

Special Climate Change Fund

N°01: ID 4515: Regional*: Southern Europe and Caucasus Catastrophe Risk Insurance Facility (SEEC CRIF); (World Bank); SCCF cost: 5.5 million USD; total: 27 million USD

* Albania, Macedonia, Serbia

Overall Commentaries

We welcome and support SCCF's contribution for the SEEC CRIF.

The target region for this Facility is exposed to high risk of natural disasters but catastrophe and even more so weather-related risk insurance is still in its infancy. The proposed public-private partnership pool solution makes a lot of sense and builds on models developed by the World Bank which have been successfully tested elsewhere.

Challenges, Questions and Concerns for further Project / Programme Refinement

The rationale and justification to complement existing technical assistance resources, in particular the grant contribution of the Swiss State Secretariat for Economic Affairs (SECO), in order to further develop the necessary market infrastructure for the launch of innovative catastrophe and weather risk insurance products is twofold:

- ▶ For one thing, the initial cost estimates for some activities have been overly optimistic. In one particular case, namely the risk modelling for flood and earthquake models in the Balkans, the budget had to be adapted, but it is worthwhile to do so since the Bank was able to retain a world class company which has developed a state-of-the-art model for German flooding using their pioneering global climate risk model and the detailed risk model of snow melt for the German Alps. This technology will now be applied to modelling flooding for all major rivers in the Balkans.
- ▶ Secondly, some activities such as the public information campaigns and public information tools (such as interactive weather risk maps) are not covered by the SECO grant at all but can be quite expensive.

SEEC CRIF is by design a very ambitious and challenging endeavor, not least with regard to the penetration targets. In our view, their achievement depends chiefly on the participation of committed local primary insurers which must sell the products developed by SEEC CRIF and the willingness of participating governments to insure publicly owned housing and infrastructure with a view to creating a demonstration effect. In both instances, the Bank must make an increased effort to prepare the ground for these partners to engage from the outset. There are two additional concerns and project risks respectively which must be better controlled by the Bank, that is, the recurring cost underestimations and the overly optimistic implementation schedule.

Conclusions and Recommendations

Overall, Switzerland fully supports the SEEC CRIF and recommends its approval by Council.

Against the background described, Switzerland encourages the SCCF to perform a close and proactive project monitoring and to join forces/coordinate with the Swiss State Secretariat for Economic Affairs.

N°02: ID 4492: Nicaragua: Adaptation of Nicaragua's Water Supplies to Climate Change, (IBRD-WB); SCCF/LDCF cost: 6.6 million USD; total project cost: 38.1 million USD

Overall Commentaries

Sector objectives and strategy are valid. There is no doubt that a successful project would entail great benefits. But can we reasonably think that this project will succeed?

Scope of project (and baseline project) might be too ambitious. How progress and success will be measured is not (yet) defined.

Information is lacking on success versus failure of previous similar projects!

Information is scarce on implementing agencies (FISE and MARENA) and involved municipal governments.

Challenges, Questions and Concerns for further Project / Programme Refinement

► Project scope and implementing agencies

Is there any assessment of FISE and MARENA's absorption capacity and effectiveness in the execution of projects? (Is it unnecessary because it was done under the review of the baseline PRASNICA project?)

Is there any assessment of the selected municipal governments regarding their capacity to manage and maintain the planned type and number of new water supply systems? No need for two different approaches / methodologies for villages and for towns?

What is the recent track record, in this rural water supply sector, of FISE, MARENA and the selected municipal governments?

It seems highly advisable to consult early with other rural water supply project donors in Nicaragua, such as COSUDE, AOS, etc..

► Some questions regarding project activities

The project scope does not seem to address the intake of agrochemicals and untreated wastewater into Lake Nicaragua. Will the planned activities make a difference in securing the Lake's future?

Metering has been used in many Nicaraguan towns since decades. Why do the municipalities now need such a project to extend it? And why would the project be more successful?

Why should this project also fund additional or deeper rural water wells, when the ongoing 20 million USD PRASNICA baseline project already covers this activity in the same geographical areas?

Conclusions and Recommendations

Switzerland fully supports the objective of the current proposal. However, beyond obvious needs and a good general strategy, the project description is too general to be convincing. Likewise, the little information on hand regarding past projects and on the main institutions involved makes it hard to draw positive conclusions about impacts, cost-effectiveness and sustainability.

Therefore, Switzerland recommends its approval by Council, expects however that the concerns described and questions are well taken up in further planning.

Multi Trust Fund

N°03: ID 4512: Regional*: Pilot Asia-Pacific Climate Technology Network and Finance Centre; (ADB / UNEP); GEF grant: 10.9 million USD; total project cost: 85.9 million USD

* Developing countries of Asia-Pacific.

Overall Commentaries

The Pilot Asia-Pacific Climate Technology Network and Finance Center (“Project”) will support the deployment of technologies for both climate change mitigation and adaptation in developing countries of Asia-Pacific.

It comprises six project components: (1) facilitating a network of national and regional technology centres, networks, organizations and initiatives; (2) building and strengthening national and regional technology transfer centres of excellence; (3) design, development and implementation of country-driven environmentally sound technology (EST) transfer policies, programs, demonstration projects, and scale-up strategies; (4) integrating climate technology financing needs into national development strategies, plans, and investment priorities; (5) catalysing investments in EST deployment, and (6) establishing a private “marketplace” of owners and users of low-carbon technologies to facilitate their transfer. And component (1) consists of 5 sub-components.

The proponents underline that the Project is conceptualized in recognition of the importance of technology transfer in the global response to climate change, as reflected in the 2007 Bali Action Plan, the Copenhagen Accord, and the recent Cancun Agreement, and that it is the first pilot in the GEF responding to the Cancun Agreements on technology transfer. The consistency with GEF focal area / LDCF / SCCF strategies is well and explicitly shown. The PIF also underlines that the Project will help developing countries meet the growing demand for the related investments captured in their national plans and strategies, although we haven’t found any specific indications where the recipient countries were explicitly listed.

Overall, Switzerland fully recognizes the importance of technology transfer and the role of technology network and finance centres. However, it fears that the current project will be challenged with an innumerable number of technologies and a large diversity of countries. It considers this proposal with its six components as very ambitious and concludes that this PIF is formulated in rather theoretical and general terms and that it leaves many questions still open.

Challenges, Questions and Concerns for further Project Preparation

► Need for a strategic choice and prioritizations already at the stage of planning

On one hand, the project covers the complete chain of activities from technology transfer to demonstration and scale-up strategies and even to the promotion of market places. On the other hand it covers a wide range of sectors, such as energy efficiency, renewable energy, sustainable transport and urban systems and sectors sensitive to climate change impacts such as water, agriculture, and health. That is too ambitious!

Even in the case of one single technology, enormous efforts, clear concepts, and methodological and technical skills are needed to progress from technology transfer to a successful full-scale implementation and measureable results and impacts in terms of global benefits.

Therefore, the current project is challenged to make strategic choices already at the stage of planning and it cannot postpone strategic decisions and thematic prioritizations to the stage of project implementation.

The project should decide or prioritize (otherwise, it risks to disperse and to fail in its interventions):

- Between mitigation and adaptation,
- Between a capacity building and process-oriented approach on one hand and an environmental impact / benefits-oriented (result-oriented) approach on the other hand,
- Between different sectors,
- Between different technologies.

Unless the strategic choices and prioritizations are made, the project's concept remains overloaded and gives the impression of being ambiguous.

▶ **The need for regulations and economic instruments is not sufficiently considered**

The PIF raises expectations regarding the up-scale of its technology demonstrations. For many of the sectors and technologies in question, this may imply enormous efforts in support of the development and adoption of regulations and / or economic instruments.

The project's concept and intervention in that respect are not clear.

▶ **What is the regional approach?**

The PIF talks in rather theoretical terms about middle income countries and Least Developed Countries (LDCs), but it does not clarify sufficiently in how many and in which countries the project intends to become active. Apart from the ADB centre in Manila, the UNEP office in Bangkok and the indication of a Korean co-financing, no further indications on the geographical scope or arrangements of work are given in PIF.

The same PIF even claims that *“the regional approach will allow the development of country-specific or transboundary activities tackling climate change under different cultural and socio-economic conditions, increasing the global knowledge value and maximizing synergies; yet, taking advantage of economies of scale. Dissemination of lessons learned and cross-country linkages will ensure ongoing and effective knowledge exchange and dissemination”*.

Confronted with such expectations being raised, Switzerland wonders what the regional approach of the project is and to which degree such a proposal may be considered as country-driven. It expects that at least the recipient countries were listed.

▶ **Request for more information on co-financing**

The indicative co-financing amounts 75 million USD. Together with the multi-trust grant, and considering also the agency fees, the overall cost of the project ascends to 87 million USD.

Out of the 75 million USD of co-financing, 60 million USD are indicated as AsDB Equity Investment, for which the type of co-financing is not specified and the GEF is given as source.

To understand, further information on co-financing is needed. Particularly regarding the co-financing by ADB we wonder which portion of it refers to baseline activities. Please clarify in accordance with GEF guidelines on co-financing!

Conclusions and Recommendations

Overall, Switzerland considers that:

- ▶ the PIF provides a rather theoretical idea on the overall project strategy, however many questions remain open on project implementation,
- ▶ the project looks too ambitious, and there is a need for strategic choices and thematic prioritization already at the stage of project preparation,
- ▶ many questions remain open regarding the regional approach of the project.

It concludes that – in the process of further program development – more has to be done to minimize risks of dispersion of efforts and failure of results.

Nevertheless, Switzerland wants to underline its full support of the recent Cancun Agreements on technology transfer and therefore agrees with the objective of the proposed project. To avoid any possible delay of further project preparation, Switzerland therefore agrees with the approval of this project, however it expects that its observations are taken into consideration by the implementing agencies.

N°04: ID 4511: Regional*: Sahel and West Africa Program in support of the Great Green Wall Initiative; (World Bank); GEF cost: 105 million USD; total project cost: 1915 million USD

* Burkina Faso, Benin, Ethiopia, Ghana, Mali, Mauritania, Niger, Nigeria, Sudan, Senegal, Chad, Togo

Project N°04 of LDCF/SCCF WP10 is identical with Project N°10 of GEF WP40. Thus please refer the comments given in the Swiss review of GEF WP 40.