment decisions to mobilize financing at scale to deliver large scale adaptation benefits.

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<sup>52</sup> UNEP, 2021, [Adaptation Gap Report 2020](#), Nairobi.

<sup>53</sup> UNFCCC, 2021, [UNFCCC Standing Committee on Finance: Fourth \(2020\) Biennial Assessment and Overview of Climate Finance Flows](#), Bonn.

97. To facilitate such coherence, the LDCF will support projects and programs which take a whole-of-government approach spanning across different government levels and departments including the finance ministries to effectively mobilize resources for adaptation. More specifically, it will support institutional coordination, integration of climate change across national, sub-national and local policies, creating mechanisms for greater engagement of private, non-profit and community institutions, and tools and frameworks that can enable such engagements and coherence.<sup>54</sup> Close alignment with projects and programs supported by the GCF, Adaptation Fund and GEF Trust Fund through its impact programs and focal area projects on climate change, biodiversity and land restoration will also be encouraged and facilitated in this context to mobilize finance at scale for adaptation solutions. Moreover, the strategy will aim to collaborate and build coherence with other development aid funding in the LDCs, such as for humanitarian and emergency response purposes, with an objective of integrating adaptation in such funds as well as leveraging those resources for climate change adaptation and resilience building.

### *Strengthening institutional capacity*

98. A systemic challenge with flow and access to finance is the limited capacity of institutions in LDCs to effectively manage, invest and track adaptation investments. This includes capacity gaps such as developing high impact projects, having robust financial systems and requirements to access finance and enabling policy environment to mobilize finance from the private sector. Such capacity gap is even more prevalent in many sectoral departments, local governments and financial intermediaries, thereby restricting the effective flow of funds to actions which are bottom up and locally led.

99. The LDCF will work with governments in strengthening capacity of these institutions and facilitate institutional coordination for effective design and implementation of cross-cutting and integrated adaptation projects. This can potentially leverage public budgets for climate adaptation. It will also collaborate with other multilateral and bilateral public funds and the private sector to develop institutional mechanisms in countries that can enable smooth flow of finance for adaptation. The LDCF will also facilitate global partnerships and collaboration especially South-South cooperation to exchange knowledge and experience on accessing climate finance and strengthen mutual capacities.

### *Supporting innovative financing mechanisms and instruments*

100. Adaptation financing is largely driven by grant financing, low-cost debts and market-rate debts for projects.<sup>55</sup> In recent years, a number of innovative financing mechanisms have also emerged for investment in adaptation solutions. These include dedicated domestic and international adaptation innovation funds, blended finance and climate risk insurance among others. Financial instruments such as bonds are also being developed as a potential low-cost

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<sup>54</sup> OECD, 2019, [Recommendation of the Council on Policy Coherence for Sustainable Development](#), OECD/LEGAL/0381.

<sup>55</sup> Climate Policy Initiative. 2021. *Global Landscape of Climate Finance 2021*.

financing options but often are hindered by high transaction cost, lack of enabling policy environment and limited capacity of local financing institutions to design and operationalize such market-based instruments. Debt-for-climate swaps are also being discussed as options to scale up adaptation investment by reducing debt burden of vulnerable countries even though it has been considered for SIDS mainly.<sup>56</sup> These mechanisms overall aim to address externalities and unlock large scale finance for adaptation solutions through means such as creating incentives and risk hedging, providing low-cost capital for climate resilient infrastructure, and addressing residual risks.

101. The LDCF will work with governments, financial institutions, and the private sector to advance such innovative financing mechanisms and instruments by developing solutions that reduce the cost of capital for adaptation, build capacity of financial institutions and intermediaries, reduce transaction cost and strengthen policy and regulatory environment. The strategy also aims to collaborate and foster alignment with multilateral development banks and other climate funds to develop innovative financing solutions to support large scale adaptation investments in LDCs. In this context, it will build on existing collaboration, for example with the World Bank to enhance capacity of LDCs to leverage the International Development Association (IDA) towards climate adaptation and resilience support, and with relevant partners including GCF and IFAD in the Great Green Wall countries for transformative adaptation projects and programs. It will also specifically aim to bridge the gap of financing nature-based solutions and other adaptation measures that present large scale adaptation benefits but have attracted limited finance until now due to a number of systemic barriers. Finally, the LDCF will engage with and encourage governments at their request to utilize the COVID-19 stimulus funding packages for climate resilient recovery.

#### *Enhancing tools and metrics as enablers for adaptation impact*

102. A fundamental barrier to investment in climate change adaptation is the limitation to effectively measure the transformative outcomes as well as short-term outcomes which lead to long-term resilience of vulnerable communities and ecosystems. Within this context, the LDCF will work with partners and countries in strengthening their adaptation results framework, including monitoring, reporting and verification of the outputs and outcomes, and also strengthen institutional capacities to integrate this framework within their national policies and programs. The focus of tools and metrics will be on the key transformation levers identified in the strategy and will aim to capture climate resilience impacts across institutional, social, economic and environmental dimensions. This will enable countries to better estimate and track the benefits and demonstrate impact value for the funds received.

103. In addition, a significant amount of budget allocated or flowing to countries for infrastructure, economic development and social protection cannot integrate climate change considerations sufficiently due to limited accessibility and usability of climate related data, models, and analytical tools. This barrier is also limiting the mainstreaming of climate change

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<sup>56</sup> Thomas, Adelle and Theokritoff, Emily. 2021. *Debt-for-climate swaps for small islands*. Available at: <https://www.nature.com/articles/s41558-021-01194-4>

considerations into the blue, green and resilient recovery efforts. The LDCF will facilitate projects which collaborate with scientific, technical, and financial institutions in developing data bases, climate models and economic valuation frameworks that can influence large scale public and private finance to flow for adaptation. Finally, collaboration with financial institutions, rating agencies and other stakeholders will be enhanced to strengthen tools and principles which can facilitate sustainability investment decisions and climate-related disclosure to further stimulate investments in climate resilience and direct finance away from investments that increase vulnerability.

### ***Priority Area 2: Strengthening Innovation and Private Sector Engagement***

104. Innovation and private sector engagement in climate change adaptation and resilience is rapidly evolving, driven by a combination of factors including technological progress, market demand, financial risk, and business opportunity. Businesses' motivations to act, include (i) reducing risk and strengthening their own resilience to climate impacts; (ii) selling profitable goods and services for others' adaptation and resilience; and (iii) delivering financial products and services to help others cope with climate change. However, in both LDCs and non-LDCs, innovation and private sector action has yet to achieve the desired speed and scale that is urgently needed towards addressing the climate adaptation financing gap and creating a more climate resilient society.

105. In complementarity with other multilateral climate funds, the LDCF grant support is well placed to strengthen the policy and institutional capacity at national and local levels in LDCs to strengthen innovation and private sector engagement in climate adaptation. LDCF support will also create investment opportunities with technology innovators and private sector partners that remove the constraint of access to capital for smallholder farmers and other local producers, as well as micro, small and medium enterprises (MSMEs), to invest in transitioning to more resilient practices.<sup>57</sup>

106. The role of the LDCF as a catalyst to enable greater private sector action and support for climate adaptation is recognized in the Long-Term Vision on Complementarity, Coherence and Collaboration between the GCF and the GEF.<sup>58</sup> More specifically, practical opportunities of relevance to LDC contexts will be sought for LDCF grants to strengthen policy, institutional, and capacity conditions which can be effectively complemented with concessional loans, guarantees or equity investments by the GCF and other sources of climate finance to crowd in large-scale commercial investment. This also aligns with the GEF IEO evaluation on support to

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<sup>57</sup> As articulated in the GEF Private Sector Engagement Strategy approved in 2020, the private sector is a broad and all-encompassing term, used to describe commercial activities, at all levels, that occur outside the direct control of governments. The GEF seeks to engage as broad a diversity of private sector actors and to be inclusive and responsive to the range of private sector actors represented, and the specific contributions they offer to the GEF Partnership.

<sup>58</sup> GEF, 2021, [Long-Term Vision on Complementarity, Coherence and Collaboration between the GCF and the GEF](#), Council Document GEF.C60/08.

innovation which recommends GEF to continue to explore and partner with innovation support programs that may mobilize larger sources of risk capital, and explicitly encourage adaptive, flexible management of innovative interventions.<sup>59</sup>

107. Learning gained through GEF-7 programming and other experience, including through the Challenge Program for Adaptation Innovation, provides crucial insight on high potential opportunities for the LDCF to catalyze innovation and private sector engagement for climate change adaptation, in partnership with a wide range of stakeholders. The Challenge Program for Adaptation Innovation has demonstrated strong potential to catalyze innovation and private sector investment in climate change adaptation by identifying and testing and scalable and bankable investment approaches, business models, and technologies. The Challenge Program will be advanced in the GEF-8 phase with the LDCF to support innovative approaches and engaging with new partners with potential to deliver transformative impacts at local and global levels.

108. The LDCF will continue to support nature-based solutions across innovation and private sector engagement opportunities, for their proven impact, effectiveness, and sustainability, in generating integrated results to address climate change adaptation, biodiversity and other critical societal challenges. The LDCF will deliver this priority area in the 2022-2026 period through five entry points described below.

#### *Advancing technology transfer, innovation, and deployment*

109. Technology transfer and deployment is critical to transform the pace and scale of adaptation impact across sectors. In partnership with leading innovation actors, including universities, research centers, and start-up companies, the LDCF will catalyze swift momentum for promising technologies to be tested and adapted; and when successful technologies emerge, create accelerated pathways to take them from research, development and demonstration (RD&D) through to commercialization. Scaling up use of innovative climate adaptation solutions through commercialization typically requires a combination of technical assistance and accessible finance, as well as access to markets. Communities of innovation will also be considered for their potential to support local entrepreneurs and strengthen private investment through learning across sectors, as well as connecting ideas with know-how and finance. Cross-cutting opportunities on technology transfer, innovation and deployment with climate change mitigation, as well as other GEF focal areas and programming as appropriate, will be explored.

110. The LDCF will continue to explore areas of collaboration with the Climate Technology Centre and Network (CTCN), as consistent with national priorities and based on countries' requests.

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<sup>59</sup> GEF IEO, 2021, [GEF Support to Innovation: Findings and Lessons](#), Council Document GEF/E/C.60/02.

### *Enabling the conditions for private sector action*

111. The World Bank Group and Global Commission on Adaptation have highlighted set of key barriers impeding private sector action and investment in climate change adaptation and resilience.<sup>60</sup> Examples include the limited availability and adoption of climate risk data and tools to make informed investment decisions; weak formal metrics, standards and legal frameworks for the private sector to act for adaptation needs; perceived lack of profitable investments; and low capacity within financial system, governance bodies. The LDCF and SCCF are well suited to address several of these barriers and will provide targeted support for practical solutions to address these barriers, through a combination of policy support, technical assistance, and blended finance.

112. Practical areas of focus for LDCF and SCCF to address barriers and capitalize on strengths to enable private sector action include:

- Improving use of climate information to drive climate investment decision-making by increasing data availability, user-friendliness and translating the climate adaptation into language of credit and operational risk;
- Strengthening consistency and use of robust metrics and standards throughout financial supply chain, including in credit risk analysis, to motivate and measure commercial investment in climate adaptation and resilience;
- Growing the business case for investing in adaptation and resilience by identifying, incubating and profiling commercially viable climate adaptation and resilience business models;
- Providing catalytic support to develop innovative financing and incentive mechanisms to enhance investment flows to, and potential to generate adaptation impacts; and
- Integrating climate change risk management, cost modeling, and ecosystem service valuation within regulatory frameworks, such as for insurance standards, building codes, procurement policies.

### *Using grant finance to share risk and catalyze private sector investment*

113. Risk sharing with grant finance is a powerful approach to enable and attract private sector action and investment, in different phases and within capital structures. The use of grants for enabling commercial investment has proven to be effective. Recent examples include providing technical assistance and grant-based guarantees for microfinance institutions create lines of credit dedicated to microloans at accessible terms to help smallholder farmers and

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<sup>60</sup> [Enabling Private Investment in Climate Adaptation & Resilience, World Bank Group](#), 2021, pages 27-34; and [Driving Finance for the Climate Resilient Society of Tomorrow](#), Global Commission on Adaptation, 2020, pages 32-40.

MSMEs to invest transitioning to climate resilient activities. Other examples include support for piloting commercially viable technology solutions that have high risk and high impact potential.

114. Consideration will be given to opportunities and effectiveness of generating integrated impact through blended finance instruments and multi-trust fund projects (LDCF, SCCF, and/or GEF Trust Fund) for climate change adaptation and global environment benefits.

#### *Incubating and accelerating Micro, Small, and Medium Enterprises*

115. In LDCs, MSMEs are often the driving force of local economies and the catalysts of innovation. MSMEs also tend to be extremely vulnerable to climate impacts. In May 2021, the GEF IEO published evaluation on *GEF Engagement with MSMEs* which highlights that capacities and access to resources are lower among MSMEs, and notes that “Involving a diverse range of private sector partners beyond a co-financing role most consistently predicted successful engagement.”<sup>61</sup>

116. LDCF support to MSME incubation and acceleration will have a holistic value chain approach that simultaneously focuses on climate resilient production, as well as innovative financing ensure local business have the tools and access, they need to adapt to increasing climate impacts. Innovative financing for MSMEs will be catalyzed through support for development of green financing products including equity funds and inclusive microfinance. Attention will also be given to strengthening the MSME startup environment, and support laboratories and ecosystems for change that build the regulatory framework needed for private sector innovation and investment in climate adaptation to thrive.

#### *Catalyzing inclusive microfinance*

117. Microfinance lenders are often the primary providers of financing to MSMEs and smallholder farmers in developing countries, including in LDCs. Microfinance is also highly exposed to impacts of climate change because low-income clients are less likely to be able to withstand climate shocks, and risk defaulting on loans. Moreover, microfinance institutions typically lack the climate change expertise to design adaptation-oriented lending products, develop adaptation impact monitoring systems, and train credit agents and large volumes of customers in technical aspects of climate change adaptation and resilience.

118. The LDCF seeks to address this gap by supporting the design of inclusive microfinance products and monitoring systems that incorporate the necessary climate adaptation considerations and metrics into accessible microlending products that enable localized investment. Enabling microlending for climate adaptation at accessible and fair terms is crucial to remove the barrier of access to capital for local producers and vulnerable populations to adapt to climate risks. The LDCF may provide grant-based blended finance options for technical

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<sup>61</sup> GEF IEO, 2021, [Evaluation of GEF Engagement with Micro, Small and Medium Enterprises](#), Council Document GEF/E/C.60/05.

assistance and other measures to help reduce financial risks and remove barriers of access to capital for local vulnerable producers and population.

119. This support will also be used to motivate and enable commercial microfinance partners to track climate change adaptation and resilience impacts into their decision-making and results monitoring systems, which can in turn strengthen design of increasingly localized actions by microfinance institutions and smallholder farmers. This area of support is particularly well suited to South-South cooperation involving LDC and SIDS contexts, by sharing successful experiences and methodologies among relevant actors across regions and countries. Cross linkages to share lessons learned with the SCCF, as well as the GEF Small Grants Program and its proposed micro-finance implementation modality will be sought whenever relevant. LDCF support for inclusive microfinance may also learn from and seek to amplify knowledge and impact with innovators and networks in this field as appropriate.

### ***Priority Area 3: Fostering Partnership for Inclusion and Whole-of-Society Approach***

120. Climate change impacts tend to exacerbate existing inequalities in society, whether around gender or other aspects of identity, but in some limited circumstances it can create opportunities for transformational change that address these inequalities. Therefore, partnership is an integral part of successful implementation and enhancing ownership of adaptation solutions. Partnership with vulnerable groups such as women and girls, youth, Indigenous Peoples, and local communities will not only make LDCF investment efficient, effective and responsive to climate risks in LDCs but also provide critical local knowledge relevant for adaptation interventions over different timeframes. There is also a critical need to accelerate global climate adaptation action through thought leadership with influential partners.

121. Similar to the GEF-8 strategy for maximizing the contribution of Local Actions, Civil Society, and the GEF Corporate Program for the Small Grant Programme to support the GEF Ambition in GEF-8 and beyond,<sup>62</sup> the LDCF will consider strategic engagement and contributions of these key actors and stakeholders to achieve the ambitious goal set forth in this programming document.

122. It is very important for the LDCF, and also the SCCF, to engage with a wide range of groups and organizations, including the private sector, to harness the knowledge, experiences and capabilities of affected and interested individuals and groups. In particular, women in LDCs are often more vulnerable to adverse impacts of climate change than men. While they face unique barriers, women are also increasingly recognized as agents of change who make valuable contribution to the environment. Women constitute the majority of the world's poor and are highly dependent for their livelihoods on the local natural resources threatened by climate change.<sup>63</sup> Despite promising national reforms, women still have less access to land, water and other productive natural resources due to gender-discriminatory social and cultural

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<sup>62</sup> GEF, 2022, [GEF-8 Programming Directions](#), Replenishment Document GEF/R.08/29/Rev.01(pages 224-237).

<sup>63</sup> UNEP, 2011, [Women at the Frontline of Climate Change: Gender Risks and Hopes. A Rapid Response Assessment](#).

norms and often face greater barriers than men to accessing technical and financial opportunities as well as opportunities to participating in decision making processes.<sup>64, 65</sup>

123. The recent UNICEF report on Children’s Climate Risk Index not only highlighted severe consequences of climate change on children, but also called for an increase in investment in climate adaptation and resilience in key services for children and inclusion of young people in all climate-related decision making.

124. Given these observations, and in light of the significant intergenerational impacts of climate change, it is essential to provide dedicated space to the wide range of stakeholders to enable their participation and recognize their role as genuine partners for change in line with the whole-of-society approach, not solely as beneficiaries or recipients of LDCF support. This approach also responds to the recent outcome of the Glasgow Climate Change Conference, where GEF is urged to enhance its supports to projects that engages stakeholders at the local level and also consider ways to enhance the role of national agencies and civil society organizations.<sup>66</sup> The LDCF will deliver this priority area in the 2022-2026 period through four entry points.

#### *Focusing on institutional strengthening and capacity building efforts at all levels*

125. Institutional coordination plays a critical role for building strong partnership amongst the stakeholders. These institutions, created through suitable legal, policy and regulatory enabling environment, will be critical in enabling stakeholders to share their perspectives and empower them on the overall planning and implementation of adaptation interventions. The LDCF will aim to provide support to national governments to carry out policy and institutional reforms that can effectively align climate change adaptation efforts with principles of good governance, particularly downward accountability, citizen and youth participation and transparent decision making.<sup>67</sup>

126. In particular, given the importance of enabling institutional arrangements for whole-of-society adaptation interventions, the LDCF will explore means to support countries in conducting assessment of institutional strengths and weakness, with the view to helping build institutional capacities to address climate risk at all levels of society.

127. Similarly, understanding of the climate risks and uncertainties, especially at the local level, is crucial to generate solutions for the long term without being dependent on project-based donor funding.<sup>68</sup> Therefore, targeted capacity building initiatives for relevant stakeholders, including community-based organizations and local level, are essential to enable them to develop robust adaptation plans and interventions which prioritize the needs of the

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<sup>64</sup> GEF, 2018, [Policy on Gender Equality](#).

<sup>65</sup> GEF, 2018, [Guidelines on Gender Equality](#).

<sup>66</sup> UNFCCC, 2021, [Outcome of the Glasgow Conference, Decision -/CP.26](#)

<sup>67</sup> Asian Development Bank et al., [Resilience Accelerating Sustainable Development. Investing in Community-Led Strategies for Climate and Disaster Resilience](#), Manila.

<sup>68</sup> GCA, 2021, [Principles of Locally Led Adaptation](#)

most vulnerable communities. Leadership and process facilitation skills are also essential to include socio-economic vulnerabilities and marginalized groups in the decision-making process.<sup>69</sup> This can be delivered as part of the Dedicated Program outlined in the section below.

128. The LDCF will continue to support efforts to develop endogenous technical capacities of LDCs through regional or global approaches. This will build on the ongoing effort to capacitate higher education institutions in LDCs for government and other stakeholders to formulate effective, evidence-based climate change policies, as part of the GEF's support for the LDC work programme. Initiatives to develop, implement, and monitor investment-ready climate change adaptation projects will also be considered for support, as a means to enhance LDC access to public and private sector finance from other international and domestic sources.

129. In addition, the LDCF will provide targeted support to raise awareness of the political leadership and decision makers, as appropriate, at the national and local level with the view to create enabling policy and regulatory environment to empower local level actors in pursuit of whole-of-society approach as outlined in the Dedicated Program below.

#### *Building partnerships with local organizations and systems to address social equity*

130. Social equity issues faced by various groups such as women, youth, children, disabled, displaced, Indigenous Peoples and marginalized ethnic groups, and LGBTQ+ hamper their ability to engage effectively in decision-making and participating in initiatives to address climate adaptation challenges. Most international financial institutions lack full understanding of the structural inequalities faced by specific individual groups and likewise have failed to recognize vulnerability as a social-ecological construct. NGOs and civil society organizations have often filled this gap, albeit almost exclusively at a local level.<sup>70</sup>

131. Through the LDCF, concerted efforts will be made to build partnerships and further enhance the participatory process with local stakeholders at both project and portfolio levels. Specifically, the LDCF will support proactive inclusion of various groups as key stakeholders for locally-led adaptation in national level outreach efforts and portfolio formulation, and encourage their engagement as executing partners at the project level. Furthermore, specific activities that address social equity constraints towards more inclusive adaptation action will be supported in projects and programs, such as support for setting up multi-stakeholder platforms that encourages dialogues at the national and local level, which discusses common climate change adaptation problems and determines ways to address it. This effort will be informed by experiences gained and lessons learned from the implementation of the GEF's Policy on Stakeholder Engagement and Guidelines on the Implementation of the Policy on Stakeholder

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<sup>69</sup> Morchain, D., Ziervogel, G., Spear, D., Masundire, H., Angula, M., Davies, J., Hegga, S. and Molefe C. 2019. *Building transformative capacity in southern Africa: Surfacing knowledge through participatory Vulnerability and Risk Assessments*. Action Research, 17(1): 19-41. DOI: 10.1177/1476750319829205. Link to summary

<sup>70</sup> Ibid.

Engagement.<sup>71,72</sup> The support should build mutual trust and respect, and encourage vulnerable and marginalized groups for meaningful participation.

132. At the fund level, the Secretariat will support institutional learning to create awareness about the structural inequalities faced by specific individual groups and to build and share good practices and solutions on how to integrate causes of vulnerability into the core of adaptation action with other climate funds and Agencies, as described further in the section below on Dedicated Programs. Furthermore, in response to the 2020 LDCF Program Evaluation recommendation, the Secretariat and GEF Agencies will work to ensure that the 2017 Gender Equality Policy and related guidance is fully operationalized, such as the development and implementation of robust action plans, building on progress made towards inclusion of gender considerations since the 2016 Program Evaluation.

#### *Exploring innovative financing opportunities to support whole-of society approach*

133. Financial support is crucial to realize the whole-of-society approach. Providing improved access to financial support to local institutions and communities can enable their engagement as executing partners, with clear responsibilities on how adaptation actions are defined, prioritized, designed, implemented; how progress is monitored; and how success is evaluated.

134. The LDCF will continue to deliver finance for local level action by encouraging integration of local needs and priorities in LDCF project and program documents. This can be facilitated by enhanced capacity at the local level that understand climate risk for the community, and improved institutional arrangement that sets the mandatory requirement at the national level to pay special attention of vulnerable communities.

135. In addition, the LDCF may incentivize locally led action to be channeled through the government as a global program with global/regional project resources, above the country resource gap. This will be coordinated with efforts outlined in the Renewed Country Support Program for GEF-8 supported by the GEF Trust Fund.

136. The LDCF will explore innovative financing opportunities to facilitate such engagement and inclusion, for example informed by the Challenge Program on Adaptation innovation, consultations with relevant groups, and experiences of other climate funds as well as GEF Implementing Agencies. Cross-linkages to share lessons learned under the Priority Area 2: Strengthening Innovation and Private Sector Engagement, as well as the GEF Small Grants Program and its proposed Civil Society Challenge Fund and Microfinance will be sought whenever relevant. The LDCF will also explore options to mobilize support with private sector, philanthropies, and other innovative approaches.

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<sup>71</sup> GEF, 2017, [Policy on Stakeholder Engagement](#).

<sup>72</sup> GEF, 2017, [Guidelines on the Implementation of the Policy on Stakeholder Engagement](#).

## *Engaging in thought leadership through global partnerships and fostering enabling environment*

137. Acceleration of adaptation action needs global thought leadership and a critical mass of alliances that can mobilize commitment, resources, and influence. In this regard, the GEF has a strategic interest to engage in global partnerships. Such partnerships and platforms include: Global Resilience Partnership (GRP), Alliance for Hydromet Development, World Adaptation Science Programme (WASP), SAMOA pathway, and Race to Resilience among others. Such engagements at the fund/institutional level will be supported through the “corporate program” as described further. Furthermore, the creation of enabling conditions at the national, sub-national, and sector levels and enhanced coordination may be supported. Specific activities may also respond to COP guidance and decisions of relevance on support for enabling activities as well as for the implementation of the LDC work programme.

### **SPECIAL CLIMATE CHANGE FUND**

138. This strategy presents focus and streamlining of the SCCF to target priority adaptation areas in the climate finance landscape. The SCCF priority themes are presented with a view to supporting transformational adaptation. The two SCCF priority areas build on SCCF’s strengths and capacity to provide targeted support SIDS and vulnerable geographies, and to promote technology transfer, through innovation and private sector engagement.

139. Options to optimize the SCCF, presented in the section on operational improvements and Annex VIII, were discussed during the strategy negotiation process. The SCCF strategy presented below is based on the agreed option to enhance focused support on key areas of comparative advantage of the SCCF and the existing gaps in the multilateral climate finance architecture. The SCCF strategy below is therefore presented in line with this agreed SCCF optimization.

140. As discussed in the earlier sections, key themes for SCCF programming will include agriculture, food security and health; water; nature-based solutions; and early warning and climate information systems, paralleling those proposed for the LDCF. Other themes may be supported if they reflect a demonstrated adaptation priority for the country or at the regional/global. In addition, South-South cooperation and learning among all developing countries, including between LDCs and non-LDCs, are important, as countries with more advanced economies may have learning and innovation that may be useful for application in LDC contexts. South-South cooperation and learning will focus on the SCCF priority areas as presented below, and supporting innovation, technology transfer, and private sector transformation.

### **SCCF Priority Areas**

141. The SCCF strategy presents two priority areas of supporting the adaptation needs of SIDS and strengthening technology transfer, innovation, and private sector engagement. The two priority areas with their respective entry points are described below.

### ***Priority Area 1: Supporting the Adaptation Needs of SIDS***

142. This priority area focuses SCCF support to the climate adaptation needs of SIDS, particularly those that are not classified as LDCs. Only eight of the UN list of 38 SIDS<sup>73</sup> are also LDCs and thus eligible to access LDCF resources, with Sao Tome and Principe and Solomon Islands scheduled to graduate from LDC status during the GEF-8 period (see Annex IV, which presents a list of SIDS eligible for GEF support).<sup>74</sup> The strategic focus on SIDS enables the SCCF to channel its adaptation support to some of the world’s most climate-vulnerable populations, whose priorities and needs have not been adequately met by other sources of climate finance. These include the vulnerable small island states of Caribbean, African and Indian Ocean, and the Pacific.

143. SIDS are among the most vulnerable countries on the planet to adverse impacts of climate change. They are eligible for support through the SCCF, Adaptation Fund, and GCF, which are open for all developing countries to access. Whereas the LDCF serves the adaptation needs of LDCs as a highly vulnerable group of countries, the SIDS do not have a dedicated funding opportunity for their adaptation needs and compete for access to climate adaptation support. Annex V displays an analysis of approved climate change adaptation funding to date for SIDS from the LDCF, SCCF, GCF, and Adaptation Fund as well as information on funding from the Climate Investment Funds’ Pilot Program for Climate Resilience (PPCR). Unlike the equitable access to adaptation funding for all LDCs, due to the LDCF’s “leave no LDCs behind” approach, it is evident that there are gaps and disparities across the adaptation funding received by SIDS, particularly non-LDC SIDS.

144. Therefore, a priority area under the SCCF during GEF-8 will be a geographic focus on SIDS, in the spirit of “leave no SIDS behind”. Such a focus also enables the GEF to serve the adaptation needs of the Caribbean region, which contains several small and highly vulnerable island developing States. The proposed geographic focus on SIDS for adaptation support under the SCCF is also directly aligned with the recommendation contained in the IEO’s 2021 Program Evaluation of the SCCF.<sup>75</sup>

145. A host of climate and non-climate factors contribute to SIDS’ vulnerability. Salt-water intrusion is severely impacting availability of drinking water as well as agricultural productivity on many islands. Sea level rise will worsen this situation, especially on low-lying islands, and, together with increased heavy rainfall, worsen damage from tropical storms to coastal infrastructure, settlements, and coastal ecosystems.<sup>76</sup> Compounding these impacts, solutions are often difficult owing to SIDS’ geographic isolation and limited land area. Other constraints

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<sup>73</sup> See <https://www.un.org/ohrls/content/list-sids>.

<sup>74</sup> Sao Tome and Principe and the Solomon Islands. Please see:

<https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-graduation.html>

<sup>75</sup> IEO, 2021, *2021 Program Evaluation of the Special Climate Change Fund*, GEF/LDCF.SCCF.31/E/01/Rev.01.

<sup>76</sup> IPCC, 2022: *Summary for Policymakers*. In: Climate Change 2022: Impacts, Adaptation, and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [H.O. Pörtner, D.C. Roberts, M. Tignor, E.S. Poloczanska, K. Mintenbeck, A. Alegría, M. Craig, S. Langsdorf, S. Lösschke, V. Möller, A. Okem, B. Rama (eds.)]. Cambridge University Press. In Press.

to delivery of effective solutions include high energy costs, remoteness from international markets, and the small, often non-diversified economies of SIDS, which rely on a limited resource base. Many SIDS are heavily indebted, with debt-to-GDP ratio growing faster the year a severe storm strikes; the impact of such storms is often to make SIDS turn towards new creditors with whom they engage in additional debt for reconstruction.<sup>77</sup>

146. Climate change impacts, observed and projected, are wide-ranging. The IPCC states with 'high confidence' that: extreme sea levels and coastal hazards will be exacerbated by projected increases in tropical cyclone intensity and precipitation; many low- small islands (including SIDS) are projected to experience historical centennial events at least annually by 2050; significant wave heights are projected to increase across the Southern Ocean and tropical eastern Pacific; and that almost all warm-water coral reefs are projected to suffer significant losses of area and local extinctions, even if global warming is limited to 1.5°C.<sup>78</sup> In SIDS, these changes will translate into direct adverse impacts on human security, health, infrastructure, ecosystems, agriculture and food, and the economy and livelihoods.

147. In the GEF-8 period, the SCCF will support targeted interventions in SIDS that address the priority themes identified above. Opportunities will be sought, as appropriate, and feasible, to program in parallel with the GEF Trust Fund, building on a positive example from GEF-7 multi-trust fund program with land degradation in the Caribbean, and further exploring entry points for SIDS for the Integrated Programs and others.

148. For example, project alignments may be explored with 'Blue and Green Islands Integrated Program (BGI IP)', which focuses on the key socio-economic drivers of environmental degradation in SIDS, notably tourism, food, and urban development. This may be done through measures to restore mangroves and build resilience of coral reefs; support drought-tolerant species and climate-resilient fisheries and aquaculture; and enhance the climate-resilience of infrastructure design standards and building codes, for example. As for the BGI IP and the GEF-8 framework broadly, programming under this priority area will be aligned with and reflective of the *Healthy Planet, Healthy People* approach, and strive to deliver integrated, cross-sectoral and holistic solutions in a changing climate. The extent to which such alignments would be realized depends on SCCF resource availability and timing of resource access by countries and/or at the regional level.

149. In addition, the SCCF-supported SIDS programming may also seek to jointly program with the GCF in SIDS as a major initiative under the LTV, and to provide complementary adaptation support for bilateral/multilateral and/or other initiatives in food security, coastal resilience, resilient urban development, or other themes relevant to adaptation for SIDS. As a

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<sup>77</sup> Piemonte, C., 2021, [The Impact of COVID-19 Crisis on External Debt in Small Island Developing States](#), OECD, Paris.

<sup>78</sup> IPCC, 2019b, [Summary for Policymakers](#). In: IPCC Special Report on the Ocean and Cryosphere in a Changing Climate [H.-O. Pörtner, D.C. Roberts, V. Masson-Delmotte, P. Zhai, M. Tignor, E. Poloczanska, K. Mintenbeck, A. Alegría, M. Nicolai, A. Okem, J. Petzold, B. Rama, N.M. Weyer (eds.)]. In press

large number of SIDS are eligible to receive IDA resources, opportunities for leverage towards adaptation and resilience support will be sought.

150. Furthermore, opportunities to address multiple benefits with the International Waters focal area at the regional scale, as well as other focal areas as multi-trust fund projects will be actively explored.

151. Programming in SIDS will respond to country needs and be aligned with strategic documents such as NAPAs, NAPs and NDCs, adaptation communications, as well as with national and/or regional development plans such as the SAMOA Pathway. Some examples (non-exhaustive) of areas where the SCCF could offer adaptation support include: storm and flood early warning systems; improved regional forecasts; nature-based solutions such as mangroves and other protective measures interventions; enhanced resilience of roads, public infrastructure and freshwater sources; climate-resilient aquaculture, fisheries, and diversified incomes; systemic resilience interventions in the food, urban and tourism space; climate resilient health (vector- and water-borne disease); and measures to build resilience, reduce fragility and diversify the local economy, reducing dependence on imports; as well as mainstream climate resilience in policies and development planning; and build domestic capacity for adaptation.

152. In the context of regional adaptation projects and programs, opportunities to help build capacity of regional organizations such as the Secretariat of the Pacific Regional Environment Programme (SPREP), the Pacific Community (SPC), the Organization of Eastern Caribbean States (OECS), and others to develop, implement, and monitor ambitious climate change adaptation programs, will be explored.

### ***Priority Area 2: Strengthening Technology Transfer, Innovation and Private Sector Engagement***

153. An unprecedented pace and scale of technology transfer, innovation and investment is urgently needed across all sectors to avoid the most severe impacts of our increasingly broken climate. This can only be realistically achieved at the scale and pace that is needed, in partnership with the expertise, financing and innovation of the private sector. The SCCF will strengthen innovation and private sector engagement in climate change adaptation, including by supporting technology transfer. This support will be available to all developing countries, including a focus on regional and global scales to foster cooperation and South-South learning.

154. The entry points for SCCF focus to strengthen innovation and adaptation in the 2022-2026 period will include technology transfer; enabling the conditions for private sector action; and incubating and accelerating MSMEs. Recognizing the importance of accessible finance and private sector transitions to adaptation and resilience, emphasis will also be placed on blending concessional finance to share risk and catalyze commercial investment, as well as catalyzing commercial finance for smallholder farmers and MSMEs to invest in practical solutions for localized adaptation action at scale.

155. Support to technology transfer has been a priority of both the LDCF and SCCF, and the SCCF has a targeted window to support technology transfer. The GEF has received various COP guidance on the subject. At COP 13, Parties requested GEF to establish a program promoting investment in technology transfer, to help developing countries address their climate technology needs. Subsequently, COP 14 requested the GEF to support long-term implementation of the Poznan Strategic Program on Technology Transfer including by strengthening private public partnership for technology transfer. More recently, COP 23 guidance encouraged the GEF to further enhance engagement with the private sector and invited the GEF to support developing countries in piloting priority technology projects to foster innovation and investment.

156. Given the fluid nature of technology transfer, innovation and private sector action and finance, regional and global programming is a practical and effective approach to drive systems transformation within and across regions. Among the GEF-managed trust funds, only the SCCF is able to directly support technology transfer, innovation and private sector engagement for climate change adaptation impact on a regional and global scale, among countries who are both LDCs and non-LDCs, including SIDS. The SCCF's flexibility to catalyze technology transfer, innovation and private sector action across developing countries provides benefit to both LDCs and non-LDCs. SCCF support in this area during the 20220-2026 period will focus primarily on multi-country, regional and global projects and programs. This focus will enable support to non-LDCs, including Latin American countries, on their climate change adaptation priorities, with a focus on technology innovation and private sector engagement.

157. Technology transfer and innovation is fundamental to achieve the pace and scale of transformation for adaptation impact that is urgently needed. Building on learning and recent success, the SCCF will continue to serve as a fund that is relevant and accessible to ideas and resources of a diversity of non-traditional partners to the GEF, including private sector leaders, NGOs, and technology innovators. The SCCF is well suited to play this role in the broader climate finance architecture, particularly given its agility and flexibility to support projects with transformational impacts across sectors; ability to support regional and global projects that foster South-South cooperation and learning among developing countries regardless of their economic status; and flexibility to use a range of financial instruments including grants and concessional loans to attract private sector investment for climate adaptation results. The approach piloted with SCCF support through the Challenge Program for Adaptation Innovation to enable a diversity of proponents to share their concepts for consideration and subsequent partnering with a GEF Agency, has proven to be an effective way to attract transformative ideas and resources directly from technology, private sector, and local civil society innovators.

158. The SCCF will support piloting and commercialization of first-of-a-kind climate change adaptation technology solutions, as well as adoption of known technology solutions in new country contexts. The SCCF will support technology transfer and innovation along the technology development process, with a focus on deployment through piloting and commercialization of high potential technology solutions. For climate adaptation technology solutions that have been tested and have a have strong potential, support will be provided for

large scale deployment through commercialization. Support for deployment will combine technical assistance and innovative financing opportunities. The SCCF will continue to explore opportunities for further collaboration in support of technology transfer and innovation with the CTCN, as consistent with national priorities and based on country demand.

159. Risk sharing by blending concessional and commercial finance is a powerful approach to crowd in commercial investment. SCCF support has the flexibility to strategically blend concessional finance through both grant and loan-based instruments to catalyze private sector action and investment in both LDCs and non-LDCs. This flexibility of the SCCF is instrumental to catalyze innovation and private sector investment for climate adaptation and resilience.

160. As described above in the section on LDCF priority areas and entry points, the Challenge Program for Adaptation Innovation has demonstrated strong potential to catalyze innovation and private sector engagement in climate change adaptation. The SCCF support for the Challenge Program for Adaptation Innovation addressed the critical need for non-LDC countries, including non-LDC SIDS, to foster innovation and private sector engagement. Also, regional and global approaches are crucial for systems transformation and South-South cooperation.

161. Advancing the pace and impact of innovation and private sector engagement requires active learning and collaboration across countries, be it on regional or global scales. Recognizing the iterative nature of adaptation and the importance of learning for impact and efficiency, it is important to support South-South learning among developing countries, regardless of their classification of LDCs or non-LDCs. This is particularly important given countries with more advanced economies may have learning and innovation useful for application in LDC contexts. The SCCF is uniquely positioned to support regional and global initiatives that catalyze innovation and private sector action for adaptation impact among countries, as it can support innovation, technology transfer and private sector transformation across both LDC and non-LDC developing countries, including among countries who share the same region and ecosystems and other characteristics.

### ***Other Priorities***

162. Additional priorities to be supported under the SCCF may include: national, regional, and ecosystem-based projects to address vulnerabilities, initiatives to address impacts of climate change on migration and displacement, multi-trust fund projects and programs, gender and youth focused programs, and more in-depth responses to COP guidance.

### **Operational Improvements for LDCF and SCCF**

163. This section presents recommendations for operational enhancements and options to enable the LDCF and SCCF to deliver on the programming activities as articulated in the previous section.

## LDCF RESOURCE MOBILIZATION MODALITY

### Overview

164. Since its establishment, the LDCF has provided support totaling \$1.6 billion for 353 projects, programs and enabling activities to meet the special needs of LDCs to adapt to the impacts of climate change. As of October 2021, 46 countries are eligible to access resources from the LDCF.<sup>79</sup> The LDCF continues to rely on voluntary contributions, rather than on a defined replenishment cycle like the GEF Trust Fund. Compared to the GEF-6 period, donor support in the GEF-7 period has rebounded, although still insufficient to meet consistent demand from LDCs for resources. In addition, there is a significant variability in annualized contributions, as shown in Figure 3.<sup>80</sup> This lack of predictability presents challenges in terms of managing country expectations, project approval and work program constitution, as well as Secretariat functions.

165. Given these observations, the participants discussed four options for the LDCF resource mobilization during the Programming Strategy negotiations. These included:

- Option 1: Move to the replenishment modality
- Option 2: Maintain status quo
- Option 3: Move to multi-year pledging
- Option 4: Consider other donor-proposed options

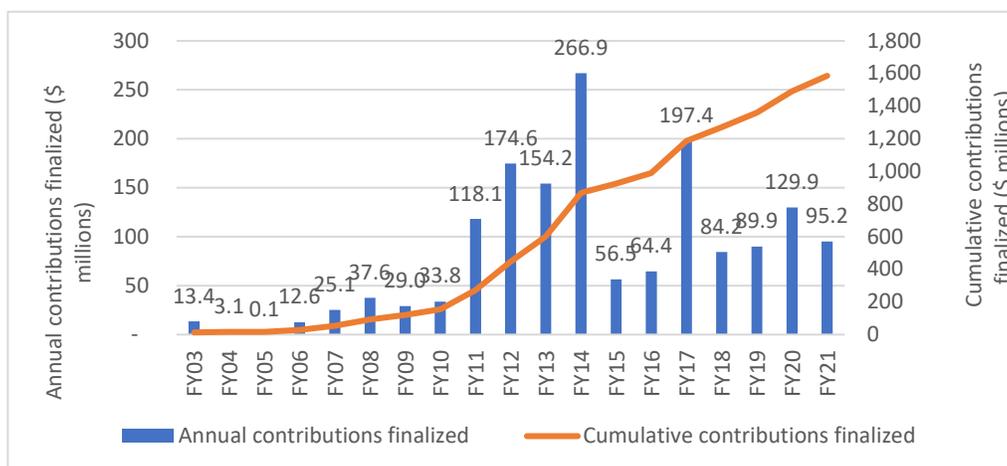
166. Annex VII presents a summary of four options that were considered for resource mobilization of the LDCF.

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<sup>79</sup> Several LDCs have graduated over the lifetime of the LDCF. For a list of eligible LDCs, see: [http://unfccc.int/cooperation\\_and\\_support/lcd/items/3097.php](http://unfccc.int/cooperation_and_support/lcd/items/3097.php)

<sup>80</sup> GEF, 2021, *Progress Report on the Least Developed Countries Fund and the Special Climate Change Fund*, Council Document GEF/LDCF.SCCF.31/04/Rev.01.

**Figure 3: Annual and Cumulative LDCF Contributions Finalized as of September 30, 2021 (USDeq million)**



### Multi-Year Pledging Modality

167. Based on the deliberations on the four options identified as above, the multi-year pledging was agreed as the selected LDCF resource mobilization modality, starting from the GEF-8 period. This modality requests donors that are able to do so to make multi-year pledging, based on the voluntary contribution model. As some donors have already been making multi-year contributions to the LDCF, other donors will also be encouraged to do so.

168. This modality is in line with the Glasgow Climate Pact decision that recognized “the importance and the adequacy and predictability of adaptation finance” and invited “developed country Parties to consider multi-annual pledges.”<sup>81</sup>

169. This modality could potentially enhance the predictability of support if a critical mass of donors, in terms of number of countries and resources, commits to it. Based on information provided through the Trustee from the contribution agreements and indicated timing of payments, the GEF Secretariat may be able to have more accurate, longer-term projections of available resources in GEF-8 compared to previous periods.

170. This modality also maintains the possibility to provide additional, top-up contributions by those that make multi-year pledging. It also enables intermittent donors to engage: those donors with special circumstances may propose alternative pledging modalities, such as continuing on an annual contribution schedule, on a case by case basis in consultation with the Trustee. This option also requires little changes to the current fund operations.

<sup>81</sup> UNFCCC, 2021, Decision 1/CMA.3 paragraph 16.

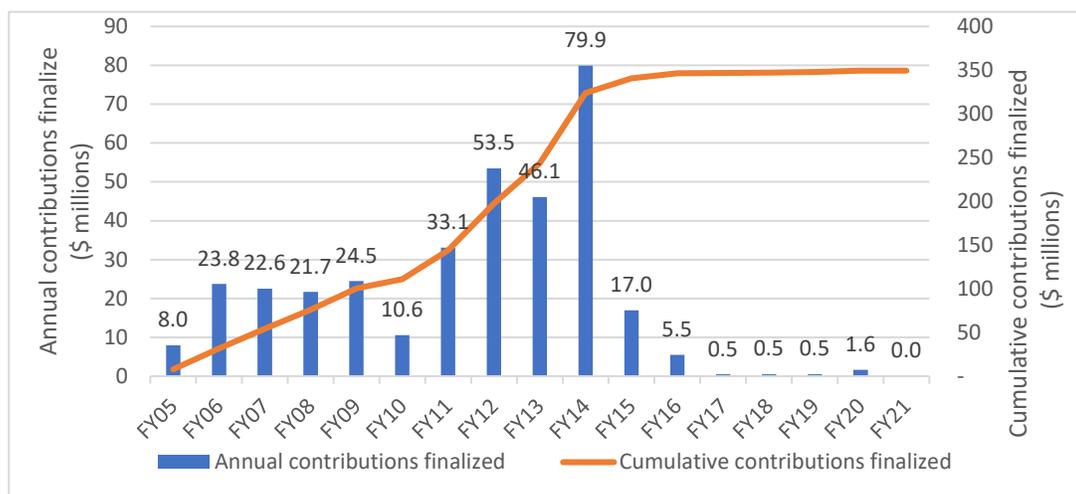
## OPTIMIZING THE SCCF

### Overview

171. A key topic discussed during the strategy negotiations has been the optimization of the SCCF. The SCCF is well positioned in its ability to support non-LDCs, including highly vulnerable SIDS, on their climate change adaptation priorities as well technology transfer needs. The SCCF also has flexibility to make the critical contribution of using both grants and non-grant instruments, including loan-based concessional finance to blend with commercial finance for scaling up private sector engagement and investment. Furthermore, the SCCF is able to support transformative systemic actions by focus on global and regional projects involving both LDCs and non-LDCs.

172. Despite these merits, value propositions, and high performance, resources have been constrained in the GEF-7 period, as shown in Figure 4 below.<sup>82</sup> While the SCCF is part of the financial mechanism for UNFCCC and confirmed to serve the Paris Agreement, only one donor has continued to respond to these political commitments. The situation is that the fund is insufficiently supported by donors to fulfil the present mandate, such as support to technology transfer, adaptation communication, and other elements, or to address the emerging, urgent need for climate change adaptation in non-LDCs. The fund is also not in a position to respond to new COP guidance or relevant decisions that may emerge without additional and sustained donor support.

**Figure 4: Annual and Cumulative SCCF Contributions Finalized as of September 30, 2021 (US\$ million)**



<sup>82</sup> GEF, 2021, [Progress Report on the Least Developed Countries Fund and the Special Climate Change Fund](#), Council Document GEF/LDF.SCCF.31/04.01.

173. Given these observations, the participants discussed four options on the optimization of the SCCF. These included:

- Option 1: fully revitalize the SCCF
- Option 2: Maintain status quo
- Option 3: Enhance focused support
- Option 4: Suspend the fund

174. Annex VIII presents a summary of four options that were considered for SCCF revitalization.

### **Enhancement of Focused Support**

175. Based on the deliberations on the four options identified as above, the enhanced focused support was agreed as the selected modality for SCCF revitalization, starting from the GEF-8 period. The SCCF in the GEF-8 period will sharpen the SCCF Programming Strategy focus on key areas of comparative advantage and gaps in the multilateral climate financing architecture, which will be implemented through the existing SCCF windows. This strategic focus is two-fold: (1) to address critical climate change adaptation priorities for SIDS; and (2) technology transfer private sector engagement. Within this focus, global and regional collaborative action for systems transformation and South-South sharing for across LDC and non-LDC contexts will be supported.

176. The rationale is to prioritize support for highly vulnerable contexts of SIDS through the existing SCCF window A, and enhanced support on technology transfer and collaborative action and South-South sharing through the existing window B of SCCF, including innovation support, blended finance opportunities, and private sector engagement.

177. This option has a merit of emphasizing support to SIDS, which as a group are highly vulnerable and have significant adaptation needs that have not been met sufficiently by other funds, as described earlier. Some donors have expressed SIDS as their priority for climate adaptation support, and the focused option may offer an opportunity to address such prioritization through earmarked contributions to window A.

178. There is also multiple, recent COP guidance to the GEF to support technology transfer, which will need the engagement of the private sector and mobilization of flexible blended finance instruments that cannot be supported by the LDCF. Such efforts could be supported under window B, which was originally set up to support technology transfer.

179. For this SCCF modality to be viable, assurances of balanced, new donor support for both windows will be needed. Donor contributions can be earmarked to a specific SCCF window.

180. This modality to enhance focused support also recognizes the successful track record of SCCF support in SIDS, including green and grey infrastructure to build climate resilience

(including improved building codes and regulations), nature-based adaptation solutions; resilience in the health sector; climate-resilient tourism; urban resilience, including in water supply and sanitation; adaptation in the agriculture and fisheries sectors; early warning and climate information systems; and more. The fund has also supported adaptation policy mainstreaming at regional, national and subnational levels; and South-South exchange of innovative adaptation technology solutions. Given the importance of safety nets as well as scaled-up investment in SIDS, in GEF-7 the SCCF also supported early efforts towards micro-insurance and financial literacy for fishing communities (e.g., in Papua New Guinea) and coral reef insurance (e.g., in Solomon Islands).

#### **ADDITIONAL OPERATIONAL IMPROVEMENTS**

181. In order to ensure that strategic priorities are not only conceptualized, but applicable in practice, the operational policies of the LDCF and the SCCF merit being assessed for the implementation of the new strategy.

182. The LDCF/SCCF strategy for the GEF-7 period introduced significant operational enhancements, such as the transition to a work program modality with approval by the LDCF/SCCF Council based on strategic priorities. The LDCF also introduced a \$10 million initial per-country cap, to enable a larger number of LDCs to access support in a timely manner. Furthermore, the practice of maintaining a pipeline was discontinued. These enhancements also enabled support for multi-trust fund projects and programs with the GEF Trust Fund.

183. For the upcoming GEF-8 period, the Secretariat proposes to maintain these GEF-7 improvements and enhance them where possible. For example, the modality of work program approval by the LDCF/SCCF Council will continue, as well as the application of factors for the strategic prioritization of projects by the LDCF/SCCF Council. Similar to the GEF-7 period, factors for enhanced strategic LDCF prioritization include the following, with the alignment with national needs and priorities being the most important factor to consider:

- Alignment with needs and priorities identified in national plans, such the NAP process, NAPAs, and national sustainable development strategies;
- Alignment with priorities in the Programming Strategy on Adaptation to Climate Change, such as opportunities to foster innovation and investments for technology transfer;
- Opportunities to leverage/catalyze support, including GEF multi-trust fund programming and other funding sources including the GCF; and
- Level of LDCF resources previously accessed by the country, to help facilitate access by countries underserved by the LDCF to date.

184. Additional factors include: potential for private sector engagement; geographical balance of LDCF support provided; extenuating circumstances, such as natural disasters; and timing of technical approval of projects.

185. The specific initial cap for LDCF resource access will be enhanced to \$20 million in GEF-8, as described further below. The potential to introduce a resource access cap for the SCCF for the GEF-8 period is also introduced.

186. Regarding synergy and integration, the priority themes and priority areas with entry points present a number of potential opportunities for cross-programming with the GEF-8 Programming Strategy, as described in sections above. The continued application of GEF-7 enhancements in the GEF-8 period will facilitate multi-trust fund programming between the GEF Trust Fund and the LDCF/SCCF. The introduction of the Dedicated Programs, in particular the targeted support for planning and programming for LDCs and SIDS, is expected to enhance their ability to articulate their climate adaptation priority needs in programs and projects that also address global environmental benefits in synergy.

187. In the GEF-8 period, the LDCF/SCCF portfolio will expand its capture and reporting of the OECD-DAC Rio Markers on Climate Change, Biodiversity, and Desertification, and will report to Council on the relevant shares of financing related to these thematic areas.

188. Furthermore, the Secretariat will monitor and report on Agency shares of the LDCF/SCCF portfolio, with due consideration to the aspirational targets and ceilings to be applied to the GEF Trust Fund portfolio.

189. Additional operational policy improvements are presented in the section below.

### **Dedicated Programs**

190. This strategy presents a vision for transformational impacts and higher ambition for climate adaptation, and wider engagement with partners based on the whole-of-society approach. The strategy rollout and implementation merit corporate support based on Dedicated Programs for communications and visibility enhancement, outreach and capacity support for country planning and programming, and organizational learning and coordination. These are presented below.

### ***Communications and Visibility Enhancement***

191. The need to enhance the profile and visibility of the LDCF and the SCCF and to develop a robust communication plan for the Funds have been raised by several Council members at recent LDCF/SCCF Council meetings. There is growing recognition that more proactive and longer-term efforts to highlight the on-the-ground impacts of the funds and to enhance visibility of support to climate change adaptation through the LDCF and the SCCF are necessary.

192. While efforts to communicate the results and updates on the LDCF and the SCCF have historically been carried out, the relatively modest profile of the funds and their results and impacts may be attributable to several factors. First, as the two funds do not have their own secretariat and are wholly part of the GEF Secretariat, there had not been a strong need to establish and assert a clear, independent identity and impacts of the funds like the Adaptation

Fund. This meant that outreach efforts and materials tended to present the GEF identify and branding, which may have inadvertently obscured the LDCF and SCCF identity and diminished the visibility of support to climate change adaptation. Also, communication efforts were carried out on a product-by-product basis with support from the GEF communications team. To date, there has not been a dedicated communication strategy for the LDCF and the SCCF, and the overall GEF communication strategy has not explicitly included the LDCF and the SCCF until very recently.

193. For this strategy, the two funds will develop a dedicated, corporate-level Communications and Visibility Program, with a four-year plan with adequate financial and human resource provision. This approach shifts from the ongoing product-by-product approach that is in part based on an annual business plan, to a more proactive approach based on a longer-term plan, which will be outlined further in the next strategy drafts. While the built-in advantage of, and synergy opportunities within, the GEF umbrella will continue to be recognized, products and efforts that exclusively focus on the LDCF and the SCCF will be developed further. Cross-support opportunities with the GEF Communications team will be explored.

#### ***Outreach and Capacity Support for LDC and SIDS Planning and Programming***

194. This strategy places greater emphasis on innovation and strategic relevance. The GEF Secretariat has been continuously providing country-driven capacity building elements integrated into project and programming design as they are found to be more effective. The applicants are familiar with the LDCF process and proposal development.<sup>83</sup> The LDCF projects are also recognized as having smooth approval and implementation.

195. The Secretariat, however, recognizes that many LDCs face unique and pronounced capacity constraints in their efforts to explore innovative or strategic adaptation programming. Additional support for LDCs may be warranted to build and maintain capacity within LDCs for project planning and preparation, so that they can strive for a higher level of ambition in climate action. Such measures may also be instrumental to help ensure that all LDCs will have an opportunity to access LDCF support, and in particular enhance the quality at entry and sustainability of projects supported by the LDCF, as recommended by the 2020 LDCF Program Evaluation, improve absorptive capacity, and to support the LDC work programme. These have not been adequately addressed through traditional capacity building support through LDCF projects through GEF Agencies, necessitating a different approach.

196. The new strategy includes the following enhanced support measures to LDCs through the Dedicated Program:

- i. Upstream project development workshops targeting LDCs;
- ii. Support for joint national investment plan development with the GCF;

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<sup>83</sup> GEF/LDCF.SCCF.29/E/01.

- iii. Support for LDCF planning and discussions as stand-alone opportunities, or aligned as relevant with upstream programming discussions, national dialogues, and other opportunities as part of the GEF-8 Country Engagement Strategy;
- iv. Integration of technical assistance elements in project design to address medium to longer-term institutional and human capacity needs.

197. Depending on the country needs and circumstances, the above support measures can be also provided through virtual platform, in addition to traditional in-person setting. Building on the relevant experience gained through COVID-19 pandemic, virtual platform has demonstrated the potential to enable granular and timely support to the LDCs. The virtual platform has provided more options and flexibility for LDCs in engaging in capacity building support for their planning and programming.

198. The LDCF and SCCF can support global/regional initiatives to foster sustained endogenous technical capacities for project development, policy coherence and mainstreaming and the creation of an enabling environment among the institutions in the LDCs, including raising awareness with political leadership and decision makers to create enabling policy and regulatory environment for engaging local level actors. This will help to achieve scaled up and effective climate change adaptation in the LDCs.

199. Some support measures listed above may also be considered for project(s) that respond to Decision 11/CP.12 paragraph 15, which requested the GEF, "...as the operating entity of the Financial Mechanism of the Convention entrusted with the operation of the Least Developed Countries Fund, to continue to enhance capacity development in the least developed countries for the development of project proposals with a focus on identifying potential funding sources, both national and international, and enhancing long-term domestic institutional capacities."

200. The Dedicated Program is also expected to be extended to SIDS as well as others under the SCCF, given the need to raise awareness about the new, targeted support opportunities for SIDS and technology transfer, and also in light of existing capacity constraints faced by SIDS.

### ***Organizational Learning and Coordination***

201. With over 100 completed projects and programs (excluding enabling activities) and many more under implementation, the LDCF and SCCF portfolios are arguably one of the best global collections of climate change adaptation experiences and lessons learned. In the next four-year period, the Secretariat will enhance portfolio- and partnership-oriented organizational learning and coordination. The focus is to enable the fund-level learning and performance enhancements by creating, acquiring, and sharing knowledge and insights.

202. Scientific bodies have expressed interest in formal studies on the learning so that the knowledge can inform scientific literature. Other climate funds and institutions have conveyed the importance of learning from the wealth of experience in adaptation emerging from the two funds to help enhance the effectiveness and scope of adaptation-oriented support mechanisms, and to enhance complementarity. Knowledge generation and sharing will be

supported to respond to this emerging need. The contribution of the LDCF and SCCF on facilitating transformational adaptation will be articulated through this Dedicated Program. In response to the recommendation to continue to enhance the likelihood of the sustainability of outcomes from the 2020 IEO Program Evaluation of the LDCF, efforts will also be made to build portfolio-wide lessons on factors that affect the sustainability of outcomes, and how to address them during project design and implementation.

203. Furthermore, this Dedicated Program will support global and regional initiatives and platforms for knowledge management, sharing of lessons and good practices, coordination, and South-South collaboration, with a focus on those facilitating the whole-of-society approach, including youth, women, CSOs, Indigenous Peoples and local communities, and other key stakeholders. Such effort is expected to help address the recommendation to aim to decrease the knowledge gap about gender-related results from the 2020 LDCF Program Evaluation.

204. These efforts do not duplicate knowledge management components of individual projects and programs, carried out in line with the GEF knowledge management plan, or the current and planned knowledge management initiatives supported by the GEF Trust Fund. Rather, they address the unmet and specific needs at the fund- and portfolio-level to generate, retain, and enhance learning opportunities to enrich and enhance adaptation support within and across climate adaptation funds and initiatives. Also, they have the potential to help inform scientific literature and evidence on climate adaptation, which are more nascent compared to disciplines such as climate mitigation, energy, conservation, agriculture, and others.

### ***Dedicated Program Support***

205. The Dedicated Programs will be supported at the corporate level with funding for the four-year period from the LDCF and the SCCF as follows, including increased staffing and cross-support costs:

- Dedicated Program 1 on communications and visibility enhancement: \$2 million from LDCF and \$0.5 million from SCCF
- Dedicated Program 2 on outreach and capacity support for planning and programming in LDCs and in SIDS: \$4 million from LDCF and \$1 million from SCCF
- Dedicated Program 3 on organizational learning and coordination: \$2 million from LDCF and \$0.5 million from SCCF.

206. The support for the Dedicated Programs is allocated from the LDCF and SCCF to be approximately proportional to the financial scenarios presented below. The Secretariat will also report on their implementation to the LDCF/SCCF Council in the Progress Report.

207. This approach is considered as a more systemic, transparent, and cost-effective way to address specific needs that have been identified for the LDCF and SCCF by countries, the LDCF/SCCF Council, key stakeholders, and also is in line with COP guidance.

## Regional and Global Projects and Initiatives

208. The GEF has programmed resources at the regional and global level to support Convention obligations, enabling activities, and initiatives that are more effectively addressed at the global level. They are also used to support testing and piloting of highly innovative and risky interventions that are too early for national level implementation.

209. Support to regional and global projects and initiatives continues to be a valuable feature of the LDCF as well as the SCCF, as other major climate adaptation funds have not supported them in a similar, flexible fashion.<sup>84</sup> In the GEF-7 period, the LDCF and SCCF have supported regional and global initiatives (i) to build capacity and facilitate cross-learning, in response to COP guidance; and (ii) to foster innovation and private sector engagement with significant adaptation and de-risking potential for all developing countries.

210. For the GEF-8 period, the following regional and global projects and initiatives will be considered for the LDCF and SCCF:

- Major initiatives to be developed and supported with the GCF and other partners;
- Capacity building and cross-learning support and response to COP guidance;
- Incentive to integrate adaptation and climate resilience enhancement into regional/global multi-trust fund projects and programs;
- Innovative projects with significant adaptation and de-risking potential for developing countries and with private sector engagement; and
- Relevant elements of the LDC work programme and other COP guidance.

211. The regional and global projects and initiatives are expected to deliver and report on adaptation impacts and will complement national projects. Similar to GEF-7, the LDCF will maintain the ceiling of 10 percent of expected total resources for regional and global projects and initiatives. For the SCCF, the ceiling will be flexible, as described further below.

## Support for Challenge Program for Adaptation Innovation

212. Introduced in the GEF-7 period, the Challenge Program for Adaptation Innovation holds promise for generating ambitious adaptation impacts, through pioneering partnerships and innovative approaches that go beyond the traditional GEF programming. An innovative element of this program is that submission of project concepts can be made by any proponent and is not limited to GEF Agencies, which is particularly conducive to fostering partnerships with a wide range of stakeholders.

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<sup>84</sup> Regional and global initiatives refer to projects with activities that seek to address regional and global needs and priorities and without a specific country focus. As such, regional and global initiatives differ from multi-country projects, where GEF-funded activities take place in countries with national endorsements.

213. For the Challenge Program, the LDCF and SCCF may allocate up to \$40 million each, outside the 10 percent ceiling for the global and regional projects and initiatives for the LDCF. The enhanced allocation for the Challenge Program in the GEF-8 period is to address the unmet demand and successful track record demonstrated through the first two rounds of the program in the GEF-7 period. The specific allocation from both the LDCF and SCCF will be subject to available funds and in consideration with other priorities, as explained further in the below section on the financial scenarios.

214. All countries will have access to compete for the Challenge Program. If a country has a winning concept, its initial allocation cap under the LDCF or SCCF will not be impacted.

215. The SCCF, particularly window B, is focused on innovation and technology transfer, with the possibility to utilize non-grant, concessional financing instruments that may provide cost-effective yet highly innovative solutions in the adaptation sphere. As such, the Challenge Program is well-suited as a major delivery mechanism for the SCCF.

#### **FINANCING SCENARIOS FOR LDCF AND SCCF**

216. Given the progress made in programming resources through the LDCF and the SCCF and noting the continued high demand for adaptation support, as well as the proven absorptive capacity of the eligible recipient countries, two financing scenarios are presented. The scenarios also take into consideration the Glasgow Climate Pact to double the adaptation finance from the 2019 level by 2025.

#### **LCCF Financing Scenarios**

217. For the LDCF, scenario A is \$1 billion total in resource mobilization. This amount is the floor for the LDCF called for by the LDC Group. Scenario B is \$1.3 billion. Scenario B strives towards parity between climate change adaptation and mitigation support by the GEF in the GEF-8 period, taking into consideration the minimum Rio Marker values for climate mitigation (65 percent) and climate adaptation (45 percent) set forth for the GEF Trust Fund as part of the GEF-8 Policy Recommendations.<sup>85</sup> Table 2 presents the summary of the two scenarios.

218. The initial access cap for the LDCs in the GEF-8 period will be set at \$20 million under both scenarios. This figure is set in recognition of the Glasgow Climate Pact decision to double

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<sup>85</sup> Climate change mitigation-relevant financing for GEF-8 is anticipated to be minimum \$3.41 billion, based on the minimum 65 percent value for the Rio Marker on climate change mitigation on the \$5.25 billion scenario for the GEF Trust Fund, as per the Revised Policy Recommendations (see replenishment document GEF/R.08/32). Adaptation-relevant financing for GEF-8 from the GEF Trust Fund is anticipated at \$2.36 billion, based on the minimum 45 percent value for the Rio Marker on adaptation. For the LDCF/SCCF support, approximately \$0.34 billion of mitigation-relevant financing may be anticipated based on a modest 20 percent Rio Marker value for co-benefits on the higher LDCF/SCCF financing scenario (\$1.3 billion for LDCF and \$400 million for SCCF). Based on these figures, approximately \$1.39 billion of climate adaptation financing would be needed at a minimum to reach parity between mitigation and adaptation.

adaptation finance by 2025. With this, the cumulative LDCF access ceiling since the LDCF inception will increase to \$60 million per country.

219. It is important to note that donor contributions to the LDCF need to reach \$1 billion in the GEF-8 period to support all LDCs in an equitable manner with the initial cap of \$20 million. As such, scenario A is considered as a floor for the LDCF in the GEF-8 period.

220. For scenario B, the initial cap of \$20 million for the LDCs will be maintained. A reserve for national projects to go beyond the initial cap amount will be made available for programming once two-thirds of the LDCs have accessed part or entirety of the GEF-8 initial cap, or as decided by the LDCF/SCCF Council. This measure is taken to minimize the risk of delays in project approvals that may arise from mismatches between demand and the timing of donor contributions.

221. If the donor contributions exceed scenario A, additional resources will be allocated to support the regional and global projects and initiatives up to the 10 percent cap and the Challenge Program up to the \$40 million ceiling. Additional resources will then be pooled as a reserve for additional national project support beyond the \$20 million initial cap. If donor contributions exceed scenario B, they will be allocated proportionally to the reserve for additional national projects and regional and global projects and initiatives, or as decided by the LDCF/SCCF Council.

**Table 2: Financing Scenarios for the LDCF (2022-2026)**

<b>LDCF Scenario A: 1 billion</b>	<i>Amount</i>
Initial cap per country (46 LDCs at \$20 million)	\$920 million
Challenge Program for Adaptation Innovation	\$30 million
Regional and global projects and initiatives	\$35 million
Dedicated programs	\$8 million
Administrative expenses	\$9 million
<b>Scenario A Total</b>	\$1,000 million
<b>LDCF Scenario B: 1.3 billion</b>	
Initial cap per country (46 LDCs at \$20 million)	\$920 million
Reserve to go beyond initial cap for national projects	\$193 million
Challenge Program for Adaptation Innovation	\$40 million
Regional and global projects and initiatives	\$130 million
Dedicated Programs	\$8 million
Administrative expenses	\$9 million
<b>Scenario B Total</b>	\$1,300 million

222. Under both scenarios, the administrative expenses and the Dedicated Program budgets will be kept constant. The Secretariat will continue to develop an annual business plan and administrative budget for approval by the LDCF/SCCF Council, and report on key developments and accomplishments.

## SCCF Financing Scenarios

223. For the SCCF, scenario A is presented at \$200 million, with scenario B presented at \$400 million. Under both scenarios, windows A and B are to receive similar shares of contributions. Indicative distribution of resources across SCCF windows A and B, as well as for regional and global projects and initiatives and administrative expenses, are shown in Table 3.

224. The SCCF will have a flexible cap for global and regional projects and initiatives to enable programming to mainstream climate adaptation with the GEF Trust Fund and for innovation support. The programming levels will be reported to the LDCF/SCCF Council.

**Table 3: Financing Scenarios for the SCCF (2022-2026)**

<b>SCCF Scenario A: \$200 million</b>	<b>Amount</b>
<i>Window A (adaptation support for SIDS)</i>	
Initial cap (30 SIDS <sup>86</sup> at \$3 million per SIDS)	\$90 million
<i>Window B (innovation, technology transfer, private sector)</i>	
National projects (all developing countries)	\$53.5 million
Challenge Program for Adaptation Innovation	\$30 million
Regional and global projects and initiatives	\$20 million
<i>Windows A and B (shared expenses)</i>	
Dedicated Programs <sup>87</sup>	\$2 million
Administrative budget	\$4.5 million
<b>Scenario A Total</b>	<b>\$200 million</b>
<b>SCCF Scenario B: \$400 million</b>	
<i>Window A (adaptation support for SIDS)</i>	
Initial cap (30 SIDS at \$6.5 million per SIDS)	\$195 million
<i>Window B (innovation, technology transfer, private sector)</i>	
National projects (all developing countries)	\$118.5 million
Challenge Program for Adaptation Innovation	\$40 million
Regional and global projects and initiatives	\$40 million
<i>Windows A and B (shared expenses)</i>	
Dedicated Programs	\$2 million
Administrative budget	\$4.5 million
<b>Scenario B Total</b>	<b>\$400 million</b>

225. The two financial scenarios include initial caps per SIDS. It is important to note that donor contributions to the SCCF would need to be sufficient for this modality to function in an equitable manner. Similar to the LDCF, scenario A is considered as a floor for the SCCF in the GEF-8 period. Also, as mentioned earlier, comparable support to window A and window B is

<sup>86</sup> There are eight LDCs among the 38 SIDS the GEF serves. They will be receiving dedicated adaptation support through the LDCF. Thus, the SCCF will serve the adaptation needs of the 30 non-LDC SIDS from Window A.

<sup>87</sup> The funding for Dedicated Programs and the Administrative budget will be shared across Windows A and B.

needed to ensure that the GEF can provide adaptation support to all countries in line with its mandate, while also addressing priority needs that the fund is well-poised to address.

226. If donor contributions exceed scenario A, additional resources for window A will be pooled as a reserve for SIDS support, to be programmed as national projects. Additional resources for window B will be first allocated to support the Challenge Program up to the \$40 million ceiling, followed by additional support to national projects for all developing countries under window B, or as decided by the LDCF/SCCF Council. If donor contributions exceed scenario B, additional resources for window A will be allocated as a reserve for SIDS support, while additional resources for window B will be allocated proportionally to national projects and to regional and global projects and initiatives, or as decided by the LDCF/SCCF Council. Table 4 summarizes proposed resource allocations under different financial projections.

227. Under both scenarios, the administrative expenses and the Dedicated Program budgets will be kept constant. The Secretariat will continue to develop the Annual Administrative Budget and Business Plan for the LDCF/SCCF Council approval, and report on key developments and accomplishments to Council.

**Table 4: SCCF Resource Allocations under Different Financial Projections**

	<b>Scenario A (\$200 million)</b>	<b>Between Scenarios A and B (\$200-\$400 million)</b>	<b>Scenario B (\$400 million)</b>	<b>Above Scenario B (more than \$400 million)</b>
<b>Window A (adaptation support for SIDS)</b>				
<b>Initial cap for 30 SIDS</b>	\$90 million (\$3 million per SIDS)	\$90 million	\$195 million (\$6.5 million per SIDS)	\$195 million
<b>Reserve for SIDS projects</b>	n/a	Additional window A contributions	n/a	Additional window A contributions
<b>Window B (innovation, technology transfer, private sector)</b>				
<b>National projects (all developing countries)</b>	\$53.5 million	\$53.5 million + additional window B contributions	\$118.5 million	\$118.5 million + proportional allocation of additional window B contributions
<b>Challenge Program for Adaptation Innovation</b>	\$30 million	Up to \$40 million from additional window B contributions	\$40 million	\$40 million
<b>Regional and global projects and initiatives</b>	\$20 million	\$20 million	\$40 million	\$40 million + proportional allocation of additional window B contributions
<b>Windows A and B (shared expenses)</b>				
<b>Dedicated Programs</b>	\$2 million	\$2 million	\$2 million	\$2 million
<b>Administrative budget</b>	\$4.5 million	\$4.5 million	\$4.5 million	\$4.5 million

## RESULTS FRAMEWORK<sup>88</sup>

228. The results framework for 2022-2026 will maintain the overall consistency with the results framework used by the LDCF and SCCF in GEF-7, which included significant innovations over past GEF phases. It will comprise a meta-information sheet, core indicators, and a list of related sub-indicators.

229. For the 2022-2026 period, a small number of sub-indicators found to be less relevant to the portfolio and infrequently reported on in past phases have been removed in favor of new ones that are better aligned with gaining insight into progress and delivery of adaptation results, and simultaneously offer greater flexibility to countries and agencies for reporting purposes.

230. The core indicators are updated from GEF-7 (see Table 5), to reflect the evolution of the LDCF/SCCF Programming Strategy in GEF-8, notably, given Priority 1 of the SCCF with its focus on SIDS, tracking of coastal and marine area under climate-resilient management. The main addition to the core indicators is to include an ability to identify and monitor private sector engagement more explicitly. Sex-disaggregation is required and tracked for all relevant indicators.

**Table 5: Core Indicators for the LDCF and SCCF (2022-2026)**

Core Indicator		Sex-disaggregated?
1.	Number of direct beneficiaries	Yes
2.	(a) Area of land managed for climate resilience (ha)	n/a
	(b) Coastal or marine area managed for climate resilience (ha)	n/a
3.	Total number of policies, plans, and frameworks that will mainstream climate resilience	n/a
4.	Number of people trained or with awareness raised	Yes
5.	Number of private sector enterprises engaged in climate change adaptation and resilience action	n/a

231. Several core indicators are aligned with those of other international financial mechanisms for climate adaptation. For example, sex-disaggregated direct beneficiaries and hectares of area managed for climate resilience are also covered under GCF's Integrated results management framework.

232. However, each financial mechanism has tailored indicators and methodologies responding to each mandate and it may not be desirable or feasible to harmonize them entirely. Having said that, in light of potential gains in fully understanding differences to promote coherence where possible, the GEF is participating in *Climate Funds Collaboration Platform on Results, Indicators and Methodologies* for measuring impact, where different

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<sup>88</sup> The GEF Secretariat may further refine the Results Framework as needed and if so, an updated Results Framework will be presented to the Council for approval.

international climate adaptation financial mechanisms exchange ideas and collaboratively seek for the best practices in the areas of results management. In 2021, five financial mechanisms participated in this platform: Adaptation Fund, CIF, GCF, NAMA Facility, and GEF.

233. Whereas only core indicators are required for reporting at the PIF stage, in subsequent stages of the project cycle such as CEO Endorsement (CER), Mid-Term Review (MTR) and Terminal Evaluation (TE), agencies are also required to report against the sub-indicators in Table 6, as relevant. The sub-indicators to be utilized are further updated to reflect the evolution of the LDCF/SCCF strategy for 2022-2026. All sub-indicators are directly linked and will be monitored in relation to one of the core indicators, which avoids potential for double counting. Sex disaggregation is required and tracked for all relevant indicators. In addition, age-disaggregated data will be requested for direct beneficiaries (see sub-indicators 1.6 and 1.7 in Table 6).

**Table 6: Core and Sub-Indicators for the LDCF and SCCF (2022-2026)**

<b>Core Indicators (used at PIF, CER, MTR, TE stages)</b>	<b>Sub-Indicators (to be used as relevant for each project at CER, MTR, TE stages)</b>
1. Number of direct beneficiaries (sex disaggregated)	1.1 Number of direct beneficiaries from more resilient physical and natural assets (sex disaggregated)
	1.2 Number of direct beneficiaries with diversified and strengthened livelihoods and sources of income (sex disaggregated)
	1.3 Number of direct beneficiaries from the new or improved climate information services including early warning systems (sex disaggregated)
	1.4 Number of entrepreneurs supported (sex disaggregated)
	1.5 Number of entrepreneurs supported to test, pilot, deploy, and/or commercialize new technologies for adaptation or resilience to climate impacts (sex disaggregated)
	1.6 Number of youth (15 to 24 years of age) benefiting from the project (sex disaggregated)
	1.7 Number of elderly (over 60 years of age) benefiting from the project (sex disaggregated)
	1.8 Increased income, or avoided decrease in income (per capita in \$ across all relevant beneficiaries)
2. (a) Area of land managed for climate resilience (hectares)  (b) Coastal and marine area managed for climate resilience (hectares)	2.1 Hectares of agricultural land
	2.2 Hectares of urban landscape
	2.3 Hectares of rural landscape
	2.4 Hectares of forests
	2.5 Hectares of marine area
	2.6 Hectares of freshwater area
	2.7 Number of residential houses
	2.8 Number of public buildings
	2.9 Number of irrigation or water structures
	2.10 Number of fishery or aquaculture ponds or cages
	2.11 Number of ports or landing sites
	2.12 Km of road
	2.13 Km of riverbank
	2.14 Km of coast

<b>Core Indicators (used at PIF, CER, MTR, TE stages)</b>	<b>Sub-Indicators (to be used as relevant for each project at CER, MTR, TE stages)</b>
	2.15 Km of stormwater drainage
	2.16 Number of new adaptation technologies supported by testing, piloting, and/or commercializing for climate adaptation by public and/or private sector actors
3. Number of policies/plans/frameworks/institutions for to strengthen climate adaptation	3.1 Number of policies/plans developed and strengthened that will mainstream climate resilience (regional, national, sub-national)
	3.2 Number of systems and frameworks established for continuous monitoring, reporting and review of climate adaptation impacts
	3.3 Number of national climate policies and plans enabled, including national adaptation planning processes
	3.4 Number of institutional partnerships or coordination mechanisms established or strengthened
	3.5 Number of institutions with increased capacity to plan, implement, monitor, and report for climate adaptation
	3.6 Number of institutions with increased capacity to attract, and manage climate adaptation finance
	3.7 Number of policies, plans or frameworks that target youth (15-24 years) climate change adaptation and resilience
	3.8 Number of policies, plans or frameworks that target elderly (over 60 years) climate change adaptation and resilience
	3.9 Number of local community organizations benefitting from and/or engaged in institution strengthening, partnerships, or financing
	3.10 Number of climate risk and vulnerability assessments conducted
4. Number of people trained or with awareness raised (sex disaggregated)	4.1 Number of people trained or made aware of climate change impacts and appropriate adaptation responses (sex disaggregated) at: <ul style="list-style-type: none"> <li>• National government (sex disaggregated)</li> <li>• Local government (sex disaggregated)</li> <li>• Local community organizations (sex disaggregated)</li> <li>• Extension services (sex disaggregated)</li> <li>• Hydromet and disaster risk management agencies (sex disaggregated)</li> <li>• School children, university students, and teachers (sex disaggregated)</li> <li>• Youth (15 to 24 years of age)</li> </ul>
5. Number of private sector enterprises engaged in climate change adaptation and resilience action	5.1 Amount of investment mobilized (US\$) from private sector sources
	5.2 Number of enterprises engaged to adapt to or become more resilient to climate impacts
	5.3 Total financial value of lines of credit and/or investment funds
	5.4 Number of MSMEs incubated/accelerated with technical assistance, financial matchmaking, and/or direct financing
	5.5 Number of new adaptation technologies supported with public and/or private sector finance

234. The meta-information sheet has also been updated to reflect emerging priorities of GEF partners, for example pertaining to collaboration with other climate funds; engagement of local communities in project design and implementation; and support for South-South knowledge

exchange. Qualitative information for these activities will be gathered in project monitoring documents. The updated meta-information sheet for the 2022-2026 period is shown in Table 7, below.

**Table 7: Meta-Information for the LDCF and SCCF (2022-2026)**

<input type="checkbox"/> LDCF <input type="checkbox"/> LDCF Challenge Window <input type="checkbox"/> SCCF-A (Window A) on climate change adaptation <input type="checkbox"/> SCCF-B (Window B) on technology transfer <input type="checkbox"/> SCCF Challenge Window	
<input type="checkbox"/> This project involves at least one Small Island Developing State (SIDS)	
<input type="checkbox"/> This project involves at least one fragile and conflict affected state*	
<input type="checkbox"/> This project will provide direct adaptation benefits to the private sector	
<input type="checkbox"/> This project is explicitly related to the formulation and/or implementation of national adaptation plans (NAPs)	
<input type="checkbox"/> This project will collaborate with activities being supported by other adaptation funds. If yes, please select below: <input type="checkbox"/> Green Climate Fund <input type="checkbox"/> Adaptation Fund <input type="checkbox"/> Pilot Program for Climate Resilience (PPCR)	
<input type="checkbox"/> This project has an urban focus	
<input type="checkbox"/> This project will directly engage local communities in project design and implementation	
<input type="checkbox"/> This project will support South-South knowledge exchange	
This project covers the following sector(s) (the total should be 100%):	
Agriculture	%
Nature-based solutions	%
Climate information services	%
Coastal zone management	%
Water resources management	%
Disaster risk management	%
Other infrastructure	%
Tourism	%
Health	%
Other (please specify: )	%
Total	0 %
This project targets the following climate change exacerbated/introduced challenges:	
<input type="checkbox"/> Sea level rise <input type="checkbox"/> Change in mean temperature <input type="checkbox"/> Increased climatic variability <input type="checkbox"/> Natural hazards <input type="checkbox"/> Land degradation <input type="checkbox"/> Coastal and/or coral reef degradation <input type="checkbox"/> Groundwater quality/quantity	

\* Please see [list of harmonized fragile situations](#), World Bank, 2022.

235. Results will be monitored and reported to the LDCF/SCCF Council as projects reach inception, mid-term, and at completion, in line with the overall GEF policy on results-based management. Updates will also be included in the GEF annual report to the UNFCCC COP.

236. In addition to the above, the operational performance of the LDCF and SCCF portfolio will continue to be monitored and reported to the LDCF/SCCF Council on a regular basis as part of the Progress Report and the LDCF/SCCF Annual Monitoring Report. The operations at the fund level and portfolio management indicators such as DO and IP ratings will continue to be assessed to provide an analysis of implementation progress and impact at the portfolio level. The assessment is also expected to help inform the Secretariat, Agencies, LDCF/SCCF Council, and countries about portfolio level lessons learned, success factors, and challenges.

## **MONITORING AND EVALUATION**

237. Recently issued GEF guidelines have clarified the focus on results of GEF-financed projects and programs and harmonized further the capture of results data from identification to completion.<sup>89</sup> They bring together key elements from existing guidelines, policies and project documents that help strengthen the results focus of GEF-financed operations along the project life cycle. This includes using core indicators, but also designing a results framework and a monitoring and evaluation plan. The guidelines also highlight how projects report on implementation progress and results. A checklist appended to the guidelines helps Agencies ensure that critical monitoring and evaluation and results dimensions are considered when preparing and implementing projects. Altogether, these changes have enhanced the GEF's ability to harness data and information on results for evidence-based decision-making and learning. As LDCF and SCCF are covered under the broader GEF policies and guidelines, these will also apply to the GEF-8 Adaptation Strategy for these two funds.

238. Efficient project delivery starts with ensuring readiness for implementation at the design stage. The GEF strives for interventions that achieve their intended environmental objectives on time. In this connection, the proposed results framework for LDCF and SCCF and theory of change will help Agencies and countries think through project design by clarifying the objectives and the logic of intervention that guide project design. The use of theories of change in projects and programs has strengthened design and will continue to enhance learning and measurability of results. Theories of change have been used across projects and programs more consistently in the second part of GEF-7, in part motivated by STAP's work in this area. They not only articulate what outcomes the project aims to change and how (causal pathway), but also build into them the critical assumptions and barriers that could impact the achievement of expected results. This includes possible constraints or risks, so that those risks can be better managed. Altogether, theories of change help articulate core design elements, promote learning and enhance measurability of results at the time of evaluation. Promoting the development of effective theories of change will continue in GEF-8.

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<sup>89</sup> GEF, 2020, [Guidelines on the Project and Program Cycle Policy \(2020 Update\)](#), Annex 3, GEF/C.59/Inf.03.

239. Going forward, the GEF will continue to enhance its focus on ensuring that projects and programs effectively capture the logic of intervention. This will also include ensuring that implementation arrangements are sound, clear and in line with good practices, allowing for effective implementation of the monitoring and evaluation plan. This effort is supported by the fact that the GEF is now consistently budgeting for results at the project level, linking outcomes to expenditure categories. Bringing intended results and financial resources in one table as is now the case allows for heightened financial management analysis. In future, the GEF will continue to improve the recording of project budgets to generate more accurate information about expenditures and to improve the value for money of the activities it finances.

## ANNEX I: LDCF AND SCCF AT A GLANCE, AS OF SEPTEMBER 30, 2021

	LDCF	SCCF	Total
<b>Total cumulative pledges (US\$ million)</b>	1,787.45	356.09	2,143.54
<b>Cash receipts (US\$ million)</b>	1,601.14	349.44	1,950.58
<b>Total cumulative funding decisions, including projects, fees, and admin budgets (US\$ million)</b>	1,656.57	364.54	2,011.11
<b>Total co-financing (US\$ million)<sup>90</sup></b>	7,644.80	2,685.14	10,329.94
<b>Number of projects</b>	360 <sup>91</sup>	88 <sup>92</sup>	448
<b>Number of countries</b>	51	79	130
<b>Current funds available for new approvals (US\$ million)</b>	<b>36.91<sup>93</sup></b>	<b>9.83</b>	<b>46.74</b>

<sup>90</sup> Co-financing figures are generated by the GEF portal and include multi-trust fund (MTF) projects with the GEF Trust Fund.

<sup>91</sup> These include Full-Sized Projects (FSPs), Medium-Sized Projects (MSPs), Enabling Activities, programmatic Approaches with LDCF support and their child projects, including 28 MTF projects with the SCCF and/or the GEF Trust Fund. The number of projects is based information from the GEF Portal as of September 30, 2021.

<sup>92</sup> These include FSPs, MSPs, Enabling Activities, and programmatic Approaches with SCCF support, including 11 MTF projects with the LDCF and/or the GEF Trust Fund. This data is based on information from the GEF Portal as of September 30, 2021.

<sup>93</sup> This amount does not reflect the projects approved in the December 2021 LDCF Work Program, which totaled \$19.62 million.

## ANNEX II: SELECTED GUIDANCE FROM RECENT COPs AND RESPONSE OF RELEVANCE TO LDCF AND SCCF

A complete compilation of UNFCCC guidance and decisions of relevance from COP 1 to the most recent COP, and GEF’s response, has been published annually by the GEF Secretariat.<sup>94</sup>

COP Guidance of Relevance to the GEF from COP 26, COP 25, and COP 24	GEF Response and Relevance to LDCF/SCCF in GEF-8 Period
<b>COP 26 DECISIONS (2021)</b>	
<b>Decision 1/CP26 Glasgow Climate Pact</b>	
<p><b>Paragraph 6:</b>  <i>Emphasizes</i> the urgency of scaling up action and support, including finance, capacity building and technology transfer, to enhance adaptive capacity, strengthen resilience and reduce vulnerability to climate change in line with the best available science, taking into account the priorities and needs of developing country Parties;</p>	<p>The LDCF/SCCF Programming Strategy for 2022-2026 seeks to help developing countries address their climate adaptation priorities with targeted financial support, capacity building, technology transfer.</p>
<p><b>Paragraph 7:</b>  <i>Welcomes</i> the national adaptation plans submitted to date, which enhance the understanding and implementation of adaptation actions and priorities;</p>	<p>The GEF has supported the National Adaptation Plan (NAP) process, with a recent focus on NAP implementation in collaboration with the Green Climate Fund. Such support and collaboration will continue to provide needed support to countries with enhanced understanding of priorities.</p>
<p><b>Paragraph 8:</b>  <i>Urges</i> Parties to further integrate adaptation into local, national and regional planning.</p>	<p>The LDCF/SCCF programming strategy for 2022-2026 presents a vision for transformative impacts and higher ambition for climate adaptation, and wider engagement with partners based on the whole-of-society approach. The whole-of-society approach promotes multi-stakeholder engagement and facilitate their participation in the decision-making process, and helps mainstream climate considerations into relevant decisions across different levels of government/governance.</p>
<p><b>Paragraph 9:</b>  <i>Invites</i> the Intergovernmental Panel on Climate Change to present to the Conference of the Parties at its twenty-seventh session (November 2022) the findings from the contribution of Working Group II to its Sixth Assessment Report, including those relevant to assessing adaptation</p>	<p>The LDCF/SCCF Programming Strategy for 2022 to 2026 has been informed by the findings from the Working Group II to the sixth Intergovernmental Panel on Climate Change assessment report.</p>

<sup>94</sup> GEF, 2021, [United Nations Framework Convention on Climate Change Guidance from the Conference of the Parties and Responses by the Global Environment Facility COP1-COP25](#).

COP Guidance of Relevance to the GEF from COP 26, COP 25, and COP 24	GEF Response and Relevance to LDCF/SCCF in GEF-8 Period
needs, and <i>calls upon</i> the research community to further the understanding of global, regional and local impacts of climate change, response options and adaptation needs;	
<p><b>Paragraph 10:</b>  <i>Notes with concern</i> that the current provision of climate finance for adaptation remains insufficient to respond to worsening climate change impacts in developing country Parties;</p>	<p>The LDCF/SCCF Programming Strategy recognizes continued high demand for adaptation support, and proposes financing scenarios that take into consideration of the Glasgow Climate Pact to double the adaptation finance from the 2019 level by 2025.</p>
<p><b>Paragraph 11:</b>  <i>Urges</i> developed country Parties to urgently and significantly scale up their provision of climate finance, technology transfer and capacity-building for adaptation so as to respond to the needs of developing country Parties as part of a global effort, including for the formulation and implementation of national adaptation plans;</p>	<p>The LDCF/SCCF Programming Strategy includes programming priorities that address technology transfer and capacity building in addition to innovative financing options. The NAP implementation continues to be supported by the LDCF/SCCF.</p>
<p><b>Paragraph 12:</b>  <i>Recognizes</i> the importance of the adequacy and predictability of adaptation finance, including the value of the Adaptation Fund in delivering dedicated support for adaptation;</p>	<p>The LDCF/SCCF Programming Strategy recognizes the need for adequate and predictable adaptation finance, and has introduced specific measures to enhance financial predictability and delivery, such as the shift to the multi-year contribution modality and cap system for countries to access resources.</p>
<p><b>Paragraph 13:</b>  <i>Welcomes</i> the recent pledges made by many developed country Parties to increase their provision of climate finance to support adaptation in developing country Parties in response to their growing needs, including contributions made to the Adaptation Fund and the Least Developed Countries Fund, which represent significant progress compared with previous efforts;</p>	<p>The GEF appreciates pledges made at COP 26 to the LDCF.</p>
<p><b>Paragraph 14:</b>  <i>Calls upon</i> multilateral development banks, other financial institutions and the private sector to enhance finance mobilization in order to deliver the scale of resources needed to achieve climate plans, particularly for adaptation, and <i>encourages</i> Parties to continue to explore innovative approaches and instruments for mobilizing finance for adaptation from private sources;</p>	<p>The LDCF/SCCF Programming Strategy introduces additional innovative opportunities to enhance private sector engagement and finance. GEF agencies that are multilateral development banks have historically been active in the LDCF/SCCF programming, and their engagement will be further encouraged.</p>

COP Guidance of Relevance to the GEF from COP 26, COP 25, and COP 24	GEF Response and Relevance to LDCF/SCCF in GEF-8 Period
<p><b>Paragraph 28:</b>  <i>Urges</i> the operating entities of the Financial Mechanism, multilateral development banks and other financial institutions to further scale up investments in climate action, and <i>calls</i> for a continued increase in the scale and effectiveness of climate finance from all sources globally, including grants and other highly concessional forms of finance;</p>	<p>The LDCF/SCCF Programming Strategy reaffirms the catalytic role of the two funds in scaling adaptation finance in the LDCs, and presents enhanced financial scenarios to mobilize additional support to countries. The LDCF will continue to provide grant financing. The SCCF will be primarily grant based, with opportunities for non-grant support.</p>
<p><b>Paragraph 50:</b>  Also <i>recognizes</i> the importance of protecting, conserving and restoring ecosystems to deliver crucial services, including acting as sinks and reservoirs of greenhouse gases, reducing vulnerability to climate change impacts and supporting sustainable livelihoods, including for indigenous peoples and local communities;</p>	<p>The LDCF/SCCF Programming Strategy identifies nature-based solutions as one of the four thematic areas. The Strategy also recognizes the interdependency between human well-being and a healthy environment, aligned with the framework of <i>Healthy Planet, Healthy People</i> presented in the GEF-8 programming directions of the GEF Trust Fund.</p>
<p><b>Paragraph 55:</b>  <i>Recognizes</i> the important role of non-Party stakeholders, including civil society, indigenous peoples, local communities, youth, children, local and regional governments and other stakeholders, in contributing to progress towards the objective of the Convention and the goals of the Paris Agreement;</p>	<p>Based on the whole-of-society approach, the LDCF/SCCF Programming Strategy puts renewed focus on addressing vulnerability through locally-led action with full engagement of communities, civil society, youth, children, disabled, displaced, Indigenous Peoples and others, as well as governments at the local, regional, and national levels.</p>
<p><b>Decision 7/CP.26 Report of the Global Environment Facility to the Conference of the Parties and guidance to the Global Environment Facility (Agenda 8 d)</b></p>	
<p><b>Paragraph 1:</b>  <i>Welcomes</i> the reports of the Global Environment Facility to the Conference of the Parties at its twenty-sixth session and their addenda, including the responses of the Global Environment Facility to guidance received from the Conference of the Parties;</p>	<p>Noted with appreciation of recognition.</p>
<p><b>Paragraph 2:</b>  Also <i>welcomes</i> the work undertaken by the Global Environment Facility during its reporting period (1 July 2019 to 30 June 2021), including with regard to:</p> <ul style="list-style-type: none"> <li>o (a) Approval of the climate change projects and programmes approved during the reporting period under the Global Environment Facility Trust Fund,</li> </ul>	<p>Noted with appreciation of recognition. The LDCF/SCCF Programming Strategy for 2022 to 2026 builds on the integration agenda, partnership with GCF, and private sector engagement to present enhanced opportunities for programming with impact.</p>

COP Guidance of Relevance to the GEF from COP 26, COP 25, and COP 24	GEF Response and Relevance to LDCF/SCCF in GEF-8 Period
<p>the Least Developed Countries Fund and the Special Climate Change Fund;</p> <ul style="list-style-type: none"> <li>o (b) Integration of climate change priorities into its other focal areas and the reduction in greenhouse gas emissions achieved through such integration;</li> <li>o (c) Improvement in coordination with the Green Climate Fund;</li> <li>o (d) Adoption of its private sector engagement strategy;</li> <li>o (e) Adoption of the sustainable bond strategy for the Global Environment Facility Trust Fund;</li> </ul>	
<p><b>Paragraph 3:</b>  <i>Encourages</i> the Global Environment Facility, as part of the eighth replenishment process, to duly consider ways to increase the financial resources allocated for climate action, including the climate change focal area and climate co-benefits, taking into account the reporting requirement referred to in paragraph 6 of decision 12/CMA.3, and to apply a coherent approach across its focal areas to prioritizing projects that generate environmental co-benefits;</p>	<p>This decision is for GEF Trust Fund. For the LDCF/SCCF, projects with multiple benefits will continue to be encouraged, with tracking of resources and Rio Markers.</p>
<p><b>Paragraph 4:</b>  <i>Calls upon</i> developed country Parties to make financial contributions to the Global Environment Facility to contribute to a robust eighth replenishment of the Global Environment Facility to support developing countries in implementing the Convention and <i>encourages</i> additional voluntary financial contributions to the eighth replenishment of the Global Environment Facility;</p>	<p>This decision is for the GEF Trust Fund replenishment.</p>
<p><b>Paragraph 5:</b>  <i>Takes note</i> of ongoing discussions on the eighth replenishment process regarding its allocation policies under the System for Transparent Allocation of Resources and <i>invites</i> the Global Environment Facility to duly consider the needs and priorities of developing country Parties when allocating resources to developing country Parties;</p>	<p>This decision is for GEF Trust Fund.</p>

COP Guidance of Relevance to the GEF from COP 26, COP 25, and COP 24	GEF Response and Relevance to LDCF/SCCF in GEF-8 Period
<p><b>Paragraph 6:</b>  <i>Takes note</i> of the ongoing work of the Global Environment Facility in monitoring the concentration and geographical and thematic coverage, as well as the effectiveness, efficiency and engagement, of the Global Environment Facility Partnership and <i>encourages</i> the Global Environment Facility to consider ways to enhance participation of additional national and regional entities from developing country Parties in the Partnership, including by allowing them to serve as executing agencies, as appropriate;</p>	<p>The LDCF/SCCF Programming Strategy for 2022-2026 builds on the improvements made in GEF-7 period in terms of agency concentration and engagement of additional Agencies in adaptation programming. These improvements have led to more strategic adaptation support while reducing concentration. In GEF-8, the whole-of-society approach and inclusive adaptation support is expected to generate additional opportunities to enhance participation of additional national and regional entities from recipient countries.</p>
<p><b>Paragraph 7:</b>  <i>Requests</i> the Global Environment Facility to consider ways to further enhance the role of national agencies and civil society organizations as executing agencies in order to enhance country ownership of projects and programmes funded by the Global Environment Facility and prevent implementing agencies from serving simultaneously as executing agencies;</p>	<p>The LDCF/SCCF will continue to make concerted efforts to encourage engagement of local stakeholder as executing partners at the project level. Arrangements for Implementing Agencies to serve also as executing partners are approved only on an exceptional basis, with request from recipient countries.</p>
<p><b>Paragraph 8:</b>  <i>Welcomes with appreciation</i> the contributions made by developed country Parties to the Least Developed Countries Fund, amounting to USD 605.3 million, and <i>encourages</i> additional voluntary financial contributions to the Least Developed Countries Fund and the Special Climate Change Fund to support adaptation and technology transfer;</p>	<p>The GEF appreciates pledges to the LDCF, and looks forward to additional contributions to the LDCF and SCCF to support adaptation and technology transfer.</p>
<p><b>Paragraph 9:</b>  <i>Requests</i> the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention entrusted with the operation of the Special Climate Change Fund, to continue to assist developing country Parties in accessing resources in an efficient manner;</p>	<p>The SCCF has had limited donor support in the GEF-7 period. The optimization of SCCF was discussed in detail during the Programming Strategy meetings. Participants have agreed to focus the SCCF support on two focus areas building on its strengths and capacity to support SIDS and vulnerable geographies, and to promote technology transfer, through innovation and private sector engagement. The GEF stands ready to engage with donors to encourage support to the SCCF, so that the fund can address its mandate and serve developing countries to provide adaptation support in an efficient manner.</p>

<b>COP Guidance of Relevance to the GEF from COP 26, COP 25, and COP 24</b>	<b>GEF Response and Relevance to LDCF/SCCF in GEF-8 Period</b>
<p><b>Paragraph 10:</b>  <i>Calls upon</i> the Global Environment Facility to continue to improve the governance framework for its agencies and the standards to which the implementing partners are accountable;</p>	<p>As part of the Policy Recommendations for the GEF-8 period, additional measures are introduced to further enhance the governance framework vis-à-vis the Agencies.</p>
<p><b>Paragraph 11:</b>  <i>Takes note</i> that financial resources allocated for the non-grant instrument under the seventh replenishment of the Global Environment Facility increased to USD 136 million from USD 110 million under the sixth replenishment and <i>encourages</i> the Global Environment Facility, during its discussions on the instrument under the eighth replenishment, to continue to take into account needs and priorities of developing countries, as well as their different national circumstances;</p>	<p>This decision is for GEF Trust Fund.</p>
<p><b>Paragraph 12:</b>  <i>Requests</i> the Global Environment Facility to consider updating its policy on gender equality to include protection against discrimination;</p>	<p>Any updates to the relevant GEF policies on gender will also apply to the LDCF/SCCF.</p>
<p><b>Paragraph 13:</b>  <i>Recognizes</i> that the Global Environment Facility does not impose minimum thresholds and/or specific types or sources of co-financing or investment mobilized in its review of individual projects and programmes;</p>	<p>Co-financing is not required for the LDCF/SCCF projects.</p>
<p><b>Paragraph 14:</b>  <i>Encourages</i> the Global Environment Facility to reinforce its efforts to engage with and mobilize resources from the private sector under its eighth replenishment;</p>	<p>This decision is for GEF Trust Fund. The LDCF/SCCF Programming Strategy also includes opportunities to foster and leverage private sector investments.</p>
<p><b>Paragraph 15:</b>  <i>Takes note</i> of ongoing discussions within the Global Environment Facility concerning the Small Grants Programme under the eighth replenishment and <i>invites</i> the Global Environment Facility to consider increasing the funding ceiling per project to provide adequate financial and technical support to communities and civil society organizations;</p>	<p>This decision is for GEF Trust Fund.</p>
<p><b>Paragraph 16:</b>  <i>Urges</i> the Global Environment Facility to enhance its support for projects that engage with stakeholders at the local level, and to</p>	<p>The LDCF/SCCF Programming Strategy includes opportunities for local stakeholder engagement and inclusive partnership opportunities. South-south cooperation is also encouraged. In addition,</p>

<b>COP Guidance of Relevance to the GEF from COP 26, COP 25, and COP 24</b>	<b>GEF Response and Relevance to LDCF/SCCF in GEF-8 Period</b>
<p>continue to provide funding for projects related to technology training and scale up South–South cooperation and triangular cooperation with the Technology Executive Committee and the Climate Technology Centre and Network;</p>	<p>there is a Dedicated Program on organizational learning and coordination. In addition, the GEF will continue to work with the Climate Technology Centre and Network, as consistent with national priorities and based on countries’ requests. the ongoing cooperation with the Technology Executive Committee will also be continued as appropriate.</p>
<p><b>Paragraph 17:</b> <i>Welcomes</i> the long-term vision on complementarity, coherence and collaboration between the Green Climate Fund and the Global Environment Facility and <i>requests</i> the Global Environment Facility Council to enhance coherence and complementarity with other climate finance delivery channels with a view to enhancing the impact and effectiveness of its work;</p>	<p>The GEF has made progress on the development and implementation of the Long-Term Vision on Complementarity, Coherence, and Collaboration with the GCF. The LDCF/SCCF Programming Strategy supports new opportunities to collaborate with the GCF, such as major initiatives that focus on adaptation in SIDS, Great Green Wall, among others, and will also support joint programming through the Dedicated Program.</p>
<p><b>Paragraph 18:</b> <i>Also requests</i> the Global Environment Facility, as part of the eighth replenishment process, to take note of the needs and priorities for climate finance, including those identified in the first report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement, nationally determined contributions, national communications and national adaptation plans, as well as in other sources of available information, including the biennial assessment and overview of climate finance flows and other relevant reports;</p>	<p>As part of the LDCF/SCCF Programming Strategy document, needs and priorities for climate finance as articulated in various documents, including national reports, Intergovernmental Panel on Climate Change reports, Adaptation Gap report, as well as the biennial assessment and overview of climate finance flows, have been taken into consideration.</p>
<p><b>Paragraph 19:</b> <i>Invites</i> Parties to submit views and recommendations on elements of guidance for the Global Environment Facility via the submission portal no later than 10 weeks prior to the twenty-seventh session of the Conference of the Parties (November 2022);</p>	<p>This decision is for Parties.</p>
<p><b>Paragraph 20:</b> <i>Requests</i> the Standing Committee on Finance to take into consideration the submissions referred to in paragraph 19 above when preparing its draft guidance for the Global Environment Facility for consideration by the Conference of</p>	<p>This is a request to the Standing Committee on Finance (SCF).</p>

<b>COP Guidance of Relevance to the GEF from COP 26, COP 25, and COP 24</b>	<b>GEF Response and Relevance to LDCF/SCCF in GEF-8 Period</b>
the Parties at its twenty-seventh session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fourth session (November 2022);	
<p><b>Paragraph 21:</b>  <i>Also requests</i> the Global Environment Facility to include in its annual report to the Conference of the Parties information on the steps it has taken to implement the guidance provided in this decision;</p>	The GEF will include responses to guidance in its annual report. It also plans to publish a GEF guidance and response booklet.
<p><b>Paragraph 22:</b>  <i>Takes note</i> of decision 12/CMA.3 and <i>decides</i> to transmit to the Global Environment Facility the guidance from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement contained in paragraphs 2–10 of that decision.</p>	This is a decision for Parties.
<b>CMA 3 Decision (2021)</b>	
<b>Decision 1/CMA.3 Glasgow Climate Pact</b>	
<p><b>Paragraph 6:</b>  <i>Notes with serious concern</i> the findings from the contribution of Working Group I to the Intergovernmental Panel on Climate Change Sixth Assessment Report, including that climate and weather extremes and their adverse impacts on people and nature will continue to increase with every additional increment of rising temperatures;</p>	The LDCF/SCCF Programming Strategy for 2022-2026 is informed by latest scientific findings, including Working Group II of the Intergovernmental Panel on Climate Change Sixth Assessment Report.
<p><b>Paragraph 7:</b>  <i>Emphasizes</i> the urgency of scaling up action and support, including finance, capacity building and technology transfer, to enhance adaptive capacity, strengthen resilience and reduce vulnerability to climate change in line with the best available science, taking into account the priorities and needs of developing country Parties;</p>	This is similar to paragraph 6 of 1/CP26 (Glasgow Climate Pact). As stated above, the LDCF/SCCF Programming Strategy for 2022-2026 seeks to help developing countries address their climate adaptation priorities with targeted financial support, capacity building, technology transfer.
<p><b>Paragraph 8:</b>  <i>Welcomes</i> the adaptation communications and national adaptation plans submitted to date, which enhance the understanding and implementation of adaptation actions and priorities;</p>	This is similar to paragraph 7 of 1/CP26 (Glasgow Climate Pact), while also including the adaptation communication. As stated above, the GEF has supported the National Adaptation Plan (NAP) process, with a recent focus on NAP implementation in collaboration with the Green Climate Fund. Such support and collaboration will

COP Guidance of Relevance to the GEF from COP 26, COP 25, and COP 24	GEF Response and Relevance to LDCF/SCCF in GEF-8 Period
	<p>continue to provide needed support to countries with enhanced understanding of priorities. Regarding adaptation communications, support continues to be available as part of GEF’s enabling activity support.</p>
<p><b>Paragraph 9:</b> <i>Urges Parties to further integrate adaptation into local, national and regional planning;</i></p>	<p>This is similar to paragraph 8 of 1/CP26 (Glasgow Climate Pact). As stated above, the LDCF/SCCF Programming Strategy for 2022-2026 presents a vision for transformative impacts and higher ambition for climate adaptation, and wider engagement with partners based on the whole-of-society approach. The whole-of-society approach promotes multi-stakeholder engagement and facilitate their participation in the decision-making process, and helps mainstream climate considerations into relevant decisions across different levels of government/governance.</p>
<p><b>Paragraph 10:</b> <i>Requests Parties that have not yet done so to submit their adaptation communications in accordance with decision 9/CMA.1 ahead of the fourth session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (November 2022) so as to provide timely input to the global stocktake;</i></p>	<p>This request is for parties.</p>
<p><b>Paragraph 11:</b> <i>Recognizes the importance of the global goal on adaptation for the effective implementation of the Paris Agreement and welcomes the launch of the comprehensive two-year Glasgow–Sharm el-Sheikh work programme on the global goal on adaptation;</i></p>	<p>The goal of the LDCF/SCCF Programming Strategy for 2022-2026 strategy is to facilitate transformational adaptation in developing countries, towards achieving the Paris Agreement’s global goal on adaptation.</p>
<p><b>Paragraph 12:</b> <i>Notes that the implementation of the Glasgow–Sharm el-Sheikh work programme will start immediately after the third session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement</i></p>	<p>The GEF stands ready to contribute to the Glasgow-Sharm el-Sheikh work program to help identify collective needs and solutions to address climate adaptation challenges.</p>
<p><b>Paragraph 13:</b> <i>Invites the Intergovernmental Panel on Climate Change to present to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fourth session the findings from the contribution of Working Group</i></p>	<p>This is similar to paragraph 9 of 1/CP26 (Glasgow Climate Pact). As stated above, the LDCF/SCCF Programming Strategy for 2022 to 2026 has been informed by the findings from the Working Group II to the sixth Intergovernmental Panel on Climate Change assessment report.</p>

COP Guidance of Relevance to the GEF from COP 26, COP 25, and COP 24	GEF Response and Relevance to LDCF/SCCF in GEF-8 Period
<p>II to its Sixth Assessment Report, including those relevant to assessing adaptation needs, and calls upon the research community to further the understanding of global, regional and local impacts of climate change, response options and adaptation needs;</p>	
<p><b>Paragraph 14:</b> <i>Notes with concern</i> that the current provision of climate finance for adaptation remains insufficient to respond to worsening climate change impacts in developing country Parties;</p>	<p>This is similar to paragraph 10 of 1/CP26 (Glasgow Climate Pact). As stated above, the LDCF/SCCF Programming Strategy recognizes continued high demand for adaptation support, and proposes financing scenarios that take into consideration of the Glasgow Climate Pact to double the adaptation finance from the 2019 level by 2025.</p>
<p><b>Paragraph 15:</b> <i>Urges</i> developed country Parties to urgently and significantly scale up their provision of climate finance, technology transfer and capacity-building for adaptation so as to respond to the needs of developing country Parties as part of a global effort, including for the formulation and implementation of national adaptation plans and adaptation communications;</p>	<p>This is similar to paragraph 11 of 1/CP26 (Glasgow Climate Pact), while also including the adaptation communication. As stated above, the LDCF/SCCF Programming Strategy includes programming priorities that address technology transfer and capacity building in addition to innovative financing options. The NAP implementation continues to be supported by the LDCF/SCCF. The adaptation communication support continues to be available as part of enabling activity support.</p>
<p><b>Paragraph 16:</b> <i>Recognizes</i> the importance of the adequacy and predictability of adaptation finance, including the value of the Adaptation Fund in delivering dedicated support for adaptation, and invites developed country Parties to consider multi-annual pledges;</p>	<p>This is similar to paragraph 12 of 1/CP26 (Glasgow Climate Pact), while also including the consideration of multi-annual pledges. As stated above, the LDCF/SCCF Programming Strategy recognizes the need for adequate and predictable adaptation finance, and has introduced specific measures to enhance financial predictability and delivery, such as the shift to the multi-year contribution modality and cap system for countries to access resources.</p>
<p><b>Paragraph 17:</b> <i>Welcomes</i> the recent pledges made by many developed country Parties to increase their provision of climate finance to support adaptation in developing country Parties in response to their growing needs, including contributions made to the Adaptation Fund and the Least Developed Countries Fund, which represent significant progress compared with previous efforts;</p>	<p>As stated in response to paragraph 13 of 1/CP26 (Glasgow Climate Pact), the GEF appreciates pledges made at COP 26 to the LDCF.</p>
<p><b>Paragraph 18:</b></p>	<p>The LDCF/SCCF Programming Strategy recognizes continued high demand for adaptation support,</p>

<b>COP Guidance of Relevance to the GEF from COP 26, COP 25, and COP 24</b>	<b>GEF Response and Relevance to LDCF/SCCF in GEF-8 Period</b>
<p><i>Urges</i> developed country Parties to at least double their collective provision of climate finance for adaptation to developing country Parties from 2019 levels by 2025, in the context of achieving a balance between mitigation and adaptation in the provision of scaled-up financial resources, recalling Article 9, paragraph 4, of the Paris Agreement;</p>	<p>and proposes financing scenarios that take into consideration of the Glasgow Climate Pact to double the adaptation finance from the 2019 level by 2025. For LDCF, the strategy is proposing to set a new initial country cap of \$20 million, which is aligned with the Glasgow Climate Pact decision to double adaptation finance by 2025.</p>
<p><b>Paragraph 19:</b>  <i>Calls upon</i> multilateral development banks, other financial institutions and the private sector to enhance finance mobilization in order to deliver the scale of resources needed to achieve climate plans, particularly for adaptation, and encourages Parties to continue to explore innovative approaches and instruments for mobilizing finance for adaptation from private sources;</p>	<p>This is similar to paragraph 14 of 1/CP26 (Glasgow Climate Pact). As stated above, the LDCF/SCCF Programming Strategy introduces additional innovative opportunities to enhance private sector engagement and finance. GEF agencies that are multilateral development banks have historically been active in the LDCF/SCCF programming, and their engagement will be further encouraged</p>
<p><b>Decision 12/CMA.3 Guidance to the Global Environment Facility</b></p>	
<p><b>Paragraph 1:</b>  <i>Recommends</i> that the Conference of the Parties at its twenty-sixth session transmit to the Global Environment Facility the guidance contained in paragraphs 2–10 below</p>	<p>This is a decision for Parties.</p>
<p><b>Paragraph 2:</b>  <i>Calls upon</i> developed country Parties to make financial contributions to the Global Environment Facility to contribute to a robust eighth replenishment of the Global Environment Facility to support developing countries in implementing the Paris Agreement and encourages additional voluntary financial contributions to the eighth replenishment of the Global Environment Facility;</p>	<p>This decision is for GEF Trust Fund replenishment.</p>
<p><b>Paragraph 3:</b>  <i>Welcomes</i> the actions taken by the Global Environment Facility to provide support to developing country Parties in accordance with Article 13, paragraphs 14–15, of the Paris Agreement for preparing their biennial transparency reports and building their institutional and technical capacity for implementing the enhanced transparency framework under the Paris Agreement;</p>	<p>Noted with appreciation of recognition for Capacity-building Initiative for Transparency (CBIT) under the GEF Trust Fund.</p>

COP Guidance of Relevance to the GEF from COP 26, COP 25, and COP 24	GEF Response and Relevance to LDCF/SCCF in GEF-8 Period
<p><b>Paragraph 4:</b>  <i>Also welcomes</i> that the Capacity-building Initiative for Transparency, established pursuant to decision 1/CP.21, paragraph 84, will continue to support developing country Parties, upon their request, in building their institutional and technical capacity for implementing the enhanced transparency framework and encourages the Global Environment Facility, Parties and implementing agencies to work collaboratively to ensure that this support is delivered in a timely manner;</p>	<p>Noted with appreciation of recognition for continued support for CBIT under the GEF Trust Fund.</p>
<p><b>Paragraph 5:</b>  <i>Requests</i> the Global Environment Facility to continue to facilitate improved access to the Capacity-building Initiative for Transparency by developing country Parties;</p>	<p>This request is for CBIT under the GEF Trust Fund.</p>
<p><b>Paragraph 6:</b>  <i>Also requests</i> the Global Environment Facility to consider increasing its support for implementation of the enhanced transparency framework as part of its eighth replenishment process;</p>	<p>This request is for Biennial Transparency Report under the GEF Trust Fund, as part of the eighth replenishment.</p>
<p><b>Paragraph 7:</b>  <i>Further requests</i> the Global Environment Facility to contribute to the consideration of the support provided to developing country Parties referred to in decision 5/CMA.3, paragraph 42, by:  (a) Estimating the cost to developing countries of implementing the enhanced transparency framework, which includes establishing and enhancing a reporting system, as well as the full agreed cost of reporting and the cost of capacity-building for reporting;  (b) Considering how to adequately incorporate the costs referred to in paragraph 7(a) above into the set-aside of the eighth replenishment process of the Global Environment Facility, while taking the necessary measures to ensure, as appropriate, that the set-aside does not impact the allocation of resources to developing countries under the System for Transparent Allocation of Resources;  (c) Reporting to the Conference of the Parties serving as the meeting of the Parties to the Paris</p>	<p>This request is for the GEF Trust Fund.</p>

COP Guidance of Relevance to the GEF from COP 26, COP 25, and COP 24	GEF Response and Relevance to LDCF/SCCF in GEF-8 Period
<p>Agreement at its fourth session (November 2022) on any actions taken to implement the guidance contained in paragraph 7(a–b) above and any changes to the estimated costs referred to in paragraph 7(a) above;</p> <p>(d) Reporting to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement on activities and provision of support under the Capacity-building Initiative for Transparency and on the provision of support for reporting under the Paris Agreement, as well as monitoring and reporting on the timeliness of project review, approval and preparation, including disaggregated tracking of each element of project development (from project identification form approval to submission of chief executive officer approval request and disbursement through implementing agencies);</p>	
<p><b>Paragraph 8:</b>  <i>Requests</i> the Global Environment Facility to consider combining the application processes for support for producing biennial transparency reports, including by considering raising the funding ceiling for expedited enabling activity projects, and for Capacity-building Initiative for Transparency projects, as appropriate, and by developing an expedited process for projects related to preparing biennial transparency reports;</p>	<p>This request is for Biennial Transparency Report under the GEF Trust Fund.</p>
<p><b>Paragraph 9:</b>  <i>Encourages</i> the Global Environment Facility, Parties and implementing agencies to work collaboratively to ensure that financing for national inventory reports and biennial transparency reports is delivered in a timely manner, including by utilizing the bundled application modality and expedited procedures for enabling activities, and requests the Global Environment Facility to monitor the timeliness of project review, approval and preparation, including disaggregated tracking of each phase of project development (from project identification form approval to submission of chief executive officer approval request and disbursement through implementing agencies) and report to</p>	<p>This decision is for GEF Trust Fund.</p>

<b>COP Guidance of Relevance to the GEF from COP 26, COP 25, and COP 24</b>	<b>GEF Response and Relevance to LDCF/SCCF in GEF-8 Period</b>
the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fourth session on the actions taken to implement the guidance contained in this paragraph;	
<p><b>Paragraph 10:</b>  <i>Also requests</i> the Global Environment Facility to consider raising the funding ceiling for expedited enabling activities</p>	This decision is for GEF Trust Fund. Policy updates will also be applicable to LDCF/SCCF support.
<b>COP 25 DECISIONS (2019)</b>	
<p><b>Decision 7/CP.25 National adaptation plans</b>  <b>Paragraph 6:</b>  <i>Notes</i> that funding has been made available for developing country Parties under the Green Climate Fund, the Least Developed Countries Fund and the Special Climate Change Fund for the process to formulate and implement national adaptation plans, and that other channels of bilateral, multilateral and domestic support have also contributed to enabling developing countries to advance their work in the process to formulate and implement national adaptation plans.</p>	Similar to GEF-7, the GEF and GCF will provide complementary NAP support: the LDCF/SCCF will continue to support NAP implementation in the GEF-8 period.
<p><b>Decision 13/CP.25,:</b>  <b>Paragraph 4:</b>  <i>Invites</i> the Global Environment Facility to continue its efforts to minimize the time between the approval of project concepts, the development and approval of the related projects, and the disbursement of funds by its implementing/executing agencies to the recipient countries of those projects.</p>	The LDCF/SCCF Programming Strategy maintains significant operational enhancements as introduced for GEF-7, which has enabled the LDCF and SCCF to significantly reduce the project cycle timelines. These measure will continue in GEF-8, and will be monitored.
<p><b>Decision 13/CP.25</b>  <b>Paragraph 9:</b>  <i>Also invites</i> the Global Environment Facility, in accordance with its existing mandates and in collaboration with the Green Climate Fund, to report on lessons learned in supporting developing countries in collecting and managing information and data on adaptation.</p>	The LDCF/SCCF Programming Strategy supports new opportunities to collaborate with the GCF within the framework of the Long-Term Vision on Complementarity, Coherence, and Coordination. The two funds will explore potential major initiatives that focus on adaptation. Lessons learned will be reported in the joint GEF Council/ GCF Board reports, and will also be included in the respective COP reports.
<p><b>Decision 13/CP.25,</b>  <b>Paragraph 10:</b>  <i>Requests</i> the Global Environment Facility, in administering the Least Developed Countries</p>	The LDCF and SCCF continue to proactively engage with countries graduating from LDC for its smooth transition. Those that graduated in the GEF-7 period received regular communications

<b>COP Guidance of Relevance to the GEF from COP 26, COP 25, and COP 24</b>	<b>GEF Response and Relevance to LDCF/SCCF in GEF-8 Period</b>
Fund, to continue facilitating the smooth transition of countries graduating from least developed country status by continuing to provide approved funding through the Least Developed Countries Fund until the completion of projects approved by the Least Developed Countries Fund Council prior to those countries' graduation from least developed country status.	and assistance so that their LDCF initial cap could be programmed fully prior to their graduation. The LDCF will maintain this practice for the GEF-8 period.
<b>COP 24 DECISIONS (2018)</b>	
<p><b>Decision 6/CP.24.:</b>  <a href="#">Paragraph 14</a>  <i>Requests</i> the Global Environment Facility to continue to monitor the geographic and thematic coverage, as well as the effectiveness, efficiency and engagement, of the Global Environment Facility Partnership, and to consider the participation of additional national and regional entities, as appropriate.</p>	Through the LDCF, the Programming Strategy will make concerted efforts to encourage engagement of local stakeholder as executing partners at the project level.
<p><b>Decision 16/CP.24.:</b>  <a href="#">Paragraph 4</a>  <i>Noted</i> that support for the work programme should come from a variety of sources, including the Least Developed Countries Fund, the Global Environment Facility, the Green Climate Fund, and other bilateral and multilateral sources within their respective mandates, and the private sector, as appropriate</p>	The LDCF/SCCF Programming Strategy proposes to continue supporting implementation of LDC work programme.
<b>CMA.1 DECISIONS</b>	
<p><b>Decision 3/CMA.1.:</b>  <a href="#">Paragraph 7</a>  <i>Confirmed</i> that the Least Developed Countries Fund and the Special Climate Change Fund shall serve the Paris Agreement;</p>	The LDCF/SCCF Programming Strategy and Operational Improvements is developed to respond to this important mandate to serve the Paris Agreement.
<p><b>Decision 9/CMA.1,</b>  <a href="#">Paragraph 20</a>  <i>Invites</i> the Global Environment Facility, in line with its existing mandate, to consider channeling support to developing country Parties for the preparation and submission of their adaptation communications, as a component of or in conjunction with other communications or documents, including a national adaptation plan, a nationally determined contribution as referred to in Article 4, paragraph 2, of the Paris</p>	The GEF will support Adaptation communication, as a component or in conjunction with other communications or document, such as a NAP, NDC, and/or national communication.

COP Guidance of Relevance to the GEF from COP 26, COP 25, and COP 24	GEF Response and Relevance to LDCF/SCCF in GEF-8 Period
<p>Agreement, and/or a national communication;  <i>Paragraph 21:</i>  <i>Encouraged</i> the Green Climate Fund, the Global Environment Facility, the Adaptation Fund, the Climate Technology Centre and Network and the Paris Committee on Capacity-building, in line with their existing mandates and governing instruments, to continue channeling support to developing country Parties for the implementation of their adaptation plans and actions in accordance with the priorities and needs outlined in their adaptation communication;</p>	

**ANNEX III: STATUS OF LDCF RESOURCE ACCESS BY LDCs AS OF DECEMBER 2021**

Country	GEF-7 Cumulative LDCF Resources including December 2021 Work Program and MSPs	Cumulative LDCF Resources Accessed including December 2021 LDCF Work Program	Number of projects supported by LDCF
	(with PPG and Fees) \$ million	(with PPG and Fees) \$ million	
Afghanistan	\$10.00	\$40.02	5
Angola	\$10.00	\$40.43	7
Bangladesh	\$10.00	\$39.92	6
Benin	\$10.00	\$40.47	7
Bhutan	\$10.00	\$40.19	5
Burkina Faso	\$10.00	\$39.94	7
Burundi	\$10.00	\$29.79	4
Cambodia	\$10.00	\$35.26	8
Central African Republic	\$10.00	\$21.17	3
Chad	\$9.75	\$39.75	6
Comoros	\$0.00	\$29.96	4
Djibouti	\$10.00	\$32.24	6
DR Congo	\$10.00	\$39.91	6
Eritrea	\$10.00	\$20.01	2
Ethiopia	\$10.00	\$41.02	6
Gambia	\$10.00	\$39.54	6
Guinea	\$9.91	\$25.49	6
Guinea-Bissau	\$6.73	\$24.68	3
Haiti	\$10.00	\$33.48	7
Kiribati	\$10.00	\$33.24	7
Lao PDR	\$10.00	\$39.90	8
Lesotho	\$10.00	\$40.66	7
Liberia	\$10.00	\$25.71	5
Madagascar	\$0.00	\$19.62	3
Malawi	\$10.00	\$43.45	9
Mali	\$10.06	\$38.97	10
Mauritania	\$10.00	\$35.16	7
Mozambique	\$10.00	\$31.73	4
Myanmar	\$10.00	\$30.17	5
Nepal	\$5.00	\$37.41	6
Niger	\$0.00	\$29.81	5
Rwanda	\$9.37	\$40.62	6
São Tomé and Príncipe	\$10.00	\$36.74	7

Country	GEF-7 Cumulative LDCF Resources including December 2021 Work Program and MSPs	Cumulative LDCF Resources Accessed including December 2021 LDCF Work Program	Number of projects supported by LDCF
	(with PPG and Fees) \$ million	(with PPG and Fees) \$ million	
Senegal	\$10.00	\$40.01	7
Sierra Leone	\$10.00	\$36.58	6
Solomon Islands	\$10.00	\$25.69	6
Somalia	\$10.00	\$39.65	5
South Sudan	\$9.50	\$19.77	2
Sudan	\$9.96	\$41.95	9
Tanzania	\$9.23	\$27.03	5
Timor-Leste	\$10.00	\$38.80	8
Togo	\$10.00	\$30.00	4
Tuvalu	\$5.00	\$16.99	7
Uganda	\$10.00	\$29.80	6
Vanuatu*	\$10.00	\$36.57	8
Yemen	\$10.00	\$26.53	3
Zambia	\$7.91	\$35.00	6

\* Country which has graduated from LDC status during GEF-7 period.

#### ANNEX IV: COUNTRIES CATEGORIZED AS SIDS AT THE GEF

No.	List of countries categorized as 'SIDS' at the GEF Secretariat	Included in UN SIDS List <sup>95</sup> ?	Is the country also an LDC?
1	Antigua and Barbuda	Yes	
2	Bahamas	Yes	
3	Belize	Yes	
4	Barbados	Yes	
5	Cabo Verde	Yes	
6	Comoros	Yes	Yes
7	Cook Islands*	<b>No</b>	
8	Cuba	Yes	
9	Dominica	Yes	
10	Dominican Republic	Yes	
11	Fiji	Yes	
12	Grenada	Yes	
13	Guinea-Bissau	Yes	Yes
14	Guyana	Yes	
15	Haiti	Yes	Yes
16	Jamaica	Yes	
17	Kiribati	Yes	Yes
18	Maldives	Yes	
19	Marshall Islands	Yes	
20	Federated States of Micronesia	Yes	
21	Mauritius	Yes	
22	Nauru	Yes	
23	Niue*	<b>No</b>	
24	Palau	Yes	
25	Papua New Guinea	Yes	
26	Samoa	Yes	
27	São Tomé and Príncipe**	Yes	Yes
28	St. Kitts and Nevis	Yes	
29	St. Lucia	Yes	
30	St. Vincent and the Grenadines	Yes	
31	Seychelles	Yes	
32	Solomon Islands**	Yes	Yes
33	Suriname	Yes	
34	Timor-Leste	Yes	Yes
35	Tonga	Yes	
36	Trinidad and Tobago	Yes	
37	Tuvalu	Yes	Yes
38	Vanuatu	Yes	

\* The Cook Islands and Niue are non-UN Member countries that receive GEF support.

\*\* São Tomé and Príncipe and Solomon Islands are scheduled to graduate in 2024.

<sup>95</sup> UN, 2022, [United Nations List of SIDS](#).

**ANNEX V: APPROVED ADAPTATION FUNDING<sup>96</sup> FOR NATIONAL PROJECTS IN SIDS<sup>97</sup>: AN OVERVIEW<sup>98</sup>**

Country	LDCF, SCCF and MTF		GCF		AF	
	Funding (\$M)	No. of projects	Funding (\$M)	No. of projects	Funding (\$M)	No. of projects
<b>African and Indian Ocean (AIS)</b>						
Cabo Verde*	3.7	1				
	water					
Comoros*	29.9	4	41.9	1		
	water, agriculture, forests, livelihoods, disasters		water			
Guinea-Bissau*	24.6	3			9.9	1
	climate information, coastal management, agriculture, water				climate-smart agriculture	
Maldives*	6.4	2	48.7	2	8.9	1
	tourism, resilient island planning		coastal management, water		water	
Mauritius					9.1	1
					coastal management	
Sao Tome and Principe*	36.7	7				
	coastal management, livestock, early warning, agriculture, fisheries					
Seychelles					6.4	1
					early warning	
<b>AIS sub-total</b>	<b>\$101.3 million</b>	<b>17</b>	<b>\$90.6 million</b>	<b>3</b>	<b>\$34.3 million</b>	<b>4</b>
<b>Caribbean SIDS</b>						
Antigua and Barbuda	5.6	1	32.7	1	9.9	1
	innovative finance		hurricane resilience		community resilience	
Bahamas						
Barbados	5.0	1	unknown**	1		
	health		cross cutting mitigation-adaptation project			

<sup>96</sup> The Pilot Program for Climate Resilience (PPCR) of the Climate Investment Funds (CIFs) has also supported adaptation in 9 SIDS though \$294.4 million in grants and near-zero interest loans. Over 2012-2017, the PPCR provided support to Dominica, Grenada, Haiti, Jamaica, Papua New Guinea, Saint Lucia, and Saint Vincent and the Grenadines, Samoa, and Tonga, with a total of \$159.6 million for the Caribbean and \$89.8 million for the Pacific.

<sup>97</sup> Excludes Enabling Activities and Readiness Activities.

<sup>98</sup> The information on GCF and Adaptation Fund financing was provided by their staff and checked against their respective websites, accessed on April 3, 2022.

Country	LDCF, SCCF and MTF		GCF		AF	
Belize	8.7	1	6.1	1	6.0	1
	energy, land management		food value chains		coastal management	
Cuba			23.9 + unknown**	2	6.0	1
			ecosystem-based adaptation, cross-cutting		ecosystem-based adaptation	
Dominica						
Dominican Republic					9.9	1
					water	
Grenada			38.6	1		
			water			
Guyana	4.1	1				
	water management					
Haiti*	33.5	7	unknown**	1	9.9	1
	ecosystem-based adaptation, water, disaster risk management		cross cutting mitigation-adaptation project		resilient schools	
Jamaica					9.9	1
					food security	
St. Kitts and Nevis						
St. Lucia					9.8	1
					agriculture	
St. Vincent and the Grenadines						
Suriname						
Trinidad and Tobago						
<i>Caribbean sub-total</i>	<b>\$56.9 million</b>	<b>11</b>	<b>\$101.3 million</b>	<b>7</b>	<b>\$61.4 million</b>	<b>7</b>
<b><i>Pacific SIDS</i></b>						
Cook Islands					8.3	2
					resilient communities, livelihoods	
Fiji			31.0	1	4.2	1
			urban water/sanitation		urban settlements	
Kiribati*	33.2	5	unknown **	1		
	water, food, disaster risk, atoll and island resilience		cross cutting mitigation-adaptation project			
Marshall Islands			43.6	2		
			water, coastal protection			

Country	LDCF, SCCF and MTF		GCF		AF	
Micronesia (Federated States of)			25	2	9.9	2
			food security		community resilience	
Nauru			unknown**	1		
			cross cutting mitigation-adaptation project			
Niue						
Palau						
Papua New Guinea					6.5	1
					flood resilience	
Samoa*	20.6	4	57.7	1	8.7	1
	economy, tourism, health, forestry, agriculture		flood resilience		community resilience	
Solomon Islands*	25.7	4	unknown**	1	9.8	2
	water, community resilience to disasters, integrated economic resilience		cross cutting mitigation-adaptation project		urban resilience, agriculture	
Timor Leste*	38.8	7	43.2	2		
	urban services, transport, shorelines, rural infrastructure, roadside communities		early warning, physical assets			
Tonga	6	1				
	early warning, infrastructure					
Tuvalu*	17	4	36	1		
	water/sanitation, outer islands, livelihoods, coasts		coastal flooding			
Vanuatu*	36.6	5	22.9	1		
	coastal zone, urban resilience, disaster risk management		climate information			
<i>Pacific sub-total</i>	<b>\$177.9 million</b>	<b>30</b>	<b>\$259.4 million</b>	<b>13</b>	<b>\$47.4 million</b>	<b>9</b>
<b>TOTAL for all SIDS</b>	<b>\$336.1 million</b>	<b>58</b>	<b>\$451.3 million</b>	<b>23</b>	<b>\$143.1 million</b>	<b>20</b>

\* Current or former LDCs and recipients of LDCF.

\*\* For cross-cutting GEF projects, the amount of adaptation funding is not known.

**ANNEX VI: REGIONAL AND GLOBAL ADAPTATION PROJECTS/PROGRAMS THAT INCLUDE SIDS:  
A LOOK AT THE LDCF/SCCF, GCF AND ADAPTATION FUND**

No.	Title of regional or global project	Participating SIDS	Grant funding <sup>99</sup> (\$ million)
<b><i>LDCF, SCCF and MTF</i></b>			
1	Technical Assistance to Francophone LDCs to Implement the UNFCCC8/CP8 Decision	Cabo Verde, Comoros, Sao Tome and Principe	\$0.2 million
2	Enhancing Capacity, Knowledge and Technology Support to Build Climate Resilience of Vulnerable Developing Countries	Seychelles	\$5.0 million
3	Climate Change Adaptation in the Eastern Caribbean Fisheries Sector	St. Vincent and Grenadines, Grenada, Dominica, St. Lucia, Trinidad and Tobago, Antigua and Barbuda, St. Kitts and Nevis	\$5.9 million
4	Piloting Climate Change Adaptation to Protect Human Health (Global: 7 countries)	Barbados, Fiji	\$5.4 million
5	Pacific Adaptation to Climate Change Project	Cook Islands, Micronesia, Fiji, Nauru, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu, Marshall Islands, Palau, Niue	\$14.8 million
6	Financial tools for small scale fishers in Melanesia	Fiji, Papua New Guinea	\$1.1 million
7	Building Climate Resilience of Urban Systems through Ecosystem-based Adaptation (EbA) in Latin America and the Caribbean (3 countries)	Jamaica	\$6.5 million
8	Climate Resilient Urban Development in the Pacific	Kiribati, Solomon Islands, Tuvalu, Vanuatu	\$17.5 million
9	Building Resilience of Health Systems in Pacific Island LDCs to Climate Change	Kiribati, Solomon Islands, Vanuatu, Tuvalu	\$19.7 million
10	Partnerships for Coral Reef Finance and Insurance in Asia and the Pacific (4 countries)	Solomon Islands	\$1.2 million
11	CSIDS-SOILCARE Phase1: Caribbean Small Island Developing States (SIDS) multicountry soil management initiative for Integrated Landscape Restoration and climate-resilient food systems	Antigua and Barbuda, Belize, Grenada, Guyana, Haiti,	\$8.3 million

<sup>99</sup> Funding shown is for the entire program.

No.	Title of regional or global project	Participating SIDS	Grant funding <sup>99</sup> (\$ million)
		Jamaica, St. Lucia, Barbados	(includes SCCF and GEF Trust Fund grants)
12	Building Resilience of Health Systems in Asian LDCs to Climate Change (6 countries)	Timor Leste	\$9.8 million
13	Piloting innovative financing for climate adaptation technologies in medium-sized cities (Global: 3 countries)	Antigua and Barbuda	\$0.7 million
14	Introducing systemic resilience methodologies in infrastructure investment planning (Global: 3 countries)	Antigua and Barbuda	\$1.3 million
15	Climate Proofing Development in the Pacific	Timor Leste, Tuvalu, Vanuatu	\$13.9 million
<b>Green Climate Fund</b>			
1	Enhancing Capacity, Knowledge and Technology Support to Build Climate Resilience of Vulnerable Developing Countries (Global: 17 countries)	Bahamas, Comoros, Fiji, Jamaica, Seychelles	\$125.0 million
2	Integrated physical adaptation and community resilience through an enhanced direct access pilot in the public, private, and civil society sectors of three Eastern Caribbean small island developing states	Antigua and Barbuda, Dominica, Grenada	\$20.0 million
3	CRAFT - Catalytic Capital for First Private Investment Fund for Adaptation Technologies in Developing Countries (Global: 6 countries)	Bahamas, Trinidad and Tobago	\$100.0 million
4	Global Fund for Coral Reefs Investment Window (Global: 17 countries)	Bahamas, Belize, Comoros, Fiji, Jamaica, Seychelles	\$125.0 million
5	Enhancing Climate Information and Knowledge Services for resilience in 5 island countries of the Pacific Ocean	Cook Islands, Marshall Islands, Niue, Palau, Tuvalu	\$47.4 million
6	Ecosystem-based Adaptation to increase climate resilience in the Central American Dry Corridor and the Arid Zones of the Dominican Republic	Dominican Republic	\$84.3 million
7	Pacific Islands Renewable Energy Investment Program	Cook Islands, Marshall Islands, Micronesia (Federated States of), Nauru, Papua New Guinea, Samoa, Tonga	\$17.0 million (includes adaptation and mitigation funding)
8	Building Regional Resilience through Strengthened Meteorological, Hydrological and Climate Services in the Indian Ocean Commission (IOC) Member Countries	Comoros, Mauritius, Seychelles	\$52.7 million

No.	Title of regional or global project	Participating SIDS	Grant funding <sup>99</sup> (\$ million)
9	Ecosystem-based Adaptation in the Indian Ocean – EBA IO	Comoros, Mauritius, Seychelles	\$38.0 million
10	Transforming Financial Systems for Climate (Global: 17 countries)	Mauritius	\$33.9 million
11	Cooling Facility (Global: 9 countries)	Sao Tome and Principe	\$32.0 million  (includes adaptation and mitigation funding)
12	The Amazon Bioeconomy Fund: Unlocking private capital by valuing bioeconomy products and services with climate mitigation and adaptation results in the Amazon	Guyana, Suriname	\$87.5 million
<b><i>Adaptation Fund</i></b>			
1	Restoring marine ecosystem services by rehabilitating coral reefs to meet a changing climate future	Mauritius, Seychelles	\$10 million
2	Building urban climate resilience in south-eastern Africa (3 countries)	Comoros	\$13.9 million

## **ANNEX VII: OPTIONS CONSIDERED FOR LDCF RESOURCE MOBILIZATION**

### ***Option 1: Move to the replenishment modality***

1. This option seeks to transition the LDCF towards a replenishment model, similar to the GEF Trust Fund model. This option will provide the highest predictability for adaptation support to LDCs, and enables to set realistic programming targets. This option, however, may impact those donors that make intermittent contributions. Also, the option entails a fundamental operational change for the LDCF, which may present challenges to prepare and introduce in the GEF-8 period. During the first Programming Strategy meeting in October 2021, one participant expressed its readiness to consider this option. During the second meeting in February 2022, the same participation expressed the same readiness, while also agreeing that option 3 is acceptable.

### ***Option 2: Maintain status quo***

2. This option maintains the current voluntary contribution modality as is. This option has the least predictability of resource flows, with all the challenges already identified above. The option does not require any changes to the fund operations.

### ***Option 3: Move to multi-year pledging***

3. This option requests donors that are able to do so to make multi-year pledging, based on the voluntary contribution model. This option could potentially enhance the predictability of support if a critical mass of donors (in terms of number of countries and resources) commits to it. This option preserves the possibility to provide additional, top-up contributions by those that make multi-year pledging. This option also enables intermittent donors to engage: those donors with special circumstances may propose alternative pledging modalities on a case by case basis.

4. This option also requires little changes to the current fund operations. The Secretariat will need longer-term projections of available resources from the Trustee.

5. During the first Programming Strategy meeting in October 2021, many participants expressed their preference for this option. During the second meeting in February 2022, most participants expressed their support for this option.

### ***Option 4: Consider other donor-proposed option***

6. Donors may wish to propose other options or ideas on resource mobilization to be deliberated. No new options were suggested.

## **ANNEX VIII: OPTIONS CONSIDERED FOR SCCF OPTIMIZATION**

### ***Option 1: Fully revitalize***

1. The first option is to support climate change adaptation priorities in all GEF-eligible countries, and develop the 2022-2026 strategy accordingly. This option responds to the mandate of the SCCF and the emerging needs for additional climate adaptation support beyond the LDCs. This option also enables all GEF eligible countries to take advantage of synergy opportunities with the GEF Trust Fund to help mainstream climate adaptation into projects and programs that address global environmental benefits. The Secretariat is prepared to propose a comprehensive set of priorities for the SCCF for this option. For this option to be viable, assurances from multiple donors to support the SCCF at a higher level of resource mobilization targets would be needed.

### ***Option 2: Maintain status quo***

2. The second option is the continuation of the current situation, with continued SCCF support from the single donor. This implies that only a few MSPs could be supported in the entire GEF-8 period. Also, given the relatively modest annual contribution level, the fund may face resource constraints to cover administrative expenses sooner or later. This option thus may lead to a de-facto suspension of the fund.

3. Furthermore, the current donor to the SCCF has indicated that it will not continue to support the SCCF without additional donors. As such, the feasibility of option may be quite low. Another participant also rejected this option, as it would ultimately result in suspending the fund (option 4).

### ***Option 3: Enhance focused support***

4. This option seeks to narrow and sharpen the SCCF Programming Strategy focus on key areas of comparative advantage and gaps in the multilateral climate financing architecture, which will be implemented through the existing SCCF windows. This strategic focus will include addressing critical climate change adaptation priorities for SIDS; innovation and private sector engagement; and global and regional collaborative action for systems transformation and South-South sharing for across LDC and non-LDC contexts. The rationale is to prioritize support for highly vulnerable contexts of SIDS through the existing SCCF window A, and enhanced support on technology transfer and collaborative action and South-South sharing through the existing window B of SCCF, including innovation support, blended finance opportunities, and private sector engagement.

5. This option has a merit of emphasizing support to SIDS, which as a group are highly vulnerable and have significant adaptation needs that have not been met sufficiently by other funds. Some donors have expressed SIDS as their priority for climate adaptation support, and the focused option may offer an opportunity to address such prioritization through contributions to window A. There is also multiple, recent COP guidance to the GEF to support

technology transfer, which will need the engagement of the private sector and mobilization of flexible blended finance instruments that cannot be supported by the LDCF. Such efforts could be supported under window B, which was originally set up to support technology transfer. For this option to be viable, assurances of new donor support will be needed. During the October 2021 Programming Strategy meeting, some participants expressed support for this option.

6. This option also recognizes the successful track record of SCCF support in SIDS, including green and grey infrastructure to build climate resilience (including improved building codes and regulations), nature-based adaptation solutions; resilience in the health sector; climate-resilient tourism; urban resilience, including in water supply and sanitation; adaptation in the agriculture and fisheries sectors; early warning and climate information systems; and more. The fund has also supported adaptation policy mainstreaming at regional, national and subnational levels; and South-South exchange of innovative adaptation technology solutions. Given the importance of safety nets as well as scaled-up investment in SIDS, in GEF-7 the SCCF also supported early efforts towards micro-insurance and financial literacy for fishing communities (e.g., in Papua New Guinea) and coral reef insurance (e.g., in Solomon Islands).

#### ***Option 4: Suspend the fund***

7. This option, while highly undesirable, will need to be taken if the single donor decides to stop supporting the SCCF on its own. This option means the donor community will no longer honor the commitment made as part of the Paris Agreement. For this option, steps will need to be initiated towards fund termination by the LDCF/SCCF Council, and COP and CMA may need to deliberate on revising the Paris Agreement decision as well as the financial mechanism set-up. The Trustee will need to continue to make commitments and cash transfers to the GEF Agencies until a certain date to allow continuation of implementation of the approved projects, activities or programs, and taking into consideration the standard timeframe required to fully disburse funds. Administrative budgets will need to be secured until the termination date. This option is not aligned with the most recent, COP 26 guidance on SCCF, which requested the GEF to continue to assist developing country Parties in accessing resources in an efficient manner.