



CELEBRATING TWENTY YEARS

GLOBAL ENVIRONMENT FACILITY

INVESTING IN OUR PLANET

COMPILATION OF COMMENTS
SUBMITTED BY COUNCIL MEMBERS
ON THE JOINT LDCE/SCEF
WORK PROGRAM
APPROVED BY COUNCIL IN JUNE 2012

NOTE: This document is a compilation of comments submitted to the Secretariat by Council members concerning the project proposals presented in the LDCE/SCEF Work Program approved by the Council in June 2012.

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SPECIAL CLIMATE CHANGE FUND

1. India: (IBRD) Sustainable Livelihoods and Adaptation to Climate Change (SLACC) – GEF ID = 4901

United States of America's Comments

The United States welcomes this project concept. We expect that it will yield results and important lessons as it relates to national adaptation planning.

- We request that the Agency consider incorporating a link to climate information services so that as it implements adaptation activities, it does so with as much relevant climate information as possible. This will help also ensure that baseline activities are climate-resilient; without some climate information, it will be hard to assess resilience to climate change.
- We also request that the Agency articulate how activities related to household energy solutions will help the baseline adapt to the potential adverse impacts of climate change, specifically.
- Finally we request that the Agency elaborate on the incentives the project will create to encourage efficient water management by farmers.

Germany's Comments

Suggestions for improvements to be made during the drafting of the final proposal

- Germany highly appreciates convergence with and linkages to MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) and other programmes. Here the project can build on a number of current initiatives and pilots for convergence in India. The SCCF project should build on the experience and guidelines which evolved in the recent past (e.g. the Convergence Guidelines between NREGA and IWPM).
- The project suggests using MGNREGA as a vehicle for financing adaptation measures, as long as they fall into the works permitted under the scheme. A study jointly conducted by GIZ, Ministry of Rural Development and the Indian Institute of Sciences, Bangalore, demonstrates that MGNREGA has the potential and already contributes to climate change adaptation through strengthening the natural resource base of rural communities; results and recommendations of this and a more comprehensive study currently being conducted should be taken into consideration during further project development and implementation.
- Index-insurance for crops (e.g. page 14): The (high) basic risk which is inherent in index-based insurance for farmers should be taken into account and kept at a minimum; further it should be ensured that subsidized premiums do not support inadequate farming techniques, crops which are not resistant to a changing climate, or slow down the adaptation process-risk mitigation should have priority over risk management.
- The livelihood support detailed in component 2 very much follows a Self Help Group Bank

Linkage Programme, common in India. Here, there have been many problems with implementation in the past. Such experiences should be taken into account before repeating a similar scheme. In particular, the need for intensive support in terms of capacity development, monitoring, coupled with institutional governance and full time professionals at grass root levels has been proven in past experiences (including GIZ and DFID projects, and the ongoing National Skill Development Corporation initiative of the Ministry of Rural Development).

- Germany kindly asks for clarification on the "scaling-up strategy" to "establish a solid base for scaling up measures that have proven their value". More details should be provided in further project development as the project as such is only being implemented in 6 states.
- It is questionable if and how the project can contribute to reducing the "exposure" of human and natural systems to climate variability and change. To our understanding only sensitivity and adaptive capacity can be influenced on the local level. We therefore kindly ask to revise wording and provide clarification (see page 12 of PIF).

2. Philippines, UNDP: Scaling up Risk Transfer Mechanisms for Climate Vulnerable Farming Communities in Southern Philippines – GEF ID = 4967

United States of America's Comments

The United States welcomes this project concept. It is a good example of how a country can combine risk transfer and risk reduction measures, such as index-based insurance and early warning systems.

- We request that the Agency consider measures that help farming communities adapt to climate-related risks that may be less severe but more frequent, such as erratic and shifting rainfall patterns. Both insurance and early warning systems- the two activities described in the PIF -cover the same kind of risk: extreme events. In including measures to address risks that may be less severe but more frequent, the Agency might consider, for example, helping farming communities access weather and climate information, e.g., forecasts, so that they can make more informed decisions about when to plant and what to plant.

Germany's Comments

Suggestions for improvements to be made during the drafting of the final proposal

- The scope and focus of the PIF are not clear and consistent enough. Please specify in further project development regarding the following two observations:
 - Project Title: "...Risk Transfer Mechanisms..." brands the project as insurance and microinsurance related project. However the proposal is more focused on microfinance (credits and savings) than on insurance.
The Philippines are - globally compared - relatively advanced in microfinancing. What is needed now is linking microfinance with microinsurance. Component 1 e.g. is particularly microfinance driven. We recommend addressing sufficiently the field of insurance. If this project wants to incentivise private sector, it is e.g. also worth analyzing the taxes in the insurance sector which are quite high and hamper private sector engagement.
 - The project title implies Southern Philippines (Mindanao Island) as the focus, succeeding discussions however seem to narrow down the scope to Caraga. It becomes not clear which will be the intervention zones of the project (provinces, regions and municipalities).
- Last year in the meeting of the Philippine Climate Change Commission with the donor community it was agreed that a thematic approach will be used in the implementation of the National Climate Change Action Plan. The proposal under review may need to strategically position its measures on enabling policies for the "food security" theme (thematical approach) rather than for "farming/production" sector (sectoral approach) only.
- There is a long list of stakeholders that will be involved in the project. The final project document should provide details on how the complexity of coordination will be managed. We also want to stress the important role of three other relevant stakeholders which have not been mentioned yet in the proposal. We encourage a close exchange and eventually

collaboration with these stakeholders.

- the Philippines Climate Change Commission (CCC)- it plays a critical role in policy-formulation relating to climate change, also risk transfer mechanism are high on its agenda.
 - the Association of non-life insurers (PIRA) - it would have an important role particularly for component 1 of the proposed project
 - the GIZ Philippines projects on Climate Change Adaptation and Microinsurance (Micro-Insurance Innovations Program for Social Security- MIPSS) - the MIPSS project developed micro-insurance and social protection products that offer protection, e.g. for loan portfolio of cooperatives against extreme weather events; the instruments developed under the MIPSS Project are now under review for the development of an integrated financing package for local government units through the new BMU-GIZ "Support to the Climate Change Commission on the Implementation of the National CC Strategy and Action Plan."
- The \$1,050,000 grant amount being requested seems too high if we compare it to the narrow focus of the proposed interventions, in principle in 4 municipalities and for 500 farmers. Co-financing amount of \$9.3Milion might be too high expectation that needs to be verified. The \$1.5 co-financing from Peoples bank of CARAGA and \$3.3M from LGUs, for example, are very ambitious. Experiences from implementing programs and projects in the Philippines would show that partner counterparts, especially in kind, are hardly demandable unless clearly indicated in the agency's work and financial program.
 - Risk transfer models are generally mentioned but no specific description on what are the index-based solutions already in the market such as (1) the GIZ-Munich Re PPP (Credit Portfolio Insurance) on natcat insurance against extreme rainfall and wind speed and (2) the remote sensing Area Based Yield (ARBY) rice crop insurance developed and marketed with the support GIZ-MIPSS (GIZ Microinsurance Inovation Program for Social Security) are mentioned. We recommend to specify on this relevant background information in further project development.
 - The proposal needs to elaborate more on the mechanism for local capacity development (i.e., of farmers associations, relevant local government units). Specifically answering the question of how national and local expertise will be tapped for technical assistance and the complementation needed from international expertise. For example, the Agricultural Training Institute- Regional Training Center (ATHRTC) of the Department of Agriculture can be tapped to provide capacity development measures 'to the farmers' association that will be organized/ strengthened under the proposed project. The ATI-RTC conducted facilitators' training on climate field school (CFS) under the Philippine Climate Change Adaptation Project (PhiiCCAP). Similarly, availability of climate and other related information necessary for vulnerability and risk assessment poses a challenge especially at municipal level. Existing climate information can be packaged by the Philippine Atmospheric, Geophysical and Astronomical Services Administration and the Department of Agriculture (e.g. for crop-specific data and information). Remote sensing may be needed to augment locally available data and information.
 - Component 2 mentions the Integrated Financing Package which is training of microinsurance advocates (financial literacy), disaster risk management and early warning devices. We recommend making clear that Early Warning Systems will be used to save the people's lives not their tangible assets.

3. Zimbabwe, UNDP: Scaling up Adaptation in Zimbabwe, with a Focus on Rural Livelihoods, by Strengthening Integrated Planning Systems – GEF ID = 4960

Germany's Comments

Germany notes, after thorough consideration, that the high governance and fiduciary risks that are associated with this project have not been properly addressed in the PIF. Germany sees the need to address the following questions. Germany is not ready to approve this project unless these concerns are appropriately addressed. In the meantime we request the Secretariat and UNDP not to proceed with further project development:

Germany agrees that Zimbabwe is highly vulnerable to the consequences of climate change and that a SCCF project with a focus on rural livelihoods would be highly relevant and could be beneficial to the rural population that is affected by climate change.

However, the project implementation structure, which currently is envisaged in the PIF entails high governance and fiduciary risks, which are not properly addressed:

- The PIF lacks an analysis of how the current deficits in the governance situation of Zimbabwe influence the planned activities of the project. This is surprising, given that UNDP participated in designing the Zimbabwe United Nations Development Assistance Framework 2012 - 2015 (ZUNDAF), which states as the first development priority "Good governance and respect for fundamental human rights and basic freedoms are prerequisites for sustainable human development." This holds also true for the adaptation benefits which are planned to be achieved by the SCCF project. The risks for the project that go along with the current governance situation need to be taken account in the project design and appropriate measures to mitigate these risks need to be developed.
- The Ministry of Environment and Natural Resources Management (Environmental Management Agency) is foreseen as the main Implementing Partner. However there is evidence that fundamental principles of good governance and rule of law have not been adhered to by this institution (e. g. expropriation without proper rule of law). We regard it as necessary that the project does not lead to any financial flows from the SCCF project budget to the Ministry of Environment and Natural Resources Management (Environmental Management Agency). The role of the Implementing Partner needs to be assigned to an institution that is independent from the Government of Zimbabwe.
- The alignment with the District Development Fund (DDF) is not appropriate as the DDF is largely dysfunctional and suffers from the same governance problems as the ministerial level.
- The financial management at the district level in Zimbabwe does not fulfill basic standards. Financial transfers from the central government to the district level have been inoperative for several years. In this regard it is not appropriate to undertake a climate adaptation expenditure analysis.
- The indicative cofinancing of US\$ 30 million to be provided by the different levels of the

Government of Zimbabwe is unrealistic if the current fiscal situation in Zimbabwe is taken into account.

In addition to these fundamental governance and fiduciary questions we have further comments on the project design:

- One of the main activities of the project would be development of climate resilient agriculture in natural region V. The PIF does not take into account that there is already an international donor initiative existent in this natural region (as well as in the other natural regions, coordinated by FAO). Germany provides assistance in the regions Chiredzi, Beitbridge and Gwanda, which are mentioned in the PIF as regions to be covered by SCCF/UNDP activities. We request that the activities planned by UNDP are fully coordinated with those of other donors in order to avoid duplication of efforts.
- The project design should incorporate a conflict sensitive approach and should consider involving groups of farmers with a Lead Farmer in the planned activities in order to reduce the conflict potential in rural areas.
- Germany appreciates the consideration of the gender dimension of climate change. Germany recommends clarifying how concrete measures addressing the gender dimension of climate change are being implemented, how results will be measured and how good experiences will be shared with relevant stakeholders.

4. Global, UNEP: Enhancing Capacity, Knowledge and Technology Support to Build Climate Resilience of Vulnerable Developing Countries – GEF ID = 4934

Germany's Comments

Suggestions for improvements to be made during the drafting of the final proposal

- Regarding the steering structure, Germany kindly asks to specify and detail this aspect in further project development. It is of particular relevance for the success of the project as it follows a global approach. After discussing this with potential partners the specification should include the nomination of focal points for each country and a detailed description of their role and contributions to the global project. The coordination mechanism and the group of "project coordinators" the PIF proposes on page 22 seem to be a good approach which we encourage to pursue.
- Germany appreciates the consideration of a gender-sensitive approach. To foster the mainstreaming of gender aspects in the project, Germany recommends to clarify concrete measures and to detail how results will be measured and how good experiences will be shared with relevant stakeholders.

LEAST DEVELOPED COUNTRIES FUND

5. Rwanda: (IBRD) Landscape Approach to Forest Restoration and Conservation (LAFREC) - GEF ID = 4952

United States of America's Comments

The United States welcomes this project concept. We recognize the positive achievements of the Rwanda national forest landscape restoration initiative. The Rwanda national forest landscape restoration initiative sets an important precedent, which won the World Future Council Future Policy Award last September.

The United States also appreciates the comprehensive approach of the proposed project, which together encompasses improved yields, better management practices, conservation restoration and Monitoring. The PIF recognizes the socioeconomic, cultural, and technical complexities associated with these activities and suggests approaches to address these challenges.

We request, however, that the Agency provide a stronger elaboration on how the proposed activities will help communities in Rwanda adapt to climate variability and change. We note that the Secretariat provided similar comments in its review of the PIF.

- For example, under Component 3, the Agency notes that the LDCF will support activities to improve resilience to droughts through "...concerted efforts and investments in forest rehabilitation and conservation, as well as in activities that decrease the pressure on forests as sources of fuel wood, constitute an integral part of the strategy to strengthen adaptation capacity in local communities..." The Agency further notes in this section that "...the activities to support adoption of alternative sources of energy that reduce population dependence on natural resources will allow downstream benefits such as reduced siltation, landslides and flooding and flooding and also induce behavioral change to more sustainable practices."
- Also under Component 3, the Agency notes that the LDCF will support activities to improve resilience to floods through the "...improvement in management of land and water in the landscape, increased soil cover through reforestation, and support to alternative livelihoods that reduce population dependence on natural resources." Illustrative activities include the promotion of alternative energy sources and adoption of efficient use of fuel wood.
- It is not clear whether the activities proposed under Component 3 aim to reduce non-climate pressures on land, such as population pressure and current agricultural practices, which the Agency notes are key drivers of soil fragility and losses of eco-system services- or whether the activities proposed for LDCF funding will help specifically strengthen the resilience of the baseline projects to the potential adverse impacts of climate change, such as extreme weather events and erratic and shifting rainfall patterns.

- While avoided land degradation and deforestation from non-climate drivers – and sustainable development more broadly speaking- contributes to reducing overall vulnerability of local communities, the purpose of the LDCF, as it was set up, is to cover the additional costs of adaptation - on top of baseline development. We request, therefore, the Agency, to clearly describe how LDCF-funded activities will help the baseline projects adapt to climate change, specifically. For example, if the Agency is going to support alternative livelihoods, will it assess various alternatives based on their climate sensitivity and support those that are less climate sensitive as well as culturally viable? How will the Agency incorporate climate information into decision-making to restore and maintain critical landscapes?
- We also suggest that in promoting agricultural practices that are climate resilient, the Agency broaden its assessment of climate risks to agriculture from just extreme events, like droughts and floods, to also include risks that may be less severe but more frequent, such as erratic or shifting rainfall patterns. In this context, early warning systems might be useful as well as improved, demand-driven weather and climate information services to farmers so they can make more informed decisions about when to plant and what to plant.
- Finally, we note that under Component 3, the Agency describes that it will strengthen existing national and regional centers and information networks for rapid response to extreme weather events. We request that the Agency in developing the proposal, target the demonstration, deployment, and transfer of adaptation technologies that reduce risk and minimize the impact of extreme weather events, rather than strengthen ex-post emergency response.

MULTI-TRUST FUND

6. Regional: Pilot African Climate Technology Finance Center and Network (AfDB) - GEF ID = 4904

United States of America's Comments

The United States welcomes this project concept. We support its overall objectives. It is unclear, however, how the SCCF activities differ from the baseline activities.

- In "Section B.1, Description of baseline activities," the Agency describes that the baseline project will: (i) promote policies that incentivize adaptation in key sectors and mainstream climate change into key sector policies and regulations; (ii) mainstream technology transfer into country development programming by integrating climate analyses into country programming cycles; and (iii) promote and adopt the transfer of relevant adaptation of technology.
- In "Section B.2, Incremental/Additional Cost Reasoning," the Agency describes that SCCF funding will enable it to undertake: (i) successful demonstration; deployment, and transfer of relevant adaptation technology in targeted areas; (ii) enable the environment to support adaptation related technology transfer by supporting companies with climate resilient technology products; and (iii) catalyze investments for the deployment of relevant adaptation technologies through the baseline project.
- We request that the Implementing Agency more clearly describe the baseline project and how SCCF funded activities will help strengthen, specifically, the resilience of the baseline project to the potential adverse impacts associated with climate change. As it stands, it is unclear how the activities under Sections B.1 and B.2 differ from one another.
- In addition, we note that the STAP review of this PIF also underscored the importance of strengthening the adaptation elements of this project during the next phase. The United States requests the Agency to provide a stronger description of the adaptation activities in the next phases. Will the Agency use SCCF funding, for example, to incorporate climate information into decision-making of key sectors, conduct climate risk and impact assessments of key sectors and sector policies, raise awareness and build capacity of decision-makers in key sectors, undertake cost-benefit analyses of various adaptation options, etc.?
- Finally, we note that the Agency describes how, with SCCF funding, it will strengthen existing national and regional centers and information networks for rapid response to extreme weather events. We request that the Agency, in developing the proposal, target the demonstration, deployment, and transfer of adaptation technologies that reduce risk and minimize the impact of extreme weather events, rather than strengthen ex-post emergency response.

7. Regional: Regional Climate Technology Transfer Center (EBRD) - GEF ID = 4956

United States of America's Comments

The United States welcomes this project concept. We support its overall objectives.

- We request, however, that the Agency more clearly describe the baseline project and provide much more detail on how support from the SCCF will help strengthen the resilience of the baseline project to the potential adverse impacts associated with climate change.
- In "Section B.1, Description of baseline activities," the Agency provides only one bullet of a description of the baseline as it relates to the SCCF: the baseline project will increase emphasis on adaptation, reflecting the likelihood of a significant rise in temperature.
- Section B.2, Description of incremental/additional cost reasoning" is equally sparse with respect to SCCF adaptation technology funding. The Agency describes that it will: (i) establish a network for adaptation technology transfer; (ii) include adaptation technologies in its efforts to develop a finance mechanism and to "support the realization of results from technology needs assessments"; and (iii) focus on water efficiency. No further description of activities is provided.
- We note that the STAP review of this PIF also describes the adaptation component as "simply an add-on" and that "no significant allocation of funds or activities and outputs are proposed."
- We request the Agency, in the next phase of proposal development, provide a much stronger description of the adaptation components of the project and reasoning for additionality. For example, will the Agency strengthen the ability of existing water efficiency networks to adapt to climate change, and if so how, e.g., through what measures and with what networks? In realizing the results of technology needs assessments, will the Agency build the capacity of decision-makers to use climate information, conduct climate risk and impact assessments, and undertake cost-benefit analyses of various adaptation options, etc.?

8. Regional: Climate Technology Transfer Mechanisms and Networks in Latin America and the Caribbean (IABD) - GEF ID = 4880

United States of America's Comments

The United States welcomes this project concept. We support its overall objectives.

- We request, however, the Agency to provide clear incremental/additional costs reasoning for the adaptation technology elements. As it stands, there is no description at all of the additional costs for the adaptation technology elements of the project concepts, or of what those elements are specifically.
- In "Section B.2, Description of incremental/additional cost reasoning," the Agency notes under Component 1 that the GEF contribution will support the "development of methodologies and the regional" harmonization of approaches for the inclusion of consideration of EST and promote a regional dialogue on best practices for the identification and assessment of EST and for the development of policies and mechanisms for the development and transfer of EST." Not all environmentally sound technologies are adaptive to climate change, and certain ESTs may be more appropriate for certain climate risks than others. How will the Agency assess climate risks and appropriateness of EST options with respect to those risks?
- In the same section under Component 2, the Agency notes that it will use GEF funding to support thematic networks on topics not yet covered by the baseline, expand scope of existing networks, strengthening the capacity of national and regional networks, and support collaboration and knowledge exchange. The Agency does not in the PIF, but should in the next phase of proposal development, provide a description of how it will use SCCF-B funding to address adaptation technology specifically, and how the adaptation activities funded by the SCCF-B will strengthen the resilience of the baseline project to the potential adverse impacts of climate change.
- In the same section under Component 3, the Agency notes that it will use GEF funding to scale up, follow through, document and disseminate efforts to remove barriers to the development and transfer of EST. The Agency does not in the PIF, but should in the next phase of proposal development, provide a description of how it will use SCCF-B funding to address adaptation technology specifically, and how the adaptation activities funded by the SCCF-B will strengthen the resilience of the baseline project to the potential adverse impacts of climate change.
- In the same section under Component 4, the Agency notes that it will use GEF funding to support new and additional investments in mitigation and adaptation EST, remove barriers and create enabling environments for EST markets, and provide direct support to the assessment of EST. The Agency does not in the PIF, but should in the next phrase of proposal development, provide a description of how it will use SCCF-B funding to address adaptation technology specifically, and how the adaptation activities funded by the SCCF-B will strengthen the resilience of the baseline project to the potential adverse impacts of climate change.