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Review of implementation of commitments and of other provisions of the Convention
Financial mechanism of the Convention

**Report of the Global Environment Facility to
the Conference of the Parties**

Note by the secretariat*

1. The Conference of the Parties (COP), by its decision 12/CP.2, adopted and thereby brought into force a memorandum of understanding (MOU) between the COP and the Council of the Global Environment Facility (GEF) (FCCC/CP/1996/15/Add.1). The MOU provides, inter alia, that annual reports of the GEF be made available to the COP through the secretariat.
2. In response to that provision, the GEF secretariat has submitted the attached report (see annex) dated 13 October 2006; it is reproduced here as submitted, without formal editing, and with the original pagination.
3. The MOU also provides that the COP shall, pursuant to Article 11, paragraph 1, of the Convention, decide on policies, programme priorities and eligibility criteria relating to the Convention for the financial mechanism which shall function under the guidance of and be accountable to the COP.
4. The MOU further stipulates that the COP will, after each of its sessions, communicate to the Council of the GEF any policy guidance approved by the COP concerning the financial mechanism.

* This document was submitted as soon as it was received from the Global Environment Facility.

Annex



Global Environment Facility

October 13, 2006

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REPORT OF THE GEF TO THE TWELFTH SESSION
OF THE CONFERENCE OF THE PARTIES TO THE
UNITED NATIONS FRAMEWORK CONVENTION
ON CLIMATE CHANGE

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PART 1: REPORT ON ACTIVITIES RELATING TO THE GEF TRUST FUND

I. INTRODUCTION

1. This report has been prepared by the Global Environment Facility (GEF) for the twelfth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change. It covers the period from September 1, 2005 to August 31, 2006. The report describes GEF project activities during this period and provides responses to Convention guidance, particularly GEF-related decisions from the eleventh session of the Conference of the Parties to the Convention.

II. PROJECT ACTIVITIES IN THE CLIMATE CHANGE FOCAL AREA

2. As an operating entity of the financial mechanism of the Convention, the GEF provides financing to country-driven projects consistent with guidance approved by the Conference of the Parties on policies, program priorities, and eligibility. GEF-financed projects are mainly managed through its Implementing Agencies: the United Nations Development Program (UNDP), the United Environment Program (UNEP), and the World Bank. Information on all GEF projects is available on the GEF website under "Project Database" (http://www.thegef.org/Projects/Focal_Areas/focal_areas.html).

Projects Approved during the Reporting Period

3. During the reporting period from September 2005 to August 2006, the GEF allocated US\$349 million to 52 full-size projects (FSPs) and US\$6 million to six medium-sized projects (MSPs) in the climate change focal area.¹ These projects will leverage more than US\$2.3 billion of co-financing from the GEF Implementing and Executing Agencies, bilateral agencies, governments of recipient countries, and the private sector, bringing the total value of these projects to more than US\$2.7 billion. Moreover, the GEF provided nearly US\$3 million of project preparation grants for eight additional FSPs, bringing the total amount of GEF funding for climate change projects to US\$358 million during this reporting period. It is worth noting that the quantity of GEF resources allocated to climate change projects during this reporting period represented the highest single-year allocation to the climate change focal area in the history of the GEF.

4. Table 1 gives a summary of the projects approved by the GEF from September 2005 to August 2006. Annexes 1-3 to this report provide information on the FSPs, MSPs, and PDF-Bs, respectively, including country/region, project title, Implementing/Executing Agency, and the amount of GEF financing and co-financing. Annexes 4 and 5 present a brief summary of each of the FSPs and MSPs, respectively.

5. Compared with the last reporting period (July 2004 to August 2005), the current reporting period saw a significant increase in GEF funding to climate change projects. The amount of GEF funding to FSPs and MSPs during the current reporting period stood at US\$355 million, more than doubling the amount for FSPs and MSPs from the last reporting period (US\$173 million). Similarly, total financing of these projects also more than doubled between the two reporting periods, from less than US\$1.3 billion to over US\$2.7 billion.

¹ Project activities reported here include only those funded from the GEF Trust Fund. Projects funded under the Special Climate Change Fund and the Least Developed Countries Fund are covered in separate sections. The figures reported here and in Table 1 include two projects (in Mozambique and Sri Lanka) that are primarily land-degradation projects but that also contained an adaptation component.

Table 1: Climate Change Projects Approved from the GEF Trust Fund, September 2005-August 2006

Type of activity	Number	GEF financing (Million US\$)	Co-financing (Million US\$)	Total financing (Million US\$)
Full-size projects*	52	349.2	2,283.9	2,633.1
Medium-sized projects*	6	6.0	76.5	82.5
Project development and preparation facility (PDF) – block B	8	2.9	2.2	5.2
Total	66	358.1	2,362.6	2,720.7

*GEF financing for FSPs and MSPs includes the PDF amount.

6. Among the 52 approved FSPs, 17 projects with US\$133 million in GEF financing focus on energy efficiency and energy conservation under operational program number 5 (OP5); 18 projects with US\$123 million in GEF financing promote the adoption of renewable energy under OP6; seven projects with US\$62 million in GEF financing facilitate the development of sustainable transport in urban areas under OP11; and seven projects with US\$22 million in GEF financing support adaptation to climate change under the strategic priority of piloting an operational approach to adaptation (SPA). In addition, three of the FSPs approved during this period, totaling more than US\$9 million in GEF funding, are non-expedited enabling activities to support the preparation of the second national communication to the UNFCCC in Brazil, India, and Peru. In addition, one of the PDF-Bs approved will support China's development of a FSP to prepare its second national communication to the UNFCCC.

7. Among the six MSPs, two focus on OP5, two on OP6, one on OP11, and one on adaptation financed under the SPA.

8. It should also be noted that GEF resources provided through other focal areas (biodiversity, land degradation, phase-out of ozone depleting substance, persistent organic pollutants, and international waters) often have cross-cutting benefits supportive of the objectives of the UNFCCC through the development of human resources and institutions, as well as through activities supporting a range of global environmental goals including carbon sequestration. GEF projects approved under the strategic pilot on adaptation seek to ensure the delivery of global environmental benefits in the face of climate change for projects in one of GEF's focal areas.

9. With respect to enabling activities, the GEF continued to provide financial support to 139 Parties to prepare their national communications to the UNFCCC. Of this total, 129 Parties have submitted their initial national communications and are in varying stages of preparing the second and, in a few cases, third national communications. Ten Parties are still preparing their first national communications. The status of enabling activities funding within the reporting period is included in Annex 6-A to this report.

10. In addition to providing direct funding to Parties for preparing their national communications, the GEF is also providing additional support through a National Communications Support Program (NCSP), implemented jointly by UNDP and UNEP. The global project *National Communications Program for Climate Change* was approved by the GEF in 2004, to assist non-Annex I Parties to prepare their second or subsequent national communications.

11. During the reporting period, the Small Grants Program (SGP) gave 135 grants to non-governmental organizations (NGOs) and community-based organizations (CBOs) for community-based climate change projects totaling US\$3.3 million in GEF financing. The GEF funds leveraged US\$5.3 million in co-financing from communities and partners (US\$2.5 million in cash and US\$2.7 million in-kind), as shown in Table 2 below.

Table 2: Summary of GEF SGP Grants for Community Climate Change Projects

Type of activity	Number of activities (projects)	GEF financing (Million US\$)	Co-financing (Million US\$)	Total financing (Million US\$)
Small Grants Program ²	135	3.30	5.27	8.57

12. Of all the small grants made during the reporting period, 42% addressed issues related to removal of barriers to energy efficiency and energy conservation under OP5, 52% addressed issues related to promoting the adoption of renewable energy under OP6, while 6% addressed issues related to sustainable transport under OP11. As is the practice for GEF SGP projects, capacity building and community empowerment are paramount in the design of the projects.

13. The projects are on-going, and both local and global environmental benefits are expected. The impacts expected from the projects include: informing policy options for promotion of renewable energy and energy efficiency, capacity building in managing environmental projects and community empowerment, direct local livelihoods benefits, direct avoidance and reduction of GHGs, and formation of partnerships in promoting renewable energy, energy efficiency, and environmentally sustainable transport. Examples and details of expected benefits and impacts are illustrated in Annex 7 with a selection of a few projects in Albania, Indonesia, Nepal, Palestinian Authority, and Thailand.

14. During the reporting period, the GEF also disbursed US\$1.49 million for 10 climate change projects through the World Bank-managed Development Marketplace. The primary purpose of GEF support to Development Marketplace is to promote bottom-up innovative activities that lead to climate change mitigation or adaptation. The list of projects and amount of GEF financing are provided in Table 3. These projects involve grassroots social innovations tackling climate change impacts through promotion of renewable energy technologies such as solar energy and alternative sources of lighting and cooking energy.

Table 3: GEF-Funded Development Marketplace Projects

Country	Project title	GEF financing (US\$)
India	100 Village Employment and Power Partnerships	200,000
Senegal	From Harmful Aquatic Plants to New Cooking Fuel	100,310
Kenya	Rural Milk Collection Center- ISAAC Solar Icemaker	186,465
India	Clean & Reliable LED Lighting for Tribal Homes in India	177,250
Rwanda	Rwanda Freeplay Weza Microenterprise Pilot	198,834
Lesotho	Solar-Thermal Power for Rural Villages in Lesotho	129,530
India	Fences for Fuel in Virat Nagar Bloc, Jaipur, India	119,971
Kyrgyz Republic	Cane Reed: 19th Century idea, 21st Century Solution	116,389
Nepal	PedalPower 70	160,702
Benin	Benin Solar Irrigation Project	100,000
Total		1,489,451

Trends in GEF Funding to Climate Change Activities over Time

15. This reporting period saw the Third Replenishment of the GEF Trust Fund (GEF-3) come to a close.³ GEF resources to the climate change focal area have grown considerably over the last three replenishment periods. During the Pilot Phase (1991-1994), the GEF allocated US\$281 million to climate change projects. Subsequently, following the restructuring of the GEF, allocations to the

² The Small Grants Program is a multi-focal area program. The reporting focuses on its projects in the climate change area during the reporting period.

³ GEF-3 technically concluded at the end of June 2006. However, projects approved at the special GEF Council meeting on August 28, 2006, were funded with resources from GEF-3.

climate change focal area have increased steadily, from US\$507 million during GEF-1 (1995-1998), to US\$667 million during GEF-2 (1999-2002), and to US\$882 million during GEF-3 (2003-2006).

16. Table 4 below provides a breakdown of GEF resources allocated to climate change activities by operational program (OP) from the pilot phase through the three replenishment periods. The bulk of the resources were allocated to support renewable energy (OP6) and energy efficiency (OP5) projects, totaling US\$851 million and US\$686 million, respectively. Funding for low greenhouse gas-emitting energy technologies (OP7) (i.e., emerging renewable energy technologies) equaled US\$318 million, while support for sustainable transport activities (OP11) – a relatively new but rapidly growing operational program – came to US\$129 million.

Table 4: Allocation of GEF Resources to Climate Change Activities (Million US\$), 1991-2006

	Pilot Phase (1991-94)	GEF-1 (1995-98)	GEF-2 (1999-02)	GEF-3 (2003-06)
OP5: Energy Efficiency	70.6	128.6	200.1	286.7
OP6: Renewable Energy	108.8	191.3	251.8	299.2
OP7: Low GHG-Emitting Energy Technologies	10.1	98.4	98.6	111.1
OP11: Sustainable Transport			46.4	82.2
Enabling Activities	20.2	46.5	45.3	73.9
Short-Term Response Measures (STRM)	70.8	42.2	25.1	3.7
Strategic Pilot Approach to Adaptation (SPA)*				25.0
Total	280.6	507.0	667.2	881.8

*The amount for SPA includes two multi-focal area projects for which SPA has contributed financing: one in Mozambique with US\$1.5 million from SPA and the other in Sri Lanka with US\$1.9 million from SPA.

17. From the Pilot Phase to GEF-3, the share of the energy efficiency portfolio (OP5) in the GEF climate change focal area saw a steady increase from 25% to nearly 33%. The strong support by the GEF to energy efficiency projects is expected to continue in the future. The share of the GEF renewable energy portfolio, including OP6 and OP7, also experienced an increase from less than one-third to nearly 47% (OP6 saw a decrease from 39% to 34%, while OP7 saw an increase from less than 4% to nearly 13%). Short-term response measures (STRMs) were the only area among all GEF climate change activities that saw a sharp decline in financing over time, from 25% during the Pilot Phase to less than 1% during GEF-3.

18. Over the 15-year period of its existence, the GEF has provided financial support to 139 non-Annex I Parties, totaling US\$186 million for enabling activities to prepare their national communications and fulfill their commitment under the Convention. In response to guidance from the COP, the GEF has recently expanded its traditional role from one of supporting projects designed to reduce GHG emissions to also helping countries respond to the adverse impacts of climate change in the focal areas in which the GEF works under the strategic pilot on adaptation.

19. As an entity entrusted with the operation of the financial mechanism of the UNFCCC, the GEF in its 15-year history has provided more than US\$2.3 billion to support climate change activities. It has demonstrated a strong, sustained commitment to the climate change focal area in support of the Convention and has responded directly to COP guidance as specified in the GEF Instrument and the Memorandum of Understanding between the GEF and the COP. With the allocations to the climate change focal area made in the past year, climate change funding accounts for a larger share of GEF's overall funding than that of any other focal area in which the GEF works.

III. OTHER ACTIVITIES IN RESPONSE TO CONVENTION GUIDANCE

20. The Conference of the Parties to the UNFCCC has provided specific guidance, including at its eleventh session (COP11), to the GEF in the following areas:

- A. The Resource Allocation Framework;
- B. Developing project proposals by non-Annex-I Parties to the Convention;
- C. Support of carbon capture and storage technologies;
- D. Impact of the implementation of response measures;
- E. Capacity building and public awareness;
- F. Transfer of technology;
- G. Preparation of national communications.
- H. Funding for adaptation;
- I. The Least Developed Countries Fund; and
- J. The Special Climate Change Fund;

The first eight of these topics will be covered in turn in the following sections. The final two—the LDCF and the SCCF are dealt with in Part II of this report.

The Resource Allocation Framework

21. With respect to the Resource Allocation Framework (RAF), in accordance with decision 5/CP.11, the GEF was requested to report on (a) the initial application of the RAF to resources allocated in GEF-4, focusing on the climate change focal area; and (b) how the RAF is likely to affect funding available to developing countries for the implementation of their commitments under the Convention.

22. The RAF is intended to enhance the impact of the limited resources available to the GEF on the global environment by channeling resources toward countries with the greatest potential to generate global benefits and the best performance. It is designed to enhance transparency by specifying a well-defined and publicly disclosed method for allocating GEF resources among eligible countries; improve predictability regarding availability of resources to countries; and provide a framework for countries to program these resources in accordance with national priorities and commitments to global environmental conventions. Each country can propose projects for GEF funding that are consistent with GEF operational policies, principles, and priorities that best meet its commitments to the global environmental conventions.

23. With the successful conclusion of the fourth replenishment of the GEF Trust Fund, the GEF Secretariat has informed GEF Operational Focal Points in GEF-recipient countries the initial indicative allocations available to them for programming in the climate change focal area for GEF-4 and has also published the same on its website (http://thegef.org/Operational_Policies/raf/IndicativeAllocations.html). Countries can program up to half of the initial indicative allocations during the first two years of GEF-4 and submit proposals to the GEF in accordance with national priorities, Convention commitments, and GEF operational priorities and criteria. The indicative allocations may vary in the second half of GEF-4, depending on the actual resources available to the GEF and the performance of each country.

24. National focal points in GEF-recipient countries are expected to play an important role in facilitating a consultative process in their respective countries that leads to the best use of resources. The GEF Council has expanded support for GEF national focal point development and national capacity building so that countries can better address global environmental challenges and strengthen their capacities to work through the RAF approach. To this end, two new initiatives – Country

Support Program (CSP) for Focal Points and the GEF National Dialogue Initiative – have provided opportunities for stakeholders to seek clarification and provide feedback about the RAF.⁴

25. To facilitate the implementation of the RAF, between March and August 2006, the CEO of the GEF wrote three letters to the GEF Operational Focal Points to provide information regarding the implementation of the RAF and to inform them of the assistance available to help countries manage the GEF resources and prioritize country-driven projects for GEF funding. In this respect, the GEF Secretariat has published *Guidelines for Country Operational Focal Points to Manage GEF Resources, RAF at a Glance, Frequently Asked Questions*, and other information on its website (http://www.thegef.org/operational_policies/raf/), and has communicated such information directly to all GEF Operational Focal Points in the countries.

26. The GEF convened eight sub-regional workshops from April to August 2006 for national focal points for GEF to provide in-depth information on the implementation of the RAF and to discuss and address related questions and issues (see Table 5). The consultations also helped identify the needs and areas for capacity building to support the GEF Operational Focal Points in light of their enhanced roles under the RAF. After the workshops, the participants were better informed about the RAF and its impact on GEF operations and were committed to sharing this information with a wide range of local stakeholders in their home countries. Many participants expressed appreciation for the adoption of the RAF as it will provide countries greater control over their programming of GEF resources.

Table 5: Sub-Regional Consultations on the RAF

Sub-Region	Place	Date
Central and Western Africa	Dakar, Senegal	April 20-21, 2006
Eastern and Southern Africa	Pretoria, South Africa	April 24-25, 2006
North Africa, Middle East, and South and West Asia	Alexandria, Egypt	May 18-19, 2006
Europe and the Commonwealth of the Independent States (CIS)	Bratislava, Slovakia	May 22-23, 2006
East and Southeast Asia	Kuala Lumpur, Malaysia	June 13-14, 2006
Latin America	Panama City, Panama	July 6-7, 2006
Caribbean	Bridgetown, Barbados	July 10-11, 2006
Pacific Small Island Developing States (SIDS)	Nadi, Fiji	August 3-4, 2006

27. The RAF will not affect funding available to developing countries for the implementation of their second national communication commitments under the UNFCCC. As previously reported upon, the National Communication Support Program (NCSP) was approved as a US\$60 million project in November, 2003. It provides funding for 129 countries to prepare their second national communications from the resources available under GEF-3.

Developing Project Proposals

28. The GEF was requested by decision 5/CP.11 to report on the specific steps taken to assist non-Annex I Parties, when requested, in formulating and developing project proposals identified in their national communications, when Parties are formulating their national programs to address climate change issues, in accordance with Article 12, paragraph 4, of the Convention and decision 11/CP.1.

⁴ Information on these programs can be found at the UNDP-GEF website: <http://www.undp.org/gef/dialogue/index.htm>.

29. As indicated in Table 1 and discussed above, during the current reporting period, the GEF allocated a total of US\$358 million to 66 projects to non-Annex I Parties to the Convention and other GEF-eligible countries. These projects continue to be country-driven, supporting the priority areas of climate change identified in the national communications and other national plans in the respective countries.

30. The GEF and its Implementing Agencies, particularly UNDP and UNEP, are responsible for supporting countries in implementing enabling activities to prepare second and subsequent national communications. In the past, a number of projects identified in enabling activities were funded by the GEF and other sources of funding. As part of the process of preparing second and subsequent national communications, the IAs are making special efforts to advise countries on the practicality of obtaining funding for projects identified in the second and subsequent national communications that are suitable for funding from a number of sources, including the GEF. The adoption of the RAF will impose a discipline on programming that should make it easier for countries to obtain funding for priority projects identified as part of the national communications projects.

Support of Carbon Capture and Storage Technologies

31. The GEF was requested by decision 5/CP.11 to report on the specific steps taken to consider whether supporting carbon capture and storage (CCS) technologies, in particular, related capacity-building activities, would be consistent with its strategies and objectives, and if so, how they could be incorporated within its operational programs.

32. As CCS is a new technology, the GEF Secretariat considers it appropriate to draw upon the expertise of the GEF Scientific and Technical Advisory Panel (STAP) to formulate a reasonable approach and to provide the support requested by the COP in the most efficient and appropriate manner. Consequently, in July 2006, the GEF Secretariat formally requested STAP to provide input and advice to the GEF Secretariat and Council regarding CCS and the related COP decision.

33. In response to the GEF Secretariat's request, STAP proposed that a paper be commissioned and a review meeting be convened, with the participation of 4-5 experts, including those from developing countries. The output of the review meeting would be a state-of-the-art understanding of CCS technologies, taking into account the existing body of knowledge and ongoing work on CCS by the IPCC and other relevant entities working in this area, including technological development, economics, environmental risks, and the needs for capacity building in developing countries; feedback on the consistency (and/or lack of) of supporting CCS technologies with GEF strategies and objectives; and the potential role of the GEF in supporting capacity building of CCS technologies over the next 5-10 years. STAP is currently working on commissioning the paper and arranging the review meeting.

Impact of Implementing Response Measures

34. Taking into account of previous relevant COP decisions, the GEF was requested to report on activities undertaken in response to decision 5/CP.7, paragraphs 22–29 (in accordance with decisions 6/CP.7 and 7/CP.7).

35. Much of the GEF assistance for renewable energy projects has supported research and development and use of renewable energy highlighting opportunities for diversification of supply in the energy sector. During the reporting period, the GEF funded 18 renewable energy projects totaling US\$123 million in GEF financing. In fact, during the 15-year history of the GEF, funding for renewable energy has been growing steadily, totaling nearly US\$1.2 billion (OP6 and OP7). Some of these projects were based in countries with economies that are highly dependent on income generated from the production, processing and export of fossil fuels.

36. The GEF has also followed the upsurge of activities financed by Annex II Parties to explore technological option of carbon capture and storage (CCS), applied to large stationary sources of CO₂ emissions, as detailed above. A STAP report on this topic will be ready in time for events planned in 2007.

Capacity Building and Public Awareness

37. With respect to capacity building, the GEF was requested to report on its work on capacity-building performance indicators for the climate change focal area. Furthermore, following the request by SBI 23 (November 2005), a note by the UNFCCC Secretariat on progress of the GEF in developing capacity-building performance indicators should be prepared for consideration of SBI 25 (November 2006). SBI 23 also requested the UNFCCC Secretariat to disseminate, in cooperation with the GEF and its implementing agencies, an information document on best practices and lessons learned in capacity-building projects and programs, and to facilitate its publication through the UNFCCC web site consistent with decision 2/CP.10. Finally, SBI 23 encouraged the GEF to continue to provide the required financial resources to ensure that the remaining eligible developing countries are engaged in the NCSAs. With respect to outreach related to Article 6 of the Convention on public awareness, the GEF was requested, taken into account previous relevant COP decisions, to continue its work in improving access to, and visibility of, opportunities for funding Article 6 activities.

38. In decision 2/CP.7 on *Capacity building in developing countries (non-Annex I Parties)*, the COP requested the Global Environment Facility, as an operating entity of the financial mechanism, to report to the COP on its progress in support of the implementation of this framework.

39. Capacity building has always been a critical element of GEF climate change projects and more generally in almost all GEF activities. A review undertaken by the GEF Implementing Agencies to assess the role of capacity building in GEF projects found that GEF support for capacity building activities in all its focal areas exceeded US\$1.46 billion as of June 2002. The important role the GEF plays in the area of capacity building was recognized by the Conference of the Parties. See decision 10/CP.5, *Capacity building in developing countries (non-Annex I Parties)*.

40. The GEF's main support for capacity building continues to be through its projects supporting climate change mitigation and adaptation. However, following the COP decision, the GEF, jointly with the IAs, implemented the initial strategy of the GEF Strategic Approach – National Capacity Self Assessment (NCSA). About 155 countries are currently engaged in this program, preparing to identify and prioritize their capacity needs, based on the country's circumstances, existing strengths and gaps. The NCSAs aim to facilitate an inclusive, comprehensive review and assessment of the country's capacity – strengths and needs – to manage global and national environmental issues. The NCSA action plan is expected to outline priority strategies and actions for developing capacities to address the priority issues identified, responding as well to decisions 2/CP7 and 2/CP.10.

National Capacity Self Assessments (NCSAs)

41. In the reporting period, the GEF responded to all non-Annex I Parties who requested financial assistance to systematically conduct stakeholder consultation to identify their priority capacity needs related to the UNFCCC and other global environmental conventions. The NCSAs are producing useful results: countries are reviewing their priority issues and how to address them, prior to preparing national action plans to develop basic capacities in environmental management systems. Key capacity constraints to be addressed are a combination of stakeholder engagement mechanisms; information, planning, policy development and regulatory systems; and capacities to mobilize finances and implement management actions.

Technical Support Program for Countries

42. A GEF Global Support Program actively provides coordinated guidance and assistance to the Parties in their efforts to prepare NCSA reports. The completed NCSAs and the analysis of the results and impacts of these completed NCSAs can be seen at the following website: <http://ncsa.undp.org/>.

43. More regional and sub-regional workshops are planned to support NCSAs and their follow-ups:

- a. Latin America: confirmed for September 26-29, 2006;
- b. Asia: provisionally scheduled for November 20-23, 2006;
- c. Pacific Islands: tentatively scheduled for end November to early December, 2006; and
- d. Caribbean: tentatively scheduled for January to February, 2007.

44. The GEF Global Support Program for NCSAs is developing a website on the subject and providing quarterly newsletters for all interested Parties. Among the planned activities is a review of emerging lessons and recommendations for capacity assessment and development in the GEF program and the preparation of draft guidelines for enhancing country capacity building for global environmental management, including objectives, targets, and indicators.

Enabling Activities

45. The Enabling Activities which fund the preparation of national communications are also an important source of capacity building in the countries, providing support for training and institutional support to all non-Annex I Parties. Currently 139 Parties to the UNFCCC are benefiting from such support as detailed in the section on national communications.

Small Grants Program

46. Effective public involvement at all levels of project implementation is critical to its success as the skills, experiences, and knowledge of civil society play a key role in the development and enforcement of climate policies, as stated in decisions of the UNFCCC. Public involvement is also essential for strengthening a sense of country ownership of GEF projects. The building of capacity within civil society has remained an important element of GEF support through the GEF Small Grants Program (SGP) and the World Bank-managed Development Marketplace, to which the GEF has provided financial support. The details of climate-related projects funded under these programs are listed earlier in Table 3.

Tools to Strengthen Country Programming

47. Support is being provided to GEF national focal points to enable them to involve stakeholders in efforts to address climate change and other global environmental challenges. The GEF Country Support Program is a capacity-building project that is being implemented to provide support to GEF focal points for activities related to training, outreach, and information sharing; strengthening country-level coordination to promote genuine country ownership of GEF-financed activities; and facilitating active involvement of recipient countries and interested government and civil society stakeholders.

Monitoring Capacity Building

48. The GEF Secretariat is also developing indicators for measuring impacts of capacity building activities in collaboration with the GEF Evaluation Office, Implementing Agencies, and the UNFCCC Secretariat. The indicators are based on the following strategic areas of support: capacity to conceptualize and formulate policies, legislation, strategies, and programs; capacity to implement policies, legislation, strategies, and programs; capacity to engage and build consensus among all

stakeholders; capacity to mobilize information and knowledge; and capacity to monitor, evaluate, report and learn. More details are provided in a separate document made available by the UNFCCC Secretariat: *Report on Progress of the Global Environment Facility in Developing Capacity-Building Performance Indicators* (FCCC/SBI/2006/22).

GEF Evaluation of Capacity Building

49. The GEF Evaluation Office has begun an assessment of the accomplishments of GEF capacity building activities. For further explanation of this activity, please see below Section V GEF Evaluation Office Activities.

Public Awareness

50. With respect to public awareness related to Article 6 of the Convention, the GEF has been urged, taking into account previous relevant COP decisions, to continue its work in improving access to, and visibility of, opportunities for funding Article 6 activities. In this regard, it is important to note that all GEF projects – from enabling activities to full-size investment projects – typically include elements of public awareness and outreach.

Transfer of Technology

51. The GEF was requested to report on funding activities relating to the framework for meaningful and effective actions to enhance the implementation of Article 4, paragraph 5, of the Convention. Furthermore, SBSTA 24 invited SBI 25 to request the GEF, when providing support for TNAs, in accordance with decisions 4/CP.9 and 5/CP.9, to take into account actions to address barriers and constraints as well as the creation of enabling environments and capacity gaps, identified by the non-Annex I Parties as contained in a synthesis report prepared by the UNFCCC Secretariat (FCCC/SBSTA/2006/INF.1).

52. Almost all climate change projects funded from the GEF Trust Fund are concerned with either the initial introduction of modern technologies in developing countries or dissemination and broadening of their application. As the discussion of technology transfer under the UNFCCC has identified, a number of factors related to capacity building and enabling environments are crucial for successful technology transfer. This insight as well as other aspects of the UNFCCC Technology Transfer Framework (decision 4/CP.7) has been further integrated in the GEF programming framework.

53. Two projects that were approved during the reporting period illustrate how GEF projects integrate capacity building, enabling environments, technology networks, and access to finance into their technology transfer efforts. One example is the Cogeneration for Africa Project which empowers an African NGO to serve as a technology transfer network for modern cogeneration technology in Eastern Africa. This includes training and technical capacity building as well as access to information on modern technology, linking project proponents with financiers, and working with policy makers to create suitable regulatory frameworks for modern cogeneration technology. The approach is modeled on a successful approach in the Association of Southeast Asian Nations region.

54. Another project transfers efficient brick kiln technology into Bangladesh. The project works together with a wide range of stakeholders from the industry association to the local technical university to several ministries and a consortium of 12 local banks and lenders. It is expected that through cooperation, training and some initial demonstration projects, efficient brick-making technology will be spread in Bangladesh and replace the old inefficient technology. Specifically, the program entails the establishment of a technology support program, a critical but small number of demonstrations, technical and managerial capacity development, a communication and awareness component, financing support, and the development of appropriate policies and institutional capacity.

55. At SBSTA 24 in May 2006, the UNFCCC Secretariat distributed a *Synthesis Report on Technology Needs Identified by Parties Not Included in Annex I to the Convention* (FCCC/SBSTA/2006/INF.1). This report presents, among other things, priority technological options for climate change mitigation and adaptation contained in 23 technology needs assessments (TNAs) and 25 initial national communications (INCs) submitted by non-Annex I Parties to the Convention.

56. The most commonly identified sectors for climate change mitigation in both the TNAs and the INCs are energy, industry, and transport. The top three sub-sectors in which common technology needs are considered are renewable energy, energy-efficient appliances, and vehicular efficiency. Because renewable energy and energy efficiency have been, and will continue to be, the key focus of support for climate change mitigation under the GEF Trust Fund, it is not clear what additional support is needed in these areas. On the other hand, GEF OP11 focusing on Sustainable Transport considers that support on work to improve vehicular efficiency is largely a baseline activity and is therefore considered not eligible for GEF support. Since it appears that the best practices on managing vehicular efficiency are not being transferred widely enough for the satisfaction of all Parties, it has been considered appropriate to take advantage of the small window of financing (US\$2.5 million) available under the SCCF on technology transfer to support the transfer of technology related to the standards and regulation of vehicle efficiency.

57. To this end, the GEF Secretariat is currently working with UNEP to develop a global project, to be financed by the technology transfer window of the SCCF, in promoting vehicle efficiency through information and government policies. This project will address the barriers and constraints related to the transfer and dissemination of efficient vehicle technologies faced by the non-Annex I Parties. In so doing, its goal will be to create enabling environments and build capacities in these countries to overcome the barriers and constraints to greater vehicular energy efficiency.

Preparation of National Communications

58. Taking into consideration previous relevant COP decisions, the GEF was requested to report on funding for activities relating to the preparation of second national communications. In this regard, following decision 8/CP.11, SBI 24 invited the GEF to continue to provide information on activities of non-Annex I Parties relevant to the status of the preparation of their national communications and to provide, in addition to the dates of approval, information on the dates of disbursement of funds.

Status of Funding for SNCs

59. The GEF continued to provide financial support to 139 Parties to prepare their national communications for the UNFCCC. To date, 129 Parties have submitted their first national communications and are in varying stages of preparing the second, and in a few cases, third national communications. Eleven Parties are still preparing their initial national communications, out of which one non-Annex I Party is preparing its national communications without seeking GEF assistance. The status of funding within the reporting period is included in Annexes 6-A and 6-B to this document.

60. As requested by the UNFCCC Secretariat, information on the date of initial disbursement of financial resources to individual non-Annex I Party is reflected in Annexes 6-A and 6-B. In the case of parties choosing the expedited process to access GEF resources, the date for initial disbursement reflects the date when the initial payment was advanced to the country for undertaking the agreed activities in preparation for the national communications. Prior to this disbursement, many countries received funding for conducting stakeholder workshops to plan for the activities to be undertaken in the preparation of the national communications. This funding has not been considered initial disbursement in the table as it was prior to submission of the project document by the country to prepare the national communications. The data are based on the information provided by the banks concerned to the national representatives of the implementing agency.

61. For Parties which have chosen to use the non-expedited full project cycle to access GEF resources, the date of initial disbursement reflects the date when the Party received funding for project development and preparation (PDF-B).

Technical Assistance

62. In addition to providing direct funding to Parties for preparing their national communications, the GEF is also providing additional support through a National Communications Support Programme (NCSP) which is implemented jointly by UNDP and UNEP.

63. With 87 non-Annex I Parties already in advanced stages of preparing their second national communications (SNCs), the NCSP's technical support activities gathered pace in 2006. The following activities were undertaken by NCSP in the reporting period:

- a. Guidance documents;
- b. Identifying priority needs for technical assistance;
- c. Knowledge networks;
- d. Technical backstopping;
- e. Technical support to workshops; and
- f. Communications and outreach activities.

Guidance documents

64. As an effective way to provide SNC teams general guidelines on the planning as well as technical implementation, a series of guidance documents are being developed.

65. Considering the significant role of climate scenario information in vulnerability and adaptation assessments, as well as in public education and awareness-raising, a guidance document on the development of climate scenarios within the context of SNC was developed. The document is intended to provide step-by-step guidance on the various methods, techniques and tools to construct climate scenarios. It also provides a list of publicly available models and tools and data sources for climate scenario development. The document is currently being reviewed by ten non-Annex I experts, eight Annex I countries, and three organizations/groups [IPCC Task Group on data and scenario support for Impact and climate Analysis (TGICA), UNFCCC Secretariat, and the CGE). The document should be ready for dissemination at COP12. Hard copies of the document will be sent to country teams, and electronic versions be made available through the NCSP website.

66. A guidance document on developing and managing national GHG inventories is being prepared. It is based on the UNDP handbook "Managing the National GHG Inventory Process". The Guidance is to be finalized by the end of September 2006 and will be submitted to experts for peer-review. Hard and electronic copies of the Document will be sent to countries and made available through the NCSP website by the end of 2006.

67. A resource kit is being developed to provide SNC teams with guidance on the planning, managing, and monitoring of the SNC process. The kit will also address key policy and technical issues to consider for planning and implementing the SNC. The kit will be subject to peer-review and is scheduled for dissemination by early 2007 through the NCSP website.

Identifying priority needs for technical assistance

68. In recognition of the varying technical capacity in non-Annex I Parties, identification of the priority needs for technical assistance at country level is essential. Within this context, a variety of activities have been undertaken to synthesize information on the priority needs for technical support. Details are provided in Annex 6-C to this report.

Knowledge networks

69. The NCSP will develop and maintain five thematic knowledge networks (KNs) on: GHG inventory, vulnerability and adaptation assessment, mitigation analysis, technology transfer, and mainstreaming climate change into national development. The KNs are intended to serve as an online learning platform which enables SNC teams to interact with thematic experts, exchange information, and sharing experiences & good practices. Details are provided in Annex 6-C to this report.

Technical backstopping

70. To address country-specific needs for technical support, the NCSP has made provisions to provide technical backstopping at the country level. A significant number of technical queries in relation to methodological, information and data issues on V&A have been addressed through e-mail communications and telephone consultations. Requests have also been received from Nicaragua and Dominican Republic for technical review of their national GHG inventories and from Mexico on V&A. The NCSP has been working with relevant experts to provide these technical reviews.

71. Recognizing the potential impediment to the successful implementation of SNCs as a result of technical bottle-necks, the NCSP launched an on-site technical backstopping initiative in July 2006. Under this initiative, the NCSP provides up to 15 days worth of consultancy from experts to work with country team(s) to resolve specific technical issues. A roster of experts will be established for this initiative. A call for nomination of experts has been launched. To date, more than fifty highly qualified experts have registered. A set of criteria for the final selection of consultants is currently under development. Countries have responded to this initiative positively and requests for in-country visits by experts have started to come in.

Workshops

72. NCSP has provided technical resources to a series of initiation and technical training workshops. Following the NCSP support for a workshop for CIS countries in October 2005 in Tbilisi, Georgia,⁵ similar technical support was provided for a workshop for African countries from September 13-15, 2006 in Pretoria, South Africa. More than 35 participants from 30 countries attended the workshop.

73. NCSP also supported a five-day training course on use of the Long-range Energy Alternative Planning (LEAP) model for mitigation studies that was organized from April 3-7, 2006 in Cairo, Egypt, following requests from Parties and recommendations of the CGE workshop on mitigation (September 26-30, 2005 in Seoul). The training course was attended by 33 participants from 19 non-Annex I Parties.

Communications and outreach

74. The NCSP catalyzes vigorous communications and outreach activities through the preparation and dissemination of its quarterly newsletters, updating of the website, and participation at various conferences and meetings. The NCSP quarterly newsletters provide updates on NCSP technical support activities, implementation status of the SNC projects by countries, relevant activities of partner organizations/collaborators, and details of planned training sessions and meetings. Two issues have been disseminated in 2006 and the third issue is due in September (see Newsletters at the NCSP website: <http://ncsp.undp.org/about.asp>).

75. The NCSP website hosts, among others, a variety of resource material and guidance documents for SNC teams. Information is regularly updated and added as appropriate. To improve

⁵ See report on the workshop at the NCSP website: http://ncsp.undp.org/workshop_details.asp?event_id=1042.

the user-friendliness and ease for maintenance, the website is currently being re-designed. It is expected to be completed by mid-October.

Funding for Adaptation

76. With respect to funding for adaptation and taking into consideration previous relevant COP decisions, the GEF was requested to report on how activities identified in paragraph 6 of decision 1/CP.10 have been supported, and the barriers, obstacles, and opportunities presented, through:

- a. The strategic priority “Piloting an Operational Approach to Adaptation”;
- b. The Small Grants Program;
- c. Efforts to address adaptation in the climate change focal area and to mainstream it into other focal areas of the GEF;

77. In response to UNFCCC guidance to the GEF on adaptation, significant progress has been made in financing the implementation of adaptation measures on the ground, in addition to continuing to support vulnerability and adaptation assessments undertaken as part of the enabling activity process. With respect to resource mobilization, the GEF-managed funds available for adaptation projects (including the SPA and the SCCF and the LDCF), amount to a total of over US\$200 million.

78. Within the GEF financing structure, paragraphs (a), (b), and (c) above are supported by resources from the GEF Trust Fund, and those activities are summarized in this sub-section. Work under the LDCF and SCCF are described in Part II of this report. These three different sources of funding for adaptation operate through different rules and procedures, consistent with COP guidance.

Piloting an Operational Approach to Adaptation

79. In response to COP7 guidance⁶, the GEF established the Strategic Priority “*Piloting an Operational Approach to Adaptation (SPA)*”. An allocation to the pilot of US\$50 million was included in the GEF business plan in November 2003. Ten projects have been approved so far with financing from the SPA, totaling US\$25 million. The remaining funds of the pilot program will be carried over to GEF-4.

80. The SPA portfolio currently includes five FSPs, three MSPs, and two multi-focal area projects with SPA financing (see Table 6 below). Three of the FSPs are currently under implementation in Colombia, Kiribati, and the Caribbean (Dominica, St. Lucia, St. Vincent, and Grenadines), along with the three MSPs (one in Hungary, one in the Southern and Eastern Africa region, and one global). In addition, there are two multi-focal area projects that are co-financed with SPA resources: one in Mozambique (US\$1.5 million from SPA) and one in Sri Lanka (US\$1.9 million from SPA). Total GEF allocation to the SPA adds up to about US\$25 million. Summaries of these projects are included in Annex 8 to this report. Additional project proposals being developed for SPA financing, include *Coping with Drought and Climate Change* in Ethiopia, Kenya, Mozambique, and Zimbabwe.

⁶ FCCC/CP/2001/13/Add.1, decision 6/CP.7, requests the GEF to provide financial resources for “establishing pilot or demonstration projects to show how adaptation planning and assessment can be practically translated into projects that will provide real benefits, and may be integrated into national policy and sustainable development planning on the basis of information provided in the national communications, or of in-depth national studies.

Table 6: Approved and Ongoing Projects Funded from the GEF Trust Fund SPA

Country/Region	Project Title	Implementing/ Executing Agency	GEF SPA Financing (Million US\$)	Co- financing (Million US\$)	Total Financing (Million US\$)
Colombia	Integrated National Adaptation Plan: High Mountain Ecosystems, Colombia's Caribbean Insular Areas and Human Health (INAP)	WB	5.57	11.90	17.47
Global	Adaptation Learning Mechanism: Learning by Doing	UNDP	0.72	0.65	1.37
Global (Bangladesh, Bolivia, Niger, Samoa, Guatemala, Jamaica, Kazakhstan, Morocco, Namibia, Vietnam)	Community-based Adaptation (CBA) Programme	UNDP	5.01	4.53	9.54
Hungary	Lake Balaton Integrated Vulnerability Assessment, Early Warning and Adaptation Strategies	UNDP	0.99	3.09	4.08
Kiribati	Kiribati Adaptation Program - Pilot Implementation Phase (KAP-II)	WB	1.90	4.80	6.70
Mozambique*	Zambezi Valley Market Led Smallholder Development	WB	6.55 GEF total (1.5 SPA) (5.05 LD)	21.00	27.55
Regional (Dominica, St. Lucia, St. Vincent and Grenadines)	Implementation of Pilot Adaptation Measures in coastal areas of Dominica, St. Lucia and St. Vincent & the Grenadines	WB	2.40	4.00	6.40
Regional (Kenya, Madagascar, Mozambique, Rwanda, Tanzania)	Integrating Vulnerability and Adaptation to Climate Change into Sustainable Development Policy Planning and Implementation in Southern and Eastern Africa	UNEP	1.00	1.27	2.27
Regional (Senegal, Gambia, Guinea- Bissau, Mauritania, Cape Verde)	Adaptation to Climate Change - Responding to Coastline Change and Its Human Dimensions in West Africa through Integrated Coastal Area Management.	UNDP	4.00	4.00	8.00
Sri Lanka*	Participatory Coastal Zone Restoration and Sustainable Management in the Eastern Province of Post-Tsunami Sri Lanka	IFAD	7.27 GEF total (1.9 SPA) (5.37 LD)	7.57	14.84
Total			35.41 GEF total (24.99 SPA only)	62.81	98.22

* For the Mozambique and Sri Lanka projects, GEF allocations were made from both the GEF Trust Fund SPA and the Land Degradation focal areas. Only the SPA contributions are counted in the GEF total allocations throughout this report.

The Small Grants Program

81. Under the SPA, it was proposed that up to 10% of the resources be allocated to the piloting of community adaptation initiatives. To this end, US\$5 million was allocated for the *Community Based Adaptation (CBA) Program* in ten pilot countries: Bangladesh, Bolivia, Guatemala, Jamaica,

Kazakhstan, Morocco, Namibia, Niger, Samoa, and Vietnam (also see Table 6 above). The CBA Program utilizes a decentralized approach analogous to the GEF's Small Grants Program and aims to help communities, and ecosystems, to increase their adaptive capacity to deal with future climate change, including climate variability. The adaptation measures that are selected for piloting are based on vulnerability and adaptation assessments.

82. Similarly, at the level of individual community-based projects, the specific project objective is established by the communities themselves. However, given the overall approach of risk reduction, all community-based projects will have similar objectives, related to:

- a. The reduction of community vulnerability;
- b. Enhancing the resilience of the ecosystems on which communities depend;
- c. Enhancing community capacity to adapt to climate change including variability; or
- d. Facilitating the implementation of specific adaptation measures.

3. Efforts to address adaptation in the climate change focal area and to mainstream it into other focal areas of the GEF

83. Efforts to integrate adaptation into climate and other GEF focal areas have been incorporated into the program supported by the SPA. Future efforts based upon all of the experience amassed and evaluated under the SPA will help guide continued future efforts to mainstream adaptation into other focal areas of the GEF.

IV. GEF EVALUATION ACTIVITIES

84. During the reporting period, the GEF Office of Monitoring and Evaluation was renamed the GEF Evaluation Office. During this period, the GEF Evaluation Office completed two studies: *The Role of Local Benefits in Global Environmental Programs* and *Annual Performance Report 2005*. The latter was submitted to the GEF Council in November 2005. The Council also approved a new GEF Monitoring and Evaluation Policy in February 2006. All three documents can be found on the GEF website:

<http://thegef.org/MonitoringandEvaluation/MEOngoingEvaluations/MEOLocalBenefits/meolocalbenefits.html>;

http://thegef.org/MonitoringandEvaluation/MEPublications/MEPAPR/documents/Publications_APR2005.pdf;

<http://thegef.org/MonitoringandEvaluation/MEPoliciesProcedures/mepoliciesprocedures.html>).

85. The Evaluation Office is presently conducting a series of evaluations on cross-cutting issues, institutional procedures and principles, country level support and impact. Those that may be of interest include the joint evaluation of the GEF activity cycle and modalities, evaluation of the experience of the executing agencies, incremental cost methodologies, capacity building evaluation, country portfolio evaluations, and impact evaluations. Findings and recommendations are not yet available. Approach papers and other documents on GEF Evaluations are available at the GEF website at www.thegef.org under Evaluation Office.

Results of the Role of Local Benefits in Global Environmental Programs

86. The Local Benefits Study assessed the linkages between livelihoods and global environmental benefits. The study's main conclusions are: (a) in many areas of GEF activities, local and global benefits are strongly interlinked; (b) in some GEF projects, considerable achievements were made in developing local incentives to ensure environmental gains; (c) in many projects where local-global linkages were intended to be addressed, they were not sufficiently taken into account, resulting in fewer local and global benefits than anticipated; and (d) win-win situations for global and local benefits proved to be unattainable, in many cases.

87. The climate change projects reviewed by the study have produced results yielding local benefits by improving policy frameworks, developing human capacities, establishing infrastructure, and improving natural resource management. The incentive of financial capital focused on private sector actors has been less effective than expected, for example, the penetration of rural markets for rural PV systems seemed unable to make a substantial contribution toward a global impact in the foreseeable future.

Annual Performance Report 2005

88. The GEF Annual Performance Report (APR) is the yearly report to the GEF Council on results of GEF projects, processes that affect the accomplishment of results, and the Evaluation Office's assessment of the quality of project monitoring and evaluation activities across the portfolio. The APR aims to provide the GEF Council and other GEF partners and stakeholders with feedback for ongoing improvement of the portfolio. The 2005 APR discusses: project outcomes and sustainability, selected factors affecting attainment of results, assessment of project-at-risk systems of GEF Agencies, quality of project monitoring, and quality of terminal evaluation reports.

Joint Evaluation of the GEF Activity Cycle and Modalities

89. This evaluation aims to review experience in the programming and management of GEF activities and to recommend improvements. It will demonstrate the strengths and weaknesses in the cycle and modalities, analyze constraints, and provide recommendations to increase the efficiency and effectiveness of GEF operations and modalities. The key evaluative questions are: Is the GEF activity cycle efficient and effective, and are the modalities efficient, effective, and relevant?

90. The evaluation is being jointly undertaken by the GEF Evaluation Office and the GEF Agency evaluation offices during 2006. Findings and recommendations will be presented to the Council in December 2006.

Evaluation of the Experience of the Executing Agencies

91. This evaluation aims to assess the experience of the seven Executing Agencies under expanded opportunities in GEF cooperation, in policy, and project development and implementation. The scope of the review covers the following key questions:

- a. How has the participation of the Executing Agencies in the GEF evolved to date?
- b. What are the main strengths and weaknesses in the Executing Agencies experience with the GEF?
- c. What are the main threats to Executing Agencies' participation?
- d. What are the main opportunities in the future?

92. The review of Executing Agencies is being conducted in conjunction with the joint evaluation of the GEF activity cycle and modalities. Findings and recommendations will be presented in December 2006 as a separate working paper to the GEF Council, and the paper will build upon the joint evaluation of the GEF activity cycle and modalities.

Evaluation of Incremental Cost Methodologies

93. Incremental cost is the GEF's fundamental operational principle. The GEF funds the incremental or additional costs associated with transforming a project with national/local benefits into one with global environmental benefits. Several evaluations conducted by the Evaluation Office have identified incremental cost as an issue that needs further clarification.

94. To this end, the Evaluation Office is conducting a short and focused evaluation in 2006 of how incremental cost calculations have been undertaken in GEF projects and what can be learned

from the application of the methodology so far. The evaluation will build on findings from existing program studies and will drawing on expertise on methodological issues from within and outside the GEF family. The finished evaluation will provide feedback to the GEF Council in December 2006 for future decision-making and to the GEF Secretariat, Implementing Agencies, and project proponents as they work to clarify guidelines and make the process of estimating incremental cost more transparent.

Evaluation of Capacity Building

95. The GEF Evaluation Office has explored a range of approaches towards assessing the achievements of GEF capacity building activities. It has revised its initial approach, which was based on the concept of evaluating the capacity building activities of projects as discrete interventions. It has now moved the unit of analysis to a higher level; that of countries, viewed within their regional context. This perspective takes note of the fact that coherence, consistency and complementarity are important dimensions of GEF support to capacity building. In many cases, targeted environmental issues are addressed at a regional or sub-regional level, for example by regional projects. Furthermore, there is a need to assess the extent to which capacity has been raised in a coherent and connected manner across focal areas in the same geographical context.

96. Using this revised approach, the Evaluation Office intends to study the results of all GEF capacity building support, from enabling activities and Small Grants Program, through to the national results of regional projects, in two (or more) neighboring countries, which share one or more common environmental challenges of global importance. The study will examine in each country the nature and results of the national and regional interventions and relate these to policy, institutional and individually-focused capacity building targets.

97. The focus of the evaluation will be twofold. First, it will conduct a sub-regional case study of capacity building activities across the GEF project and program modalities to assess global environmental results, relevance, effectiveness, sustainability, and efficiency. Second, by reflecting on the key results and how they were achieved, the evaluation will develop a set of protocols, which will enable forthcoming Annual Performance Reviews, Country Program Evaluations and the Fourth Overall Performance Study to evaluate the achievements of capacity development activities on a broader scale.

Country Portfolio Evaluations

98. Even though the GEF has been in existence for over a decade, no assessment has ever been conducted of a GEF portfolio using the country level as a basis for analysis. The proposed GEF country portfolio evaluations, to be funded under GEF-4 (2006–2010), should provide useful feedback on how the GEF works at the country level. The Evaluation Office conducted the first GEF country portfolio evaluation as a pilot in Costa Rica and presented the findings to the GEF Council in June 2006.

99. The experience in Costa Rica clearly indicated that this type of evaluation is feasible and valid even when the GEF does not have a country program but rather a cohort or portfolio of projects approved at different times and within different contexts. The evaluation was able to answer key questions about the relevance and efficiency of the GEF portfolio in the Costa Rica. Regarding reporting on results, the evaluation was able to gather evidence that several of the projects have actually produced important global environmental benefits, particularly in climate change and biodiversity. Furthermore, the evaluation seems to be an important tool to report how the GEF is implemented in a country and how these apparently ad hoc projects do fit within the national environmental strategy and the country's response to the global conventions for which GEF is the financial mechanism.

100. The Evaluation Office is now preparing terms of reference for future country portfolio evaluations based on the experience gathered in Costa Rica.

Impact Evaluation

101. The Evaluation Office is developing an approach to impact evaluation during 2006. The main objective is to prepare and test methods to evaluate the sustainability and replication of the results of GEF activities and to identify and disseminate lessons learned.

V. THE FOURTH REPLENISHMENT

102. The fourth replenishment of the GEF Trust Fund (GEF-4) was successfully concluded in August 2006. The replenishment agreement was endorsed by the Council at its Special Meeting in Cape Town, South Africa. Thirty-two governments agreed to contribute US\$3.13 billion to replenish the GEF Trust Fund over the next four years. This makes GEF-4 the largest replenishment in the history of the GEF. The 32 donors to this replenishment are: Australia, Austria, Belgium, Canada, China, Czech Republic, Denmark, Finland, France, Germany, Greece, India, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Nigeria, Norway, Pakistan, Portugal, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom, and United States.

103. As part of the replenishment process, agreement was reached on the programming amounts for each focal area, with one third of the total replenishment, or approximately \$1 billion, programmed for climate change. This represents a steady increase of GEF funding to climate change compared with previous GEF replenishment periods, demonstrating strong, continued commitments of the GEF to support climate change projects, activities, and the Convention.

104. Policy recommendations approved by the replenishment negotiations and endorsed by the GEF Council include: programming directions in GEF-4 related to synergies among objective of the global environmental conventions and strengthening linkages between environment and development; a call for review and revision as necessary of the six focal area strategies; approval and implementation of a private-sector strategy; development of clear operational guidelines for the application of the incremental cost principle; the implementation of a GEF-wide RAF by 2010, if feasible; the development of an action plan for strengthening the involvement of Executing Agencies in GEF operations; the recognition that capacity building is essential to results and improving performance at the country level, and that capacity building is especially effective when it is a learning-by-doing component of a GEF project; the development of a set of common quantitative and qualitative indicators and tracking tools for each focal area; the streamlining of the GEF project cycle; clear rules, procedures and objective criteria for project selection and management of the pipeline, including a policy for cancellation of projects; development of policy proposals on strengthened accountability for Implementing and Executing Agencies, including minimum fiduciary standards consistent with international best practice; the development of a communications and outreach strategy to improve the quality of and access to information on the GEF and its results and to provide for full transparency and disclosure of information; adequate provision for lesson learning and dissemination; reporting on all corporate administrative expenses; quality of monitoring and evaluation systems; compliance with minimum monitoring and evaluation requirements; and development of a performance and outcome matrix.

105. The replenishment document can be downloaded from:

http://thegef.org/Replenishment/Reple_Documents/documents/R.4.33Programmingdoc.pdf.

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PART 2: REPORT ON ACTIVITIES RELATING TO THE LEAST DEVELOPED COUNTRIES FUND AND THE SPECIAL CLIMATE CHANGE FUND

106. At the Special Meeting of the GEF Council held in Cape Town, South Africa on August 28, 2006, the Council discussed matters relating to the governance of the climate change funds. The relevant paragraphs from the decision are presented in Annex 10 to this report. In particular, the Council agreed that for the purposes of the SCCF and LDCF, the Council would meet as the Council for the LDCF and the SCCF and make decisions by consensus. In cases where a consensus cannot be reached, a formal vote by those Council Members choosing to participate in the LDCF/SCCF Council will be held based upon a double-weighted voting system representing first, the GEF Participants participating in the LDCF/SCCF Council and second, the contributions made by donors to the relevant fund.

107. As summarized in Part I, consistent with convention guidance, the GEF provides support to adaptation from the GEF Trust Fund through the SPA (summarized in Part I of this report); through the Least Developed Countries Fund (LDCF); and the Special Climate Change Fund (SCCF). Activities supported under these funds (which are distinct from the GEF Trust Fund) link adaptation to development and reduce climate change risks by integrating adaptation measures in key development sectors, such as water, agriculture, health, disaster risk management, and infrastructure. Projects under the LDCF and the SCCF address a global impact and do not need to generate global environmental benefits. This part of the report focuses on the activities supported under the LDCF and the SCCF.

I. THE LEAST DEVELOPED COUNTRIES FUND

108. With respect to the Least Developed Countries Fund (LDCF), the GEF was requested to report on specific steps it has taken to implement decision 3/CP.11, in particular, with regard to:

- a. Operation of the LDCF to follow principles of paragraph 1 of decision 3/CP.11 (i.e., (i) a country-driven approach; (ii) supporting the implementation of activities identified in NAPAs and other elements of the LDC work program identified in decision 5/CP.7; and (iii) supporting a learning-by-doing approach);
- b. Full-cost funding to be provided by the LDCF to meet the additional costs of activities to adapt to the adverse effects of climate change as identified and prioritized in NAPAs;
- c. Development of a co-financing scale for supporting activities identified in NAPAs, taking into account the circumstances of least developed countries;
- d. Activities, identified in NAPAs, that are not supported through full-cost funding, that are to be co-financed through the co-financing scale;
- e. Flexible modalities that ensure balanced access to resources given the level of funds available, in accordance with decision 6/CP.9; and
- f. Separation of the administration and activities of the Trust Fund of the GEF and the LDCF.

109. The LDCF was established under the UNFCCC⁷ to respond to the unique circumstances and meet the specific needs of the LDCs, which are among the most vulnerable and those with less capacity to adapt. The LDCF is aimed at increasing the adaptive capacity and reducing the vulnerability of the LDCs to climate change through urgent and immediate interventions that make development more climate-resilient, by ensuring food security, access to water for drinking and

⁷ Seventh Conference of the Parties to the UNFCCC, held in Marrakech on October 2001, decision 7/CP.7.

irrigation, control of diseases spreading due to climate change such as malaria and dengue fever, and disaster prevention.

Preparation of NAPAs

110. To achieve this objective, the LDCs requested financial support to prepare National Adaptation Programs of Action (NAPAs). The rationale for developing NAPAs builds upon the high vulnerability and low adaptive capacity of the LDCs, which render them in need of support to begin adapting to the adverse effects of climate change. Activities proposed through the NAPAs would be those whose further delay could increase vulnerability, or lead to increased costs at a later stage. NAPAs are aimed at identifying priority activities that address the urgent and immediate needs and concerns of the LDCs relating to adaptation to climate change.

111. As of the end of August 2006, financial support had been provided for the preparation of 44 NAPAs and two global support projects. Total GEF funding for these activities came to US\$11.6 million. Four remaining LDCs eligible for NAPA support have yet to submit proposals for funding for their NAPAs: Angola, Equatorial Guinea, Myanmar, and Nepal. UNEP has assisted Angola, Myanmar, and Nepal to prepared draft proposals which have not received government endorsement to date. The government of Equatorial Guinea has not responded to information about NAPA preparation.

112. The first completed NAPA was submitted by Mauritania in November 2004, followed by Bangladesh, Bhutan, Malawi, Niger, and Samoa. Tanzania, Senegal, Rwanda, Liberia, Haiti, Lesotho, Comores, and Uganda have almost completed their NAPAs. The majority of the remaining NAPAs are expected to be completed during 2007-2008.

113. The NAPA preparation phase is considered complete when the NAPA official report is finalized, submitted to relevant recipients, and made public. Once the NAPA is completed, LDCs can develop and submit project proposals to the LDCF for implementing priority activities, as identified in the project profiles contained in the official NAPA document.

114. As countries have completed or are nearing completion of their NAPAs, some of the urgent and immediate activities that will need financial support have already been identified by them. Priority sectors, projects, and activities identified in NAPA documents as requiring urgent attention to adapt from potential climate change include water resources, food security and agriculture, health, disaster preparedness and prevention, infrastructure, and community-based adaptation.

Implementation of NAPAs

115. In response to decision 3/CP.11: *Further guidance for the operation of the Least Developed Countries Fund*, which complements the previous decision 6/CP.9 and finalizes the guidance to the GEF with respect to funding the implementation of the NAPAs under the LDCF, the GEF prepared the document *Programming Paper for Funding the Implementation of NAPAs under the LDCF Trust Fund* (GEF/C.28/18)⁸. The document was prepared in consultation and collaboration with the LDCs, donor countries that contribute to the LDCF, other interested Parties and constituencies, the Implementing and Executing Agencies, and the UNFCCC Secretariat. The LDCF programming paper was approved by the GEF Council in May 2006.

116. The NAPA implementation phase will include the design, development, and implementation of projects on the ground, aimed to meet the adaptation needs identified by the official NAPA document in its preparation phase. Throughout this phase, projects will be monitored to measure

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http://www.thegef.org/Documents/Council_Documents/GEF_C28/documents/C.28.18LDCTrustFund_000.pdf.

progress, and at project completion, a terminal evaluation will assess the effectiveness of the adaptation measures implemented. The implementation phase will include provision for involving a comprehensive and open group of stakeholders, using the same participatory approach as for the NAP preparation phase. The implementation phase requires not only the mobilization of significant additional resources but also the identification and involvement of key agencies, individuals, communities, and entities with relevant expertise to address the problems given priority in the NAPA report.

Consultative Process and LDC-GEF Meeting in Dhaka

117. A continuous process of consultations with the LDCs and other interested stakeholders was followed in developing the programming paper for the LDCF. The most relevant meeting was the GEF-LDC consultation held in Dhaka from April 4-6, 2006, hosted by the Government of the People's Republic of Bangladesh through its Ministry of Environment and Forests. The consultation, financed by the LDCF, was aimed at strengthening the ongoing dialogue among the LDCs and the GEF with respect to issues related to adaptation to climate change in general and the role of the LDCF to support LDCs to meet their adaptation needs in particular. The results of the consultation were reflected in a revised version of the LDCF programming paper which was circulated to workshop participants and donors following the Dhaka meeting.

The LDCF Programming Paper

118. The document *Programming Paper for Funding the Implementation of NAPAs under the LDCF Trust Fund* comprises all elements listed above in the guidance from the COP. The LDCF is administratively separate from the GEF Trust Fund and operates through its own set of rules and procedures. Its implementation includes innovative elements linked to the unique circumstances of the LDCs based upon specific COP guidance.

119. In particular, the innovative elements are reflected in the following principles:

- a. Option for full cost funding for adaptation;
- b. The concept of additional costs of adaptation;
- c. A sliding scale as a tool to simplify project submissions and costs calculations;
- d. Existing development funds as basis for co-financing; and
- e. Expedited project cycle, including
 - ii. MSPs up to US\$2 million;
 - iii. Submission of projects on a rolling basis (as opposed to fixed dates and deadlines);
 - iv. No objection-based approval: four written objections enough to stop (projects cannot be vetoed by one single party);
 - v. Faster access to GEF/LDCF funding.

120. These principles set programming under the LDCF apart from programming under the GEF Trust Fund. LDCF projects are not funded on the basis of incremental costs. They are not expected to deliver global environmental benefits. The resources under the LDCF are outside the RAF. They are processed and approved through a simplified, transparent project cycle. The programming modalities of the LDCF will be kept under review and revised as necessary to take into account evolving guidance from the COP on the LDCF, advice from the LDC Expert Group and lessons learned in financing the implementation of NAPAs.

Mobilization of Resources for the LDCF: Pledging Meeting in Copenhagen

121. On April 28, 2006, the GEF organized a pledging meeting in Copenhagen, hosted by the Government of Denmark, to mobilize resources to fund the implementation of NAPAs. Participants welcomed the revised draft LDCF Programming Paper. They also embraced the proposed flexible

approach proposed to streamline and simplify the procedures to meet the special needs of the LDCs with respect to adaptation to climate change.

122. At the pledging meeting, seven donors (Denmark, Finland, the Netherlands, Norway, Sweden, Switzerland, and the United Kingdom) made new pledges to the LDCF. In addition, three additional donors (New Zealand, Portugal, and Spain), although absent from the pledging meeting, made new pledges to the LDCF. The total new contributions pledged to the LDCF amount to US\$59.7 million. Adding together the available resources from previous contributions to these new amounts brings the total available resources under the LDCF to US\$89.6 million. Since these meetings were held, France has made a verbal pledge to the LDCF at the GEF Council meeting in June, and Italy announced a pledge of resources to the LDCF at the GEF Assembly in Cape Town, South Africa in August.

123. The first NAPA implementation project was submitted recently by the Royal Government of Bhutan with the assistance of UNDP. Several others are currently under preparation. For more detailed information, see *Programming Paper for Funding the Implementation of NAPAs under the LDC Trust Fund* (GEF/C.28/18) and *Status Report on the Climate Change Funds* (GEF C/28./4/Rev.1). Both are available from the GEF website: (http://thegef.org/Documents/Council_Documents/GEF_C28/gef_c28.html).

II. THE SPECIAL CLIMATE CHANGE FUND

124. The SCCF was established by decision 7/CP.7, and is aimed at supporting activities in adaptation and technology transfer. The following discussion on the SCCF focuses on adaptation activities. Transfer of technologies and technology needs assessment are covered under Section I below on Transfer of Technology.

125. As previously reported, in response to decision 5/CP.9, *Further Guidance to an Entity Entrusted with the Operation of the Financial Mechanism of the Convention for the Operation of the Special Climate Change Fund*, the GEF prepared the document *Programming to Implement the Guidance for the SCCF Adopted by the COP to the UNFCCC at Its Ninth Session* (GEF/C.24/12). The paper was approved by the GEF Council in November 2005, and on the basis of this program donor countries pledged their first contributions to the SCCF (http://thegef.org/Documents/Council_Documents/GEF_C24/gef_c24.html). Similar to the LDCF, the SCCF is administratively separate from the GEF Trust Fund and follows its specific operational modalities.

Mobilization of Resources under the SCCF

126. As of August 2006, 11 donors (Canada, Denmark, Finland, Germany, Ireland, the Netherlands, Norway, Portugal, Sweden, Switzerland, and the United Kingdom) have made pledges and contributed to the SCCF. Total receipts of the SCCF amount to US\$44.9 million. At the GEF Council meeting in Cape Town in August 2006, Italy announced a pledge of 10 million euros to the SCCF⁹. The next pledging meeting is scheduled on 31 October, 2006 in Paris, France.

Report on Initial Operations under the SCCF

127. As of August 2006, six projects were entered the GEF/SCCF pipeline, and all have received project preparation financing. Additionally, one medium-sized project for Tanzania was approved under the SCCF during the reporting period entitled *Mainstreaming Climate Change in Integrated Water Resources Management in Pangani River Basin*. Tables 7 and 8 summarize project details for these projects and a brief description of each proposal is included in Annex 9.

⁹ There are two windows under the SCCF: US\$2.5 million has been pledged to the technology transfer program and the remainder is allocated to the adaptation program.

Table 7: Project Concepts Approved for Pipeline Entry under SCCF

Country/Region	Project Title	Implementing Agency	GEF/SCCF Financing (Million US\$)	Co-financing (Million US\$)	Total Financing (Million US\$)
Ecuador	Adaptation to Climate Change through Effective Water Governance	UNDP	3.35	6.00	9.35
Global	Piloting Climate Change Adaptation to Protect Human Health	UNDP/WHO	6.50	18.00	24.50
Regional (Bolivia, Peru, Venezuela)	Design and Implementation of Pilot Climate Change Adaptation Measures in the Andean Region	WB	7.29	20.10	27.39
India	Climate-resilience Development and Adaptation	UNDP	4.00	16.00	20.00
Regional (Cook Islands, Federated States of Micronesia, Fiji, Nauru, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, and Vanuatu)	Pacific Islands Adaptation to Climate Change Project (PACC)	UNDP	11.25	70.80	82.05
Mexico	Protection of environmental services of coastal wetlands in the Gulf of Mexico to the impacts of climate change	WB	4.80	9.00	13.80
Total			37.19	139.9	177.09

Table 8: Medium-Sized Project Approved under SCCF

Country/ Region	Project Title	Implementing Agency	GEF Financing (Million US\$)	Co-financing (Million US\$)	Total Financing (Million US\$)
Tanzania	Mainstreaming Climate Change in Integrated Water Resources Management in the Pangani River Basin	UNDP	1.00	1.57	2.57

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PART 3: REPORT ON ACTIVITIES RELATING TO THE ADAPTATION FUND

128. At its seventh session, the Conference of the Parties to the UNFCCC adopted the decision 10/CP.7, *Funding under the Kyoto Protocol*, which, *inter alia*, established the Adaptation Fund (AF) to finance concrete adaptation projects and programs; decided that the Adaptation Fund shall be financed from the share of proceeds on the clean development mechanism project activities and other sources of funding, including contributions from donor countries; decided that the AF shall be operated and managed by an entity entrusted with the operation of the financial mechanism of the Convention; and invited the entity entrusted with the operation of the financial mechanism of the Convention to make the necessary arrangements for this purpose. In April 2002, the GEF Council agreed to operate the Adaptation Fund, as well as the SCCF and LDCF (GEF/C.19/6 para 4). In June of 2002, the World Bank Board agreed that the Bank could serve as the Trustee for the funds that were to be operated by the GEF.

129. At its first session, the Conference of the Parties serving as the Meeting of the Parties to the UNFCCC adopted its first COP/MOP decision 28/CMP.1 *Initial guidance to an entity entrusted with the operation of the financial mechanism of the Convention, for the operation of the Adaptation Fund*. The decision took note of the proposed arrangements made by the GEF for the operation of the Adaptation Fund. It then included management criteria for the fund (including a country-driven approach, sound financial management and transparency, separation from other funding sources and a “learning-by-doing” approach) and requested Parties to submit their views on the policies, programs, and eligibility criteria for the fund. It also requested Parties and international organizations to submit their views on the arrangements for the management of the fund for consideration by the Subsidiary Body for Implementation (SBI) at its twenty-fourth session.

130. The GEF sent its submission to the UNFCCC Secretariat, emphasizing its availability and capacity to manage the Adaptation Fund. The GEF also participated in the Workshop on the Adaptation Fund organized by the UNFCCC Secretariat in Edmonton, Canada, in May 2006. The GEF’s submission to the workshop and its participation in the workshop are summarized in the documents FCCC/SBI/2006/MISC.5 and FCCC/SBI/2006/10.

131. Following the meeting of the SBI in May 2005, institutions were asked to respond to a list of questions prepared by the G-77 and China and presented in a document prepared by the UNFCCC Secretariat (FCCC/SBI/2006/MISC.11). The GEF prepared a response to those questions, and this response has been included in the document FCCC/SBI/2006/MISC.16.

132. At its meeting in June 2006, the GEF Council took note of the information on discussions taking place within the COP/MOP regarding the Adaptation Fund and reaffirmed the GEF’s capacity to manage the Adaptation Fund in accordance with the guidance from the COP/MOP (GEF/C.28/Joint Summary/para30).

133. At the Special Meeting of the GEF Council held in Cape Town, South Africa on August 28, 2006, the Council discussed matters relating to the governance of the climate change funds. The relevant paragraphs from the decision are presented in Annex 10 to this report. In particular, the Council agreed that for the purposes of the Adaptation Fund, the Council would meet as the Council for the AF and make decisions by consensus. A voting procedure for the Council meeting for the Adaptation Fund would be devised based upon further guidance of the COP/MOP and taking into account the GEF Instrument.

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Annex 1
List of Full-Size Projects Approved by the GEF from September 2005 to August 2006

Country/Region	Project Title	Implementing/ Executing Agency	GEF Financing (Million US\$)	Co-financing (Million US\$)	Total Financing (Million US\$)
Global	Solar Water Heating Market Transformation and Strengthening Initiative, Phase 1	UNDP	12.29	19.15	31.44
Global (Bangladesh, Bolivia, Niger, Samoa, Guatemala, Jamaica, Kazakhstan, Morocco, Namibia, Vietnam)	Community-based Adaptation (CBA) Programme	UNDP	5.01	4.53	9.53
Regional (Argentina, Brazil, Mexico)	Regional Sustainable Transport Project	WB	21.18	56.37	77.55
Regional (Belarus, Bulgaria, Kazakhstan, Romania, Russian Federation, Serbia and Montenegro, Ukraine, Macedonia)	Financing Energy Efficiency and Renewable Energy Investments for Climate Change Mitigation	UNEP	3.00	9.26	12.26
Regional (Burundi, Kenya, Malawi, Mozambique, Rwanda, Tanzania, Uganda, Zambia)	Greening the Tea Industry in East Africa	UNEP	3.42	25.61	29.04
Regional (Cameroon, Mali, Central African Republic, Benin, Togo, Gabon, Rwanda, Congo, Congo DR, Burundi)	First Regional Micro/Mini-Hydropower Capacity Development and Investment in Rural Electricity Access in Sub-Saharan Africa	UNDP	19.17	121.34	140.51
Regional (Dominica, St. Lucia, St. Vincent and Grenadines)	Implementation of Pilot Adaptation Measures in coastal areas of Dominica, St. Lucia and St. Vincent & the Grenadines	WB	2.40	4.00	6.40
Regional (Ethiopia, Kenya, Malawi, Swaziland,	Cogen for Africa	UNEP	5.67	61.59	67.25

Tanzania, Uganda, Sudan)					
Regional (Fiji, Papua New Guinea, Solomon Islands, Marshall Islands, Vanuatu)	Sustainable Energy Financing	WB	9.48	21.60	31.08
Regional (Kenya, Ethiopia, Djibouti, Tanzania, Uganda, Eritrea)	African Rift Geothermal Development Facility (ARGeo)	UNEP	18.45	55.05	73.50
Regional (Kenya, Ghana)	Lighting the “Bottom of the Pyramid”	WB	5.40	6.75	12.15
Regional (Senegal, Gambia, Guinea- Bissau, Mauritania, Cape Verde)	Adaptation to Climate Change – Responding to Coastline Change and Its Human Dimensions in West Africa through Integrated Coastal Area Management	UNDP	4.00	9.80	13.80
Argentina	Energy Efficiency	WB	15.50	82.61	98.11
Armenia	Renewable Energy Project	WB	3.25	15.50	18.75
Bangladesh	Improving Kiln Efficiency for the Brick Industry	UNDP	3.35	11.04	14.39
Belarus	Removing Barriers to Energy Efficiency Improvements in the State Sector in Belarus	UNDP	1.60	8.37	9.96
Brazil	Second National Communication of Brazil to the UNFCCC	UNDP	3.40	4.18	7.58
Burkina Faso	Transformation of the Rural PV Market (previously Energy Sector Reform)	UNDP	1.76	4.13	5.89
China	Demonstration of Fuel Cell Bus Commercialization in China, Phase 2	UNDP	5.77	12.86	18.63
Colombia	Integrated National Adaptation Plan: High Mountain Ecosystems, Colombia’s Caribbean Insular Areas and Human Health	WB	5.57	11.90	17.47
Egypt	Sustainable Transport	UNDP	7.18	28.57	35.75
Egypt	Bioenergy for Sustainable Rural Development	UNDP	3.34	13.30	16.64
Ghana	Ghana Urban Transport (resubmission from February 2006 IWP)	WB	7.35	29.00	36.35
Ghana	Development of Renewable Energy and Energy Efficiency	WB	5.50	157.00	162.50
Guinea	Electricity Sector Efficiency Improvement	WB	4.50	9.20	13.70
Honduras	Rural Infrastructure (Electrification Sector)	WB	2.70	18.74	21.44

India	Market Transformation through Consumer Awareness Programs for Energy Efficiency Standards and Labeling	UNDP	5.66	25.95	31.61
India	Enabling activities for Preparing India's Second National Communication to UNFCCC	UNDP	3.85	6.50	10.35
India	Coal Fired Generation Rehabilitation Project	WB	45.40	299.70	345.10
Indonesia	Integrated Microhydro Development and Application Program (IMIDAP), Part I	UNDP	2.12	18.46	20.58
Indonesia	Bus Rapid Transit and Pedestrian Improvements in Jakarta	UNEP	6.16	187.98	194.14
Jordan	Promotion of a Wind Power Market	WB	6.35	82.60	88.95
Kenya	Development and Implementation of a Standards and Labeling Programme in Kenya	UNDP	2.35	9.01	11.36
Kiribati	Kiribati Adaptation Program – Pilot Implementation Phase (KAP-II)	WB	1.90	4.80	6.70
Macedonia	Sustainable Energy Program	WB	5.85	28.80	34.65
Mauritania	Adrar Solar Initiative and Decentralized Electrification in the Northern Coastline of Mauritania through Hybrid (Wind/Diesel) Systems	UNDP	2.80	9.36	12.16
Mexico	Integrated Energy Services for Small Localities of Rural Mexico	WB	15.35	81.50	96.85
Mongolia	Heating Energy Efficiency	WB	7.20	20.00	27.20
Mongolia	Renewable Energy and Rural Electricity Access	WB	3.50	12.80	16.30
Morocco	Energy Efficiency Codes in Residential Buildings and Energy Efficiency Improvement in Commercial and Hospital Buildings in Morocco	UNDP	3.28	12.61	15.89
Mozambique SPA	Zambezi Valley Market Led Smallholder Development	WB	6.55 (1.5 SPA)	21.00	27.55 (22.50 SPA)
Namibia	Barrier Removal to Namibian Renewable Energy Programme (NAMREP), Phase II	UNDP	2.60	7.64	10.24
Nicaragua	Promotion of Environmentally Sustainable Transport in Metropolitan Managua	UNDP	4.23	60.59	64.82
Peru	Rural Electrification	WB	10.35	134.95	145.30
Peru	Second National Communication of Peru to	UNDP	1.85	1.01	2.86

	the UNFCCC				
Philippines	Philippines Sustainable Energy Finance Program	WB	5.30	20.00	25.30
Rwanda	Sustainable Energy Development Project (SEDP)	WB	4.50	22.35	26.85
Sri Lanka	Portfolio Approach to Distributed Generation Opportunity (PADGO) (Phase 1)	WB	3.60	24.95	28.55
Sri Lanka SPA	Participatory Coastal Zone Restoration and Sustainable Management in the Eastern Province of Post-Tsunami Sri Lanka	IFAD	7.27 (1.9 SPA)	7.57	14.84 (9.47 SPA)
Tanzania	Energizing Rural Transformation Project	WB	6.50	31.30	37.80
Vietnam	Hanoi Urban Transport Development	WB	10.15	328.89	339.04
Zambia	Promotion of Renewable Energy to Increase Access to Electricity	WB	4.74	22.10	26.84
Total			349.23	2,383.87	2,633.08

Note: The amount of GEF financing includes financing for PDFs.

Annex 2
List of Medium-Sized Projects Approved by the GEF from September 2005 to August 2006

Country/Region	Project Title	Implementing/ Executing Agency	GEF Financing (Million US\$)	Co-financing (Million US\$)	Total Financing (Million US\$)
Global	A Policy Forum of Power Sector Regulatory Frameworks for On-grid Renewable Energies	WB	1.00	0.75	1.75
Regional (Kenya, Madagascar, Mozambique, Rwanda, Tanzania)	Integrating Vulnerability and Adaptation to Climate Change into Sustainable Development Policy Planning and Implementation in Southern and Eastern Africa	UNEP	1.00	1.27	2.27
Regional (Brazil, Nicaragua, Panama, Mexico)	CleanTech Fund	IADB	1.00	61.20	62.20
Regional (Chile, Guatemala, Panama)	Promoting Sustainable Transport in Latin America (NESTLAC)	UNEP	0.99	1.42	2.41
Bulgaria	Building the Local Capacity for Promoting Energy Efficiency in Private and Public Buildings	UNDP	1.00	6.27	7.27
Kenya	Market Transformation for Efficient Biomass Stoves for Institutions and Small and Medium-Scale Enterprises	UNDP	1.00	5.65	6.65
Total			5.98	76.56	82.54

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Annex 3
List of PDF-Bs Approved by the GEF from September 2005 to August 2006

Country/Region	Project Title	Implementing/ Executing Agency	GEF Financing (Million US\$)	Co-financing (Million US\$)	Total Financing (Million US\$)
Global	Piloting Climate Change Adaptation to Protect Human Health	UNDP	0.47	0.63	1.09
Regional (Bolivia, Peru, Venezuela)	Design and Implementation of Pilot Climate Change Adaptation Measures in the Andean Region	WB	0.59	0.31	0.90
Regional (Cook Islands, Micronesia, Fiji, Nauru, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu)	Pacific Islands Adaptation to Climate Change Project (PACC)	UNDP	0.35	0.02	0.37
Ecuador	Adaptation to Climate Change through Effective Water Governance	UNDP	0.35	0.15	0.50
Brazil	Market Transformation for Energy Efficiency in Buildings	UNDP	0.25	0.02	0.27
China	Enabling Activity for the Preparation of Second National Communication	UNDP	0.35	0.05	0.40
India	Climate-resilience Development and Adaptation	UNDP	0.25	0.69	0.94
Mexico	Protection of environmental services of coastal wetlands in the Gulf of Mexico to the impacts of climate change	WB	0.3	0.38	0.68
Total			2.91	2.24	5.15

Note: These PDF-Bs have not resulted in approval of full-size projects.

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Annex 4

Summary of Full-Size Projects Approved by the GEF from September 2005 to August 2006

Global: Community-based Adaptation (CBA) Programme

The goal of the Community-Based Adaptation (CBA) Programme is to reduce vulnerability and to increase adaptive capacity to the adverse effects of climate change in the focal areas in which the GEF works. The objective of the CBA programme is to enhance the capacity of communities in the pilot countries to adapt to climate change including variability. Essentially, this objective addresses the community-based component of the GEF's SPA. It will thus provide the basis upon which the GEF and other stakeholders can effectively support small-scale adaptation activities. (UNDP, GEF US\$5.01m, total US\$9.53m)

Global: Solar Water Heating Market Transformation and Strengthening Initiative, Phase 1

The goal of the project is to accelerate global commercialization and sustainable market transformation of solar water heating, thereby reducing the current use of electricity and fossil fuels for hot water preparation in residential, private service sector and public buildings and, when applicable, industrial applications. (UNDP, GEF US\$12.29m, total US\$31.44m)

Regional: Adaptation to Climate Change - Responding to Coastline Change and Its Human Dimensions in West Africa through Integrated Coastal Area Management

The overall objective of the project is to mainstream adaptation to climate change into Integrated Coastal Area Management (ICAM) planning in the participating countries through the development and implementation of pilot adaptation activities in response to shoreline change. This will involve the development of strategies, policies and measures, based on technical/scientific information and appropriate policy instruments. A major preliminary objective will therefore be to pilot adaptation activities in a local to sub-regional context. There is a strong rationale for addressing the issue of adaptation and shoreline change not only at the national level but also through the development of a regional approach. (UNDP, GEF US\$4.00m, total US\$13.80m)

Regional: African Rift Geothermal Development Facility (ARGeo)

A comprehensive program of financial, policy and technical instruments for the promotion of development will be established in an African Rift Geothermal Development Facility. Several countries of the Rift Valley are targeted for the execution of an initial set of geothermal investments. The Facility would be designed to achieve an improved demonstration in Kenya and replication throughout the region with transition to commercialisation while optimising the responsibilities and costs to achieve investment and low prices. Support for common policies on exploitation and management of natural resources, a regional network for south-south and north-south technology transfer, and a pipeline of viable geothermal energy prospects will be developed. (UNEP, GEF US\$18.45, total US\$73.50m)

Regional: Cogen for Africa

The overall objective of the Cogen for Africa project is to help transform the cogeneration industry in Eastern and Southern Africa into a profitable cogeneration market and promote widespread implementation of more efficient cogeneration systems by removing barriers to their application. (UNEP, GEF US\$5.67m, total US\$67.25m)

Regional: Financing Energy Efficiency and Renewable Energy Investments for Climate Change Mitigation

This project is designed to establish a dedicated financial facility for energy efficiency and renewable energy in Eastern Europe and CIS that can serve as a vehicle for the large-scale participation of private sector investors in partnership with public entities. The proposal is to support the development of a US\$250 million public-private equity Fund that will be able to complement other funding schemes (including those implemented or contemplated by the GEF and/or other supporting institutions) and, as a result, leverage an investment volume of up to US\$ 2 billion for energy efficiency and renewable energy projects. (UNEP, GEF US\$3.00, total US\$12.26m)

Regional: First Regional Micro/Mini-Hydropower Capacity Development and Investment in Rural Electricity Access in Sub-Saharan Africa

The project envisages a window of opportunity to leverage Institut de l'energie et de l'environnement de la francophonie (IEPF)'s long-standing experience in capacity building with UNDP-GEF's operational capacity in both technical and financial sector expertise to remove the barriers impeding the development of micro-hydro technologies in much of Sub-Saharan Africa, where water resources lend themselves quite naturally to the production of electric power at small scale for dedicated end-use applications. The project will principally build on the participating government's efforts to promote productive uses of renewable energy in the regions that have a demonstrated economic potential by removing the relevant barriers and piloting various delivery models for the intended installation/deployment of renewable energy systems. (UNDP, GEF US\$9.17m total US\$140.51m)

Regional: Greening the Tea Industry in East Africa

The objective of the proposed Micro Hydro/ Program is to reduce the electrical energy costs in the tea processing industries in countries covered by the East African Tea Trade Association and meanwhile increasing power supply reliability and reducing Greenhouse Gas emissions through removal of barriers. (UNEP, GEF US\$3.42m, total US\$29.04m)

Regional: Implementation of Pilot Adaptation Measures in coastal areas of Dominica, St. Lucia and St. Vincent & the Grenadines

This project is aimed at supporting efforts by participating countries (Dominica, St. Lucia and St. Vincent and the Grenadines) to implement pilot adaptation measures addressing the impacts of climate change on biodiversity and land degradation along coastal and near-coastal areas.

Regional: Lighting the "Bottom of the Pyramid"

The core objective of the Project is to move - under a commercial and sustainable solution - a significant part of the population with no or unreliable access to electricity away from the polluting fuel-based lighting to the less polluting and higher quality modern lighting sources, thus reducing CO2 emissions, increasing household productivity and fostering economic and social development. (WB, GEF US\$5.40m, total US\$12.15m)

Regional: Regional Sustainable Transport Project

The specific objectives of the project are to: (i) induce sustainable transport policies, and programs in Latin American cities that contribute to a long-term modal shift to more efficient modes of transport; (ii) promote sound land-use development planning consistent with sustainable transport principles; (iii) induce air quality improvements in Latin American urban centers; (iv) foster a regional common approach to sustainable transport, articulating land-use planning, and air quality policies; and (v) create a network of Latin American cities to allow sharing of regional experiences, enhance the

analytical tools available at the institutional level, and make them available to all interested cities. (WB, GEF US\$21.18m, total US\$77.55m)

Regional: Sustainable Energy Financing

The project's direct objective is to significantly increase the adoption and use of renewable energy technologies and energy efficiency measures in participating Pacific Island state by providing a package of incentives to encourage local financial institutions to participate in sustainable energy financing of equipment purchases. Its global environmental objective is to contribute to mitigating climate change through the reduction of greenhouse gas emissions, in line with the objectives of the UNFCCC. (WB, GEF US\$9.48m, total US\$31.08m)

Argentina: Energy Efficiency

The objective of the proposed project is to achieve a sustained increase in energy efficiency of electricity and natural gas use for most sectors, and in the process lower the trajectory of greenhouse gas emissions from Argentina. The project will achieve this by removing key institutional, financial, and information barriers that are currently limiting the development of an energy efficiency market. The project will seek to reduce the perceived risks for energy efficiency investments among commercial banks, improve the capacity and incentives for key electricity utilities to promote energy efficiency among their customers, and develop new energy efficiency regulations (including standards and equipment labeling), and strengthen the ESCO industry. GEF and World Bank support for the program will provide the added push that the Government needs to advance needed policy and regulatory reforms through the political system. (WB, GEF US\$15.50m, total US\$98.11m)

Armenia: Renewable Energy Project

The objective of the proposed project is to increase the share of renewable energy production in Armenia through the development of a self-sustaining, market-based financial mechanism. (WB, GEF US\$3.25m, total US\$18.75m)

Bangladesh: Improving Kiln Efficiency for the Brick Industry

The proposed project aims to transform the brick making industry in Bangladesh from using traditional brick making technology to more energy efficient technologies. The approach suggested is a market transformation approach which will address all barriers to technology diffusion in parallel. This involves a wide range of stakeholders (industry, technology promoters, financing sources, kiln owners and laborers, Government, etc.) and requires a comprehensive stakeholder participation process. (UNDP, GEF US\$3.35m, total US\$14.39m)

Belarus: Removing Barriers to Energy Efficiency Improvements in the State Sector

The project will overcome institutional and policy and financial and information barriers, necessary to increase investments flows initially from state innovation funds and commercial banks if interest rates continue dropping; and energy management in state-owned companies. The project seeks to: support managers of State-owned facilities and decision-makers at a national and regional level in financial and technical assessment of selected energy efficiency technologies and projects and provide support for energy audits, feasibility studies and in the development of bankable proposals; raise awareness, and implement an outreach strategy and recognition programmes to heighten bankers' and State employees' awareness of the benefits of energy efficiency, and reward exemplary energy leadership; implementation schemes such as employee bonuses for energy efficiency; and develop energy efficiency policy that supports investment by state facilities and companies in energy efficiency investment. (UNDP, GEF US\$1.60, total US\$9.96)

Brazil: Second National Communication of Brazil to the UNFCCC

The immediate objective of the project is to prepare the Second National Communication of Brazil to the UNFCCC and carry out studies on vulnerability and adaptation measures, develop regional modeling of climate and climate change scenarios, and build institutional capacity for implementing the Convention in Brazil. (UNDP, GEF US\$3.40m, total US\$7.58m)

Burkina Faso: Transformation of the Rural PV Market (previously Energy Sector Reform)

The development objective of the project is to improve people's livelihoods and reduce dependency on imported fossil fuel through the utilization of PV to provide rural electricity services. The project will address the institutional, financial and market instruments necessary to demonstrate the viability of using the private sector to participate in the process of poverty reduction in the rural areas through the provision of electricity services from a clean, modern, and at the same time, reliable source of energy. (UNDP, GEF US\$1.76m, total US\$5.89m)

China: Demonstration of Fuel Cell Bus Commercialization in China, Phase 2

The goal of the project is to reduce GHG emissions and air pollution through widespread commercial introduction of FCBs in urban areas of China. The objective of this project is to demonstrate the operational viability of FCBs and their refueling infrastructure under Chinese conditions. (UNDP, GEF US\$5.77m, total US\$18.63m)

Colombia: Integrated National Adaptation Plan: High Mountain Ecosystems, Colombia's Caribbean Insular Areas and Human Health (INAP)

The project's development objective is to support Colombia's efforts to define adaptation measures and policy options to meet the expected impacts from climate change. This will be achieved through: a) improvements to the knowledge base; b) assessing the expected consequences of GCC on strategic ecosystems; and c) identifying and assessing measures and policy options to adapt to the effects of climate change as well as development projects within which adaptation can be mainstreamed. These efforts will be focused on high mountain ecosystems, insular areas and on health concerns related to the expansion of areas for vectors linked to malaria and dengue. (WB, GEF US\$5.57m, total US\$17.47m).

Egypt: Bioenergy for Sustainable Rural Development

The primary objective of the proposed project is to advance the use of renewable biomass as an energy resource, for the purpose of promoting sustainable rural development in Egypt and reducing greenhouse gas emissions resulting from conventional energy resources. The biomass options that will be advanced under this project include: Anaerobic biomass digestors for dung, household sewage, and related high-moisture feedstocks; anaerobic biomass digestors for leafy feedstocks including agricultural residues, biomass densification (briquetting, pelletization) for rural enterprise and household applications; efficient biomass stoves, furnaces and dryers for rural enterprise, and household applications; and biomass gasification for production of fuel gas for process heat, shaft power, pumping and electricity. (UNDP, GEF US\$3.34m, total US\$16.64m)

Egypt: Sustainable Transport

The objective of the project is to reduce the growth of the energy consumption and the related greenhouse gas emissions of the transport sector in Egypt, while simultaneously mitigating the local environmental and other problems of increasing traffic such as deteriorated urban air quality and congestion. (UNDP, GEF US\$7.18m, total US\$35.75m)

Ghana: Development of Renewable Energy and Energy Efficiency

The global objective of this project is to assist Ghana in mitigating climate change through the reduction of greenhouse gas emissions. The development objective is to provide increased access to affordable, clean, and efficient energy services. The GEF project intends to assist Ghana in establishing an enabling environment of a policy and regulatory framework and facilitating market development to attract private sector participation in large-scale commercialization of RE/EE. Consequently, it is expected that an increasing number of local entrepreneurs would be emerged to provide RE/EE services, which would result in increased energy access, improved energy efficiency, as well as reduced greenhouse gas emissions. (WB, GEF US\$5.50m, total US\$162.50m)

Ghana: Ghana Urban Transport (resubmission from February 2006 IWP)

The project objective is to enhance mobility and affordability of bus transport services in the Greater Accra Metropolitan Area (GAMA) in a socially and environmentally sustainable manner. The project would focus on: strengthening policy, institutional, and regulatory framework for managing, coordinating, planning and monitoring urban transport services in GAMA; facilitating person movement on major corridors through a combination of traffic management and implementation of bus rapid transport (BRT) system; and monitoring and evaluation of local and global environmental benefits. (WB, GEF US\$7.35m, total US\$36.35m)

Guinea: Electricity Sector Efficiency Improvement

The main objective of the GEF project is to reduce carbon dioxide (CO₂) emissions by improving energy efficiency through a comprehensive approach that addresses technical efficiency in distribution, technical assistance for improved generation efficiency, and demand-side management/efficiency programs designed for end-use customers. (WB, GEF US\$4.50m, total US\$13.70m)

Honduras: Rural Infrastructure (Electrification Sector)

The principal objective of the project is to introduce decentralized options, including those based on renewable energy technologies (RETs), into the present electrification plan for rural areas. Assistance to the GOH would include: (a) support for the development of a rational rural electrification policy; (b) financing of decentralized mini-grid projects that demonstrate sustainable private sector or community-based operation; and (c) support for the creation of a wider market for photovoltaic (PV) through appropriate incentives to both providers and users. (WB, GEF US\$2.70m, total US\$21.44m).

India: Coal Fired Generation Rehabilitation Project

A GEF intervention is proposed to reduce barriers affecting overall rehabilitation activities, and optimize the resulting investments for energy-efficiency. The mode of intervention would be to combine a GEF grant with Government of India and IBRD funds in a risk-sharing arrangement within a dedicated financing facility, to be housed in India's Power Finance Corporation (PFC). This financing window would offer long-term, rupee-denominated loans, offering power plant owners in India a competitive debt financing option for projects to rehabilitate coal-fired plants. These loans would be contingent on the plant owners performing an energy audit and baseline performance assessment of the plant, and optimizing the rehabilitation investment plan for energy efficiency as a first-among-equals priority in the context of the overall plan for environmental upgrading. (WB, GEF US\$45.40m, total US\$345.10m)

India: Enabling activities for Preparing India's Second National Communication to UNFCCC

The development objective of this project is to strengthen the technical, institutional and individual capacities to assist India mainstream climate change concerns into sectoral and national development

priorities. The immediate objective of this project is to enable India to prepare and submit its second national communication to the UNFCCC according to the new 17/CP.8 guidelines for non-Annex 1 Parties and meet its Convention obligations. (UNDP, GEF US\$3.85m, total US\$10.35m)

India: Market Transformation through Consumer Awareness Programs for Energy Efficiency Standards and Labeling

The goal of this project is the reduction of GHG emissions from inefficient end uses of energy. The objective of the project will be the removal of the existing barriers to the massive utilization of energy efficient refrigeration products in India. (UNDP, GEF US\$5.66m, total US\$31.61m)

Indonesia: Bus Rapid Transit and Pedestrian Improvements in Jakarta

The project addresses the key root cause of transport un-sustainability: a dysfunctional transport pricing structure which de facto subsidizes private motor vehicle use by undervaluing scarce public space. (UNEP, GEF US\$6.16m, total US\$194.14m)

Indonesia: Integrated Microhydro Development and Application Program, Part I

The overall goal of the proposed IMIDAP Project is the reduction of GHG emissions from fossil-based power in Indonesia from interventions carried out under the IMIDAP and from new microhydro projects induced by this GEF-supported project. (UNDP, GEF US\$2.12m, total US\$20.58m)

Jordan: Promotion of a Wind Power Market

The main objective of this IPP Wind Power project is to help create a sustainable wind power market in Jordan in order to increase the supply of electricity in an environmentally sustainable way by overcoming barriers to wind farm development such as higher generation cost from wind farms, lack of a legal and regulatory framework for wind farm development, lack of institutional capacity, and inadequate information on wind resources. (WB, GEF US\$6.35m, total US\$88.95m)

Kenya: Development and Implementation of a Standards and Labeling Programme

The goal of the proposed initiative is to reduce Kenya's (and to some extent also for the other EAC countries) energy related CO₂ emissions by improving the energy efficiency of selected appliances and equipment in the residential, commercial and industrial sectors. (UNDP, GEF US\$2.35m, total US\$11.36m)

Kiribati: Kiribati Adaptation Program - Pilot Implementation Phase (KAP-II)

The key objective of the proposed Pilot Implementation Phase of KAP (KAP-II) is to implement pilot adaptation measures, and consolidate the mainstreaming of adaptation into national economic planning. (WB, GEF US\$1.90m, total US\$6.70m)

Macedonia: Sustainable Energy Program

The objectives of the project are to (i) change the current unfavorable investment and incentive conditions and create an enabling environment in Macedonia that fosters the development of sustainable energy utilization through providing financial, methodological, informational, and institutional support; and (ii) support a large increase in energy efficiency investment in Macedonia through development of a self-sustaining, market-based financing mechanism based on a principle of commercial co-financing. (WB, GEF US\$5.85, total US\$34.65m)

Mauritania: Adrar Solar Initiative and Decentralized Electrification in the Northern Coastline of Mauritania through Hybrid (Wind/Diesel) Systems

The primary objective of the project is to contribute to addressing the country's rural energy service delivery needs by increasing electricity access to the rural and low-income settlements in the ADRAR desert areas together with the northern shoreline which has an interesting economic potential. A secondary objective is to use the climate change-energy poverty reduction linkage to spearhead the fight against rural poverty in the context of an on-going energy sector restructuring exercise, which is progressing well and needs additional concrete operational successes to sustain the government's commitment to the reforms. The project will demonstrate wind/diesel hybrid system in 7 villages along the Coast and solar systems in villages in the Adrar region, as well as strengthen the capacity of the national rural energy agency ADER. (UNDP, GEF US\$2.80, total US\$12.16m)

Mexico: Integrated Energy Services for Small Localities of Rural Mexico

The proposed GEF project aims to facilitate the release of decentralized public funds and attract private financing to support demonstration and development of renewable energy based projects for rural electrification that include productive uses and social services. (WB, GEF US\$15.35, total US\$96.85)

Mongolia: Heating Energy Efficiency

The development objectives of the proposed project are to attain major energy efficiency improvements and long-term financial sustainability in Mongolia's DH sector by assisting in the implementation of market-oriented and socially sustainable regulatory and institutional reforms and by supporting technology transfer, capacity building and crucial investments in heating system modernization. (WB, GEF US\$7.20, total US\$27.20m)

Mongolia: Renewable Energy and Rural Electricity Access

The project development objectives are to; (a) increase rural electricity access, (b) improve the efficiency and performance of rural electric supply systems, and (c) promote the use of renewable energy resources. (WB, GEF US\$3.50m, total US\$16.30m)

Morocco: Energy Efficiency Codes in Residential Buildings and Energy Efficiency Improvement in Commercial and Hospital Buildings in Morocco

The project's objective is to improve the energy efficiency of buildings in Morocco, especially in the housing sector, through the introduction of an EE Building Code and standards for this sector. In doing so, the project seeks to reduce the expenditures of Moroccan households on energy through greater adoption of EE standards in housing construction. The project also seeks to encourage greater energy efficiency in the health and hotel sectors, since buildings in the service economy represent a growing share of energy consumption in Morocco. (UNDP, GEF US\$3.28m, total US\$15.89m)

Namibia: Barrier Removal to Namibian Renewable Energy Programme (NAMREP), Phase II

The project will help to reduce the barriers for the development of the demand for solar technologies and thus mitigate greenhouse gas emissions by addressing institutional, information, human capacity, financial, technical, awareness and other market barriers to increased use of solar energy services by urban and rural households, government institutions, NGO facilities, beverage retailers, and communal and commercial farmers. The project implemented in two phases will specifically assist local stakeholders in building local capacities to promote, finance, install and maintain solar applications, help to develop and implement favourable regulatory frameworks, and facilitate the establishment of viable financial mechanisms (micro lending and mortgage additions). (UNDP, GEF US\$2.60m, total US\$10.24m)

Nicaragua: Promotion of Environmentally Sustainable Transport in Metropolitan Managua

The development objective of the proposed project is to mitigate GHG emissions by promoting a sustainable urban transport system in Metropolitan Managua, by means of modal shifts to public and non-motorized transport. The GEF intervention will support the implementation of a more environmentally sustainable transport system in Metropolitan Managua and its replication in provincial cities. (UNDP, GEF US\$4.23m, total US\$64.82m)

Peru: Rural Electrification

The objectives of the GEF Project are to: (i) fully incorporate renewable energy options within the proposed framework for public-private electricity provision in rural areas of Peru that would attract investment from the private sector as well as national, regional and local governments; (ii) provide electricity services to about 20,000 households (100,000 people) and about 200 public facilities, such as schools and health clinics, using both renewable energy sources to serve remote populations; and (iii) pilot a program to increase productive uses of electricity from renewable sources, that would increase opportunities for income generation in rural areas. (WB, GEF US\$10.35m, total US\$145.30m)

Peru: Second National Communication of Peru to the UNFCCC

This project aims at enabling Peru to prepare its Second National Communication (SNC) to the United Nations Convention on Climate Change (UNFCCC), according to decision 17/CP.8 and Peru's National Strategy on Climate Change, which is the framework for all the policies and activities performed in Peru regarding Climate Change. The development objective of this project is to enhance national capacities and facilitate the process of mainstreaming climate change issues into national development and poverty reduction processes. This will enable Peru to cope with climate change and to address this challenge from an environmental and sustainable development perspective. (UNDP, GEF US\$1.85, total US\$2.86m)

Philippines: Philippines Sustainable Energy Finance Program

The Project's foremost objective is to establish a sustainable market capacity to develop and finance commercial investments which increase the efficient use of energy or enable the use of new energy resources (renewable and other) which emit a reduced level of emissions of greenhouse gases. (WB, GEF US\$5.30m, total US\$25.30m)

Rwanda: Sustainable Energy Development Project (SEDP)

The project's global environmental objective is to achieve greenhouse gas emission reductions through use of renewable energy in rural areas for provision of electricity as well as through increased end-efficiency in the electricity sector. (WB, GEF US\$4.50m, total US\$26.85m)

Sri Lanka: Portfolio Approach to Distributed Generation Opportunity (PADGO) (Phase 1)

The objective of this initiative is to remove barriers to the adoption of more efficient energy technologies and to the propagation of renewable energy. The current proposal relates to piloting an approach for the voluntary adoption of clean energy standards for distributed equipment by manufacturers and financial intermediaries in Sri Lanka. (WB, GEF US\$3.60m, total US\$28.55m)

Tanzania: Energizing Rural Transformation Project

The development objective of that program is to improve the quality of life of rural and peri-urban households and to raise the incomes generated/jobs created by enterprises in those areas - by means of

increased access of households, enterprises and social facilities to electricity and ITC services. 50,000 new connections will be implemented annually, at a cost of about 30 m per year. (WB, GEF US\$6.50m, total US\$37.80m)

The project complements the goals of the Mainstreaming Adaptation to Climate Change in the Caribbean (MACC) Project and applies the lessons and information gathered through the Caribbean Planning for Adaptation to Climate Change (CPACC) project by piloting the implementation of adaptation measures in countries that have already taken mainstreaming decisions and seek to execute specific measures to address the impacts of climate change on biodiversity and land degradation. This will be achieved through: the detailed design of pilot adaptation measures to reduce expected negative impacts of climate change on marine and terrestrial biodiversity and land degradation; and the implementation of pilot adaptation investments. (WB, GEF US\$2.40m, total US\$6.40m)

Vietnam: Hanoi Urban Transport Development

The development objectives of the HUTDP are to help Hanoi City to: increase the efficiency and cost-effectiveness of its transport system; and develop public transport-compatible urban growth plans. Its GEF strategic objectives are to promote a shift to more environmentally-sustainable transport modes and urban development plans, and to promote the replication of these approaches in the country and region. Its global environment objective is to lower Hanoi's transport-related greenhouse gas emissions, relative to a business-as-usual scenario. (WB, GEF US\$10.15m, total US\$339.04m)

Zambia: Promotion of Renewable Energy to Increase Access to Electricity

The overall development objective of the project is to develop and support initial implementation of a commercially-oriented and sustainable framework for increasing access to electricity and ICT services. (WB, GEF US\$4.74m, total US\$426.84m)

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Annex 5
Summary of Medium-Sized Projects Approved by the GEF
from September 2005 to August 2006

Global: A Policy Forum of Power Sector Regulatory Frameworks for On-grid Renewable Energies

The main objectives of the forum are to promote exchange of experiences and lessons on power sector policy frameworks for grid-connected renewable energy from the respective national contexts and assist a number of selected developing countries, who are committed to developing RE policy frameworks, to incorporate the best practices of grid-connected renewable energy policies into their national power policy frameworks. (WB, GEF US\$1.00m, total US\$1.75m)

Regional: CleanTech Fund

The objective of the IDB CleanTech Fund, which the proposed GEF component will complement, is to make equity or quasi-equity investments in small- to medium-size enterprises (SMEs) that implement renewable energy power production projects that reduce the use of fossil fuel use in the Latin American and Caribbean region. (IADB, GEF US\$1.00m, total US\$62.20m)

Regional: Integrating Vulnerability and Adaptation to Climate Change into Sustainable Development Policy Planning and Implementation in Southern and Eastern Africa

This project is designed to promote the integration of vulnerability and adaptation measures into sustainable development plans and planning processes through pilot demonstration projects in selected countries of Southern and Eastern African that have been facing increasing impacts of climate change. (UNEP, GEF US\$1.00m, total US\$2.27m)

Regional: Promoting Sustainable Transport in Latin America (NESTLAC)

The overall objective of the project is to create the needed awareness among politicians, decision makers and stakeholders of the Latin American region, which will lead to the actual implementation of sustainable transport projects in the various countries of the region. This will be done by facilitating and widely disseminating the implementation of three demonstration projects in the selected cities (one project in each city), projects which in turn address three specific aspects of transport sustainability, namely, Bus Rapid Transit (BRT), Bus Regulation and Planning (BRP) and Non-motorized Transport (NMT). (UNEP, GEF US\$0.99m, total US\$2.41m)

Bulgaria: Building the Local Capacity for Promoting Energy Efficiency in Private and Public Buildings

The objective of the project is to reduce the greenhouse gas emissions associated with the energy use of private and public buildings in Bulgaria (including the premises of the local SMEs) by improving the efficiency of their energy use. (UNDP, GEF US\$1.00m, total US\$7.27m)

Kenya: Market Transformation for Efficient Biomass Stoves for Institutions and Small and Medium-Scale Enterprises

This project seeks to remove market barriers to the adoption of sustainable biomass energy practices and technologies by institutions (schools and hospitals) and small businesses (restaurants, hotels) in rural and urban areas of Kenya by promoting highly efficient improved stoves and establishment of woodlots owned and managed by the institutions and private sector. (UNDP, GEF US\$1.00m, total US\$6.65m)

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Annex 6-A
Status of GEF enabling activity projects and status of second national communications
from eligible Parties and Parties not included in Annex I to the Convention

Party	GEF funding for self-assessment to prepare project proposals			Status of SNC project proposals			
	Date of Submission of INC	Self-assessment funds approved	Self-assessment completed	Draft submitted to IA	SNC proposal approved by IA	Date of approval by IA	Date of initial disbursement of funds
1. Albania	13-Sep-02	x	x		x	04-Feb-05	14-Apr-05
2. Algeria	30-Apr-01	x	x		x	12-Dec-05	6-Feb-06
3. Antigua & Barbuda	10-Sep-01	x	x		x	18-Apr-06	6-Jun-06
4. Argentina	25-Jul-97	x	x	x	x	18-Dec-03	10-Mar-04
5. Armenia	4-Nov-98	x	x		x	29-Jul-05	24-Sep-05
6. Azerbaijan	23-May-00	x	x		x	21-Jul-05	28-Jul-05
7. Bahamas	5-Nov-01	x	x		x	22-May-06	19-Jun-06
8. Bahrain	20-Apr-05	x	x	x			
9. Bangladesh	12-Nov-02	x					
10. Barbados	30-Oct-01	x					
11. Belize	16-Sep-02	x	x		x	24-Mar-06	2-May-06
12. Benin	21-Oct-02	x		x		Undergoing IA approval	
13. Bhutan	13-Nov-00	x					
14. Bolivia	16-Nov-00	x	x		x	10-Jun-05	09-Aug-05
15. Botswana	22-Oct-01	x	x		x	23-Dec-05	03-Feb-06
16. Brazil	10-Dec-04				x	8-Nov-05	13-Dec-05
17. Burkina Faso	16-May-02	x	x		x	05-Jun-06	27-Jul-06
18. Burundi	23-Nov-01	x	x		x	22-May-06	29-Jun-06
19. Cambodia	8-Oct-02	x	x			09-May-06	24-Jun-06
20. Cameroon	31-Jan-05	*	*	*	*	*	*
21. Cape Verde	13-Nov-00	x					
22. Central African Republic	10-Jun-03	x	x	x	Prodoc sent to gov for signature		
23. Chad	29-Oct-01	x					
24. Chile	8-Feb-00	x	x		x	08-Sep-06	
25. China	10-Dec-04	x				PDF approved	
26. Colombia	18-Dec-01	x	x		x	08-Sep-06	
27. Comoros	05-Apr-03	x	x	x			
28. Congo	30-Oct-01	x	x	x	x	24-Apr-06	24-Jun-06

29. Cook Islands	30-Oct-99	x	x		x	22-Dec-05	21-Apr-06
30. Costa Rica	18-Nov-00	x	x		x	12-Apr-06	12-May-06
31. Cote d'Ivoire	02-Feb-01	x		x	x	08-Jun-05	10-Jun-05
32. Cuba	28-Sep-01	x					
33. Democratic People's Republic of Korea	07-May-04	x		x	x	25-Apr-05	04-May-05
34. Democratic Republic of Congo	21-Nov-00	x		x	x	11-Oct-05	08-Nov-05
35. Djibouti	06-Jun-02	x		x	x	08-Jun-06	12-Jun-06
36. Dominica	04-Dec-01	x	x		x	16-Feb-06	04-Apr-06
37. Dominican Republic	04-Jun-03	x	x		x	11-Nov-05	21-Nov-06
38. Ecuador	15-Nov-00	x	x		x	08-Feb-06	23-Mar-06
39. Egypt	19-Jul-99	x	x		x	07-Nov-05	16-Mar-06
40. El Salvador	10-Apr-00	x					
41. Eritrea	16-Sep-02	x	x	x		Undergoing IA approval	
42. Ethiopia	16-Oct-01	*	*	*	*	*	*
43. Fiji	18-May-06	*	*	*	*	*	*
44. Gabon	22-Dec-04	x					
45. Gambia	06-Oct-03	x	x	x			
46. Georgia	10-Aug-99	x	x		x	05-May-05	24-Jun-05
47. Ghana	02-May-01	x	x		x	10-May-06	29-Jun-06
48. Grenada	21-Nov-00	x	x		x	08-Sep-06	Recently approved
49. Guatemala	01-Feb-02	x	x	x		Undergoing IA approval	
50. Guinea	28-Oct-02	x					
51. Guinea-Bissau	01-Dec-05	x		x		Undergoing IA approval	
52. Guyana	16-May-02	x					
53. Haiti	03-Jan-02	x		x	x	29-Sep-05	06-Oct-05
54. Honduras	15-Nov-00	x	x	x	x	02-Dec-05	**
55. India	22-Jun-04	x			x	Full-size project approved by Council, awaiting receipt of final prodoc	
56. Indonesia	27-Oct-99	x				Undergoing IA approval	
57. Iran Islamic Republic of	31-Mar-03	x	x		x	22-Dec-05	23-Jan-06
58. Jamaica	21-Nov-00	x	x		x	21-Apr-06	7-Jul-06
59. Jordan	6-Mar-97	x	x		x	29-Dec-05	25-Jan-06

60. Kazakhstan	5-Nov-98	x	x		x	03-Mar-05	15-May-05
61. Kenya	22 Oct-02	x		x	x	26-Oct-05	18-Nov-05
62. Kiribati	30-Oct-99	x					
63. Kyrgyzstan	31-Mar-03	x	x		x	02-Jun-05	5-Jul-05
64. Lao People's Democratic	02-Nov-00	x					
65. Lebanon	2-Nov-99	x	x		x	08-Jul-05	14-Mar-06
66. Lesotho	17-Apr-00	x	x		x	04-Sep-06	
67. Madagascar	22-Feb-04	x		x	x	07-Nov-05	25-Nov-05
68. Malawi	2-Dec-03	x	x		x	08-Feb-06	**
69. Malaysia	22-Aug-00	x	x		x	21-Dec-05	**
70. Maldives	05-Nov-01	*	*	*	*	*	*
71. Mali	13-Nov-00	x	x		x	08-Sep-06	
72. Malta	16-Jun-04	x					
73. Marshall Islands	24-Nov-00	x					
74. Mauritania	30-Jul-02	x		x	x	14-Jul-05	15-Aug-05
75. Mauritius	28 May-99	x	x	x			
76. Mexico	09-Dec-97				x	20-Jun-05	11-Jul-05
77. Micronesia Federated States of	04-Dec-97	x	x		x	20-Aug-06	
78. Mongolia	01-Nov-01	x	x		x	28-Aug-06	
79. Morocco	01-Nov-01				x	02-Mar-05	13-May-05
80. Mozambique	06-Jun-06	x	x		Prodoc sent to gov for signature		
81. Namibia	7-Oct-02	x	x		x	14-Dec-05	24-Jan-06
82. Nauru	30-Oct-99	x					
83. Nepal	01-Sep-04	*	*	*	*	*	*
84. Nicaragua	25-Jul-01	x	x		x	04-Feb-05	07-Mar-05
85. Niger	13-Nov-00	x	x		x	12-Dec-05	04-Jan-06
86. Nigeria	17-Nov-03	x	x		x	30-Mar-06	01-Aug-06
87. Niue	02-Oct-01	x	x		x	11-Nov-04	20-Dec-04
88. Pakistan	15-Nov-03	*	*	*	*	*	*
89. Palau	18-Jun-03	x		x	x	09-Dec-05	13-Dec-04
90. Panama	20-Jul-01	x	x		x	07-Jun-06	**
91. Papua New Guinea	27-Feb-02	x	x		x		
92. Paraguay	10-Apr-02	x	x		x	08-Dec-05	10-Mar-06
93. Peru	21-Aug-01				x	14-Jul-06	18-Jan-06
94. Philippines	19-May-00	x	x		x	18-Apr-06	02-Aug-06
95. Republic of Macedonia	25-Mar-03	x	x		x	04-Feb-05	16-Feb-05

96. Republic of Moldova	13-Nov-00	x		x	x	12-Oct-05	27-Oct-05
97. Rwanda	06-Sept-05	x	x	x	Prodoc sent to gov for signature		
98. Saint Kitts and Nevis	30-Nov-01	x					
99. Saint Lucia	30-Nov-01	x	x		x	09-Jun-06	14-Jun-06
100. Saint Vincent and the Grenadines	21-Nov-00	x	x		x	07-Jun-06	27-Jun-06
101. Samoa	30-Oct-99	x	x		x	21-Jul-05	27-Oct-05
102. Sao Tome and Principe	19-May-05	x					
103. Saudi Arabia	29-Nov-05	x					
104. Senegal	01-Dec-97	x		x	x	08-Jun-06	20-Jun-06
105. Seychelles	15-Nov-00	x	x		x	09-Jun-06	16-Jun-06
106. Solomon Islands	29-Sep-04	x					
107. South Africa	11-Dec-03		x	x	Prodoc sent to gov for signature		
108. Sri Lanka	6-Nov-00	x					
109. Sudan	7-Jun-03	x					
110. Suriname	14-Oct-96	x					
111. Swaziland	21-May-02	x				Undergoing IA approval	
112. Tajikistan	8-Oct-02	x	x		x	26-May-05	07-Jul-05
113. Thailand	13-Nov-00	x	x		x	31-May-06	**
114. Tonga	21-Jul-05					08-Sep-06	
115. Togo	20-Dec-01	x	x	x	x	08-Sep-06	
116. Trinidad and Tobago	30-Nov-01	x	x		x	06-Jun-06	**
117. Tunisia	27-Oct-01				x	08-Jun-05	25-Aug-05
118. Turkmenistan	11-Nov-00	x	x	x	x	08-Jun-06	09 Jun-06
119. Tuvalu	30-Oct-99	x					
120. Uganda	26-Oct-02	*	*	*	*	*	*
121. United Republic of Tanzania	04-Jul-03	x	x		x	21-Jul-2006	15-Aug-06
122. Uruguay	15-Oct-97				x	05-May-05	30-Aug-05
123. Uzbekistan	22-Oct-99	x		x	x	10 Feb-05	21 Feb-05
124. Vanuata	30-Oct-99	x				22-Dec-05	24-Jul-06
125. Venezuela	13-Oct-05	*	*	*	*	*	*

126. Vietnam	02-Dec-03	x	x	x	x	07-Jun-06	19-Jun-06
127. Yemen	29-Oct-01	x	x	x		Undergoing IA approval	
128. Zambia	18-Aug-04	x					
129. Zimbabwe	25-May-98	x	x	x	x	24-Apr-06	13-Jun-06

* Discussion ongoing between IA and Government

** UNDP Country Office verifying dates of disbursement

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Annex 6-B
GEF enabling activities and status of Parties not included in Annex I to the Convention
that have yet to submit initial national communications

Party	Date of ratification of the Convention	GEF funding for stocktaking activities to prepare a project proposal				Status of Initial National Communication
		Funds Approved	Self-assessment Completed	Date of IA approval	Date of initial disbursement of funds	
130. Afghanistan	19-Sep-02	x	x	Prodoc under preparation		
131. Angola	17-May-00	*	*	*	*	*
132. Bosnia and Herzegovina	07-Sep-00	x	x	08-Dec-05	27-Apr-06	
133. Liberia	05-Nov-02	x	x	31-Aug-05	31-Aug-05	
134. Libyan Arab Jamahiriya	14-Jun-99			31-Jan-02	20-Feb-02	
135. Myanmar	25-Nov-94	x	x	Prodoc sent to gov for signature		
136. Serbia and Montenegro	12-Mar-01	x		Draft		
137. Sierra Leone	22-Jun-95					
138. Syrian Arab Republic	04-Jan-96	x		20-Jul-06		**
139. Turkey		x	x	21-Jun-05	16-Aug-05	

** Discussion ongoing between IA and Government

** UNDP Country Office verifying dates of funds availability

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Annex 6-C
GEF National Communications Support Program:
Consultations with Parties

a. TELE-CONFERENCES ON THE IMPLEMENTATION STRATEGY FOR V&A STUDIES

As a pilot effort to initiate technical discussions with countries on one-to-one basis, the NCSP, with in-house capacity, undertook to engage country teams in telephone consultations on the planning and implementation of the V&A studies under the SNC.

Invitation was sent to over thirty countries with approved SNC projects (December 2005). Along with the invitation, a document highlighting key issues for the planning and implementation of V&A studies was developed and sent to countries. This Document was intended to facilitate internal discussions within country teams before the tele-consultation takes place. Over thirty countries indicated their interest in participating in the consultation during the next 6 months.

Six countries (Morocco, Mexico, Uzbekistan, Tajikistan, Botswana, and the Bahamas) have already participated in this pilot exercise. Consultations were carried out with their V&A teams and the project coordinators. The discussions covered issues related to the overall objectives, policy implications, and methodological frameworks of the V&A studies, methods and tools to be used, and constraints and needs for technical assistance. These discussions have proven highly effective in providing expert teams broad guidance on the overall design of the V&A studies, and in identifying the assistance that the NCSP could provide to address the technical gaps of countries. Key areas for technical assistance identified through these consultations include: methodological frameworks for V&A assessment, development of climate and socio-economic scenarios, management of uncertainties, methods and tools for V&A assessment in water resources, human health, coastal zone, agriculture and human settlement sectors, integrated assessment to support adaptation policy decisions. Following on these discussions, literature, sources of models and associated data have been sent to countries as requested.

This exercise should continue with more countries in position to plan for the implementation of V&A studies over the next year or so. Priorities identified through these consultations shall serve as the basis for the formulation of the NCSP technical support work programme.

b. THEMATIC QUESTIONNAIRE SURVEYS ON NEEDS FOR TECHNICAL SUPPORT

GHG Mitigation Analysis

In partnership with the Fundación Bariloche, Argentina, a questionnaire was administered to identify the priorities for technical support on mitigation analysis in Latin American countries. This initiative is in response to the region's request to the NCSP for assistance in mitigation analysis. The Questionnaire covers information on:

- Level of knowledge and capacities available in the country to implement mitigation assessment;
- Needs for strengthening capacities on particular areas of mitigation analysis
- Most suitable training or technical backstopping modalities

The Questionnaire was sent by E-mail to all the eighteen countries in the Region. Twenty-four responses from fifteen countries were received through E-mail. Responses to the questionnaire, together with the relevant portions of the Initial National Communications (INCs) and Second National Communication (SNC) project documents, were analyzed. Major gaps in implementing mitigation analysis identified include: lack of information, absence of a unified database, lack of

sectoral data, and difficulty of accessing datasets. Priority needs for technical assistance include approaches to deal with data gaps and uncertainties, sectoral methods and/or models in the energy sector and in the LUCF area. A detailed needs analysis matrix is presented in the table below.

In response to the above identified needs for technical assistance, the following action plans are recommended:

- Organizing a two-week training course to include (1) theoretical contents and tools: Conceptual Reference Framework; Scenarios Method, Cost-Benefit analysis; Mitigation Costs; Barrier Analysis; Macroeconomic Analysis; (2) Sectoral Analysis: Energy Sector; Livestock Sector; Forestry Sector; Agricultural System. A set of support material would be developed to accompany the training course and serves as reference material beyond the training.
- Developing a good practice handbook on mitigation as a practical tool for the development of mitigation components in future national communications, and evaluate their potential benefit within the framework of the Kyoto Protocol. It should complement and expand the UNFCCC guidelines for NAI National Communications and the User Manual.

The NCSP is currently considering these recommendations. An action plan to address the needs for technical assistance should be developed by end of 2006.

Needs for Technical Assistance on GHG Mitigation Analysis									
	Base line	Energy Methods and Models	Scenarios	C/B Analysis	Policies and strategies	Mitigation Options	Mitigation Costs	AFOLU Methods and Models	Barriers
Argentina	H	H	M	H	H	H	M	M	M
Bolivia	H	M	H	H	H	M	H	M	H
Colombia	H	L	H	H	L	H	M	H	M
Costa Rica	M	H	M	M	L	L	L	H	L
Cuba	H	M	M	H	M	M	H	H	H
Chile	H	M	M	M	M	M	M	M	H
Ecuador	L	L	H	M	M	L	H	H	M
El Salvador	M	M	M	H	H	L	H	L	L
Guatemala	H	H	H	H	H	M	M	H	M
Honduras	M	H	H	L	L	L	M	M	L
Mexico	H	M	H	H	L	L	H	L	M
Panama	H	M	H	M	L	M	L	H	L
Paraguay	M	H	M	M	H	H	M	H	H
Dominican Republic	H	M	L	L	H	H	M	M	M
Uruguay	L	H	H	L	H	M	L	L	L

Key: H = High M = Mid L = Low

GHG Inventory

A global questionnaire was conducted to elicit information on the needs for technical assistance for the preparation of GHG inventories. The NCSP administered the questionnaire by Email to more than fifty countries. Thirty responses have been received so far. Responses to the questionnaire are being analyzed, with a view to developing a technical support strategy to address technical gaps in this area.

However, some of the issues that have been highlighted in the responses include assistance for establishing and managing National GHG Inventory Systems, and application of the IPCC GPG for LULUCF.

Vulnerability and Adaptation Assessment

In partnership with the Caribbean Community Climate Change Centre (CCCCC), Belize, a questionnaire was undertaken for fourteen Caribbean countries with a view to identify priorities for technical support for V&A assessments and develop a strategy to address technical gaps in these countries. This initiative was put in place in response to a request by Caribbean countries for target support as V&A is considered the main priority for SNC in the region. Responses to the questionnaire (deadline September 22) will be analyzed and technical support strategy be developed by the end of September 2006.

Findings and results of the above surveys will provide provide substantive inputs for planning the technical support activities in different thematic areas. A detailed work programme of technical assistance should be developed by end of 2006.

c. CONSULTATIONS AT THE MARGINS OF CONFERENCES, WORKSHOPS, AND MEETINGS

The NCSP takes every possible opportunity to consult national experts involved in the SNC preparation regarding the needs for technical support. Both formal and informal consultations have been undertaken during the NCSP initiation and technical training workshops, CGE training workshops, and UNFCCC SB sessions and side events. Valuable information on needs for technical assistance at country level was obtained through these consultations.

d. ANALYSES ON INCS AND SNC PROJECT DOCUMENTS

Extensive analyses on technical gaps as reported in INCs and methodological frameworks proposed in SNC for each of the three main NC components were undertaken. The overriding priorities for technical assistance from these analyses include methodological frameworks, development and application of methods and tools, and data/information. Information obtained from the analyses, together with the outcomes of various consultations and questionnaire surveys, form the basis for the overall strategy of the NCSP support activities.

e. KNOWLEDGE NETWORK ON GHG INVENTORY

The KN on GHG Inventory (<http://www.ghgnetwork.org>) was launched in the margins of the 23rd sessions of the SBs to the UNFCCC in May 2006. The objectives of the network are to assist non-Annex I Parties in the preparation of national GHG inventories for national communications and to build a larger, more capable community of inventory practitioners. The network has financial support from the Swiss government and was established following recommendations and requests from Parties. By joining the Network's mailing list, experts can use the network to

- have technical questions discussed and/or answered by other members within the network;
- share and learn about methodologies, information sources, and best practices;
- enhance national expertise and capacity for preparing GHG inventories.

As of late August, over 540 experts have joined the mailing list and over 380 have joined the professional directory. About half of these members are from developing countries and 58 of them are directly involved in the preparation of their countries' GHG inventories (25 from Africa, 15 from Asia and the Pacific, 12 from Latin America and the Caribbean and 6 from CIS countries.

f. KNOWLEDGE NETWORK ON VULNERABILITY AND ADAPTATION ASSESSMENT

The KN on V&A is currently under development. This KN will include a resource centre containing an extensive library of literature, models and tools, and public data sources, a roster of experts, and a discuss listserv. It is scheduled for launching in November 2006.

g. KNOWLEDGE NETWORKS ON MITIGATION ANALYSIS, TECHNOLOGY TRANSFER AND MAINSTREAMING

The development of KNs on mitigation analysis, technology transfer and mainstreaming are currently under discussion. They should be launched by March 2007.

Annex 7
Examples of Expected Benefits/Impacts of SGP Climate Change Projects

Country	Project name	Local benefits	Global benefits
Albania	Introduction of the efficient stoves combined with simple low cost thermal insulation of the village housing in the Prespa National Park Dates: 9/2005 - 7/2006 Grant amount: US\$31,500	About 20 families involved in the project Will directly benefit from the efficient heating and cooking systems. Most of the village houses use chimney and inefficient wood stoves that average at about 30% efficiency. The introduction of the efficient stoves combined with simple low cost thermal insulation of the village housing will have a long term and sustainable positive impact on the forest resources in Albania.	An average family in the around the Prespa National Park. Consumes about 10-12 m ³ of firewood each year. With a combined intervention consisting of efficient wood stoves (85-90% efficient) and thermal insulation, the project hope to reduce the firewood consumption to 30-50% contributing to annual reduction of GHGs by an estimated 30 tons of CO ₂ . <i>(on average Albania 1.14 CO₂ per capita)</i>
Indonesia	Gunung Lumut Forest Conservation through Installation of Clean Energy Electricity for Daya Paser Indigenous People, Muluy, Paser, East Kalimantan <u>Project no:</u> INS/05/78 <u>Dates:</u> 12/2005 – 31/2006 <u>Grant amount:</u> US\$43,358	The 9 KW micro-hydro power project will replace diesel-powered electricity supported by a logging company. The electricity will benefit 24 households, 75 men and 50 women and a public elementary school. The micro-hydro power has replaced average consumption of 400 liters of diesel per month or 4800 liters per year @ Rp. 5,000 or 0.60 USD/liter. Annual saving for diesel per year is 24,000,000 Rupiah or 2,667 USD. The project helps improve community's access in decision making to fight for community-based and customary based protected areas (as endorsed by CBD); stopping encroachment of illegal logging activity and oil palm plantation. The elementary school will benefit in the use of electricity while the community will gain more access to information.	The project has reduced the emission of GHG from emission of 4800 liters of diesel per year. The project has become a symbol of struggle to protect remaining 8.680 hectares of mountain ecosystems nature reserve community-based protected areas as well as state-protected areas with endangered endemic species to protect such as dipterocarps and hornbills creating double benefits for the global environment.
Nepal	Promoting Improved and Sustainable Cardamom Farming Practice through the conservation and sustainable use of Biodiversity and adoption of Renewable energy Project no: NEP/OP3/1/06/01 Dates: 03/06-03/08 Grant amount:	Nepal is second largest cardamom (<i>Amomum Subulatum</i>) producer in the World (after India) and annul <u>production is 5881 MT earning an equivalent to USD19.1M</u> from export. The cardamom cured (dried) in traditional way yield low quality cardamom with black and smoky taste. The local price is USD1.7 per Kg. Whereas farmers can fetch USD2.4 per Kg from cardamom dried from improved dryer due to improved quality. The project would also support in building farmers capacity in sustainable cardamom	The project aims to install 20 improved (energy efficient) cardamom dryers which can reduce the fuelwood consumption to half. Due to seasonal nature of Cardamom, 1 improve-dryer can cure 4,000Kg cardamom per year and it can save 6000 kg of fuelwood per year. So the 20 dryer can save 120 Ton of fuelwood and saving of 84 ton of CO ₂ emission.

	US\$49,500	farming practice.	
Nepal	Renewable Energy Promotion for Sericulture Project Project no: NEP/OP3/1/06/08 Dates: 05/06-09/07 Grant amount: US\$30,000	In the project VDC, 376 household comprised in 20 Sericulture group produces 40.61 tons of raw cocoon and can earn USD96,086 (USD256 per HH). If the raw cocoon is properly dried, it can generate 2.5 times more income than from the raw cocoon (Income average USD256 to USD640)	It requires 54.15 tons of fuelwood to dry 40.61 ton of raw cocoon (1.33 kg of fuelwood per 1 Kg of raw cocoon) and would generate 37.9 ton of CO ₂ . This emission can be avoided by the use of Solar dryer.
Palestinian Authority	Utilization of solar energy for water heating in the rural localities of Khza'a in the northern area of Gaza Dates: 8/2005 - 2/2006 Grant amount: US\$49,665	About 300 families will benefit from the utilization of solar energy for water heating in the rural localities of Khuza'a in the northern area of Gaza after the installation of 100 solar water heaters and refurbishment of another 200 inefficient solar heaters. Capacity of 300 women will be built in managing solar water heaters the rural community of Khza'a for the importance of applying environment friendly methods while meeting the basic needs for hot water for domestic purpose	It is estimated that the 300 families will result into direct GHG reduction of 5 tons annually
Thailand	Mitigating Global Warming by Bicycle Power Project no. THA-05-21 Dates: 3/2006 - 3/2008 Grant amount: US\$27,982	Emergence of a youth group with systematic and collective action plans aiming to create value on bicycle use and on energy efficiency Increased levels of population gaining insight on the importance of bicycle with at least 30 % turning to use bicycles for short-distance commuting 100 out of 1,500 high school students from two schools in Waengnoi District, Khonkaen Province, northeastern region of Thailand will benefit directly, as pioneer group, who commute 10 kilometers to schools by bus and motor bikes. The parents of the 100 students are members of the local CBO who are currently launching conservation activities for the community forest of 320 ha in the project area.	About 30 % reduction of motor-bike use in commuting from residence to schools in 2 years. It is estimated that within two years, the target group of 100 students avoiding the consumption of gasoline by 18,072 litres which is equivalent to a saving of Baht: 433,728 and avoidance of CO ₂ emission by 39,758,000 grams

Annex 8
Summary of Adaptation Projects Funded from the GEF Trust Fund
(Strategic Priority on Adaptation)

Global: Adaptation Learning Mechanism: Learning by Doing (UNDP, GEF US\$0.72m, total US\$1.37m)

The project will maximize adaptation learning through implementation of projects under the GEF's Strategic Priority on Adaptation (SPA), and will generate knowledge to help further guide implementation and improve impacts of GEF adaptation projects. The objective of the project is to provide tools and establish a learning platform for mainstreaming adaptation to climate change within the development planning of GEF eligible countries. The project proposes to: capture the current state of knowledge on planning, implementing and mainstreaming adaptation; identify key gaps in adaptation knowledge gaps; and develop responses to the knowledge gaps. An adaptation knowledge base will be designed, and operationalized through this project.

To support this objective, the project has two immediate outcomes: (1) the state of knowledge on planning, implementing and mainstreaming adaptation captured; in other words, to answer the questions: "What do we know about 'doing' adaptation?" and "What are the key knowledge gaps?"; and (2) a knowledge base and active learning process for the ALM designed, established, and operationalized; in other words, to answer the question, "How are we going to learn?"

Global: Community-based Adaptation (CBA) Programme (UNDP, GEF US\$5.01m, total US\$9.54m)

The CBA project and program is aimed at: (i) developing a framework, including new knowledge and capacity, that spans the local to the intergovernmental levels to respond to unique community-based adaptation needs; (ii) identifying and financing diverse community-based adaptation projects in a number of selected countries; and (iii) capturing and disseminating lessons learned at the community level to all stakeholders, including governments.

The goal of the CBA Programme is to reduce vulnerability and to increase adaptive capacity to the adverse effects of climate change in the focal areas in which the GEF works. As the contribution to the goal, the objective of the CBA Programme is to enhance the capacity of communities in the pilot countries to adapt to climate change including variability. Essentially, this objective addresses the community-based component of the GEF's SPA. It will thus provide the basis upon which the GEF and other stakeholders can effectively support small-scale adaptation activities.

Regional: Adaptation to Climate Change - Responding to Coastline Change and Its Human Dimensions in West Africa through Integrated Coastal Area Management (UNDP, GEF US\$4m, total US\$8m)

The overall objective of the Full Project is to mainstream adaptation to climate change into Integrated Coastal Area Management (ICAM) planning in the participating countries through the development and implementation of pilot adaptation activities in response to shoreline change. This will involve the development of strategies, policies and measures, based on technical/scientific information and appropriate policy instruments. A major preliminary objective will therefore be to pilot adaptation activities in a local to sub-regional context. There is a strong rationale for addressing the issue of adaptation and shoreline change not only at the national level but also through the development of a regional approach.

This project aims at addressing these issues and contributing towards the implementation of more effective and integrated approach to coastal area management. To increase the integration of coastal area management in a sustainable way, coordination mechanisms and legislative tools need to be improved, and legal, technical and institutional capacity needs to be strengthened. Broad stakeholder

involvement and public awareness also needs to be increased, and sustainable financing mechanisms need to be defined.

Regional: Implementation of Pilot Adaptation Measures in coastal areas of Dominica, St. Lucia and St. Vincent & the Grenadines (WB, GEF US\$2.40m, total US\$6.40m)

This project is aimed at supporting efforts by participating countries (Dominica, St. Lucia and St. Vincent and the Grenadines) to implement pilot adaptation measures addressing the impacts of climate change on biodiversity and land degradation along coastal and near-coastal areas.

The project complements the goals of the Mainstreaming Adaptation to Climate Change in the Caribbean (MACC) Project and applies the lessons and information gathered through the Caribbean Planning for Adaptation to Climate Change (CPACC) project by piloting the implementation of adaptation measures in countries that have already taken mainstreaming decisions and seek to execute specific measures to address the impacts of climate change on biodiversity and land degradation. This will be achieved through: (i) the detailed design of pilot adaptation measures to reduce expected negative impacts of climate change on marine and terrestrial biodiversity and land degradation; and (ii) the implementation of pilot adaptation investments.

Regional: Integrating Vulnerability and Adaptation to Climate Change into Sustainable Development Policy Planning and Implementation in Southern and Eastern Africa (UNEP, GEF\$1.00, total US\$2.27)

The objective of this project is to mainstream adaptation to climate change into development planning in the participating countries that are facing increasing impacts from climate change to ensure that vulnerability is reduced and maladaptations avoided.

This objective will be supported by the following three outcomes: (i) capacity is generated for implementing adaptation measures in the field in three countries; (ii) increased capacity to generate and use information about climate change to affect change in relevant policies; (iii) knowledge is increased of the linkages between development planning and climate change, including policy process and methodologies.

These outcomes will be achieved through the implementation of the three pilots along with the participation of the two observing countries, who will benefit from the knowledge and capacity building to undertake similar exercises in the future.

Colombia: Integrated National Adaptation Plan: High Mountain Ecosystems, Colombia's Caribbean Insular Areas and Human Health (INAP) (WB, GEF US\$5.57m, total US\$17.47m)

The project development objective is to support Colombia's efforts to define adaptation measures and policy options to meet the expected impacts from climate change. This will be achieved through: a) improvements to the knowledge base (documenting trends and impacts); b) assessing the expected consequences of GCC on strategic ecosystems; and c) identifying and assessing measures and policy options to adapt to the effects of climate change as well as development projects within which adaptation can be mainstreamed. These efforts will be focused on high mountain ecosystems, insular areas and on health concerns related to the expansion of areas for vectors linked to malaria and dengue, all these have been identified as priority areas in the National Communications and other studies.

Hungary: Lake Balaton Integrated Vulnerability Assessment, Early Warning and Adaptation Strategies (UNDP, GEF US\$0.99m, total US\$4.08m)

The project aims to build on the results and significant tradition of scientific work in the Lake Balaton region, recently initiated research in Hungary focused on adaptation to climate change, as well as innovative approaches to integrated assessment of vulnerability to global change and the formulation

of adaptive measures. The ultimate goal is to facilitate the development and implementation of effective adaptive strategies.

Expected outcomes include improved understanding of critical emerging vulnerabilities as a combined effect of global and local forces of change, such as land use and climate change. Through its training component the project will lead to measurable improvements in vulnerability assessment and adaptation capacity, and on-the-ground results will be achieved through initiatives financed by a small grants program using innovative financing mechanisms, such as public-private partnerships. Longer term impact will be ensured by integrating criteria related to adaptation to global change into the regular grant-making activities of the Lake Balaton Development Council. Due to Lake Balaton's high profile and a focused engagement and influencing strategy, the project will significantly increase awareness of climate change impact, vulnerability and adaptation issues locally, nationally and internationally.

Kiribati: Kiribati Adaptation Program - Pilot Implementation Phase (KAP-II) (WB, GEF US\$1.90m, total US\$6.70m)

The key objective of the proposed Pilot Implementation Phase of KAP (KAP-II) would be to implement pilot adaptation measures, and consolidate the mainstreaming of adaptation into national economic planning.

It is expected to include the following activities: (i) Continued mainstreaming of adaptation priorities into the national and sectoral economic planning process; (ii) local consultations on outer islands not included in component 2, to prepare for the expansion phase; (iii) national consultations to inform the mainstreaming of adaptation priorities into government operations, and to assess adaptation options to be undertaken by stakeholders; and (iv) awareness raising.

Mozambique: Zambezi Valley Market Led Smallholder Development in Mozambique (WB, GEF US\$6.55, of which SPA US\$1.5m, total US\$27.55m)

This project aims to accelerate poverty reduction within the Central Region of Mozambique. The project objectives are: to increase the income of selected districts through broad-based and environmentally sustainable agricultural growth; prevent land degradation and rehabilitate degraded land to harness local ecosystem services and global environmental benefits; and identify land and natural resource management strategies to overcome vulnerability of local communities to predicted climate variability and climate change in the Central Zambezi Valley.

SPA resources will be used to derive digital terrain models (DTMs) from the remote sensing products to identify and map forest, land, water degradation "hot spots" as well as high risk areas for floods and drought (flood hazard maps, drought hazard maps). In addition, local adaptation and mitigation strategies will be identified and a local flood and drought adaptation plan established guided by scientific information, and by community needs and priorities.

Sri Lanka: Participatory Coastal Zone Restoration and Sustainable Management in the Eastern Province of Post-Tsunami Sri Lanka (IFAD, GEF US\$7.27, of which SPA US\$1.9m, total 14.84m)

The long-term goal of the project is that Tsunami-affected ecosystems in Sri Lanka are rehabilitated to provide full ecosystem services including adaptation against extreme climatic events. The project development objective is Restoration and conservation management of globally important ecosystems affected by the tsunami is demonstrated for, and mainstreamed effectively into, the reconstruction process to support sustainable livelihoods and reduce vulnerability to climate change along the East Coast of Sri Lanka. In this project, developed in collaboration with the Land degradation focal area, the adaptation component aims to strengthen the capacity to prevent climate-related disasters as opposed to limiting the interventions to post-disaster reconstruction.

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Annex 9

Summary of SCCF Project Concepts (including one approved MSP)

Approved Project (MSP)

Tanzania: Mainstreaming Climate Change in Integrated Water Resources Management in Pangani River Basin (UNDP, GEF/SCCF US\$1m, total US\$2.57m)

This project will initiate Integrated Water Resource Management (IWRM) frameworks in the Pangani River Basin of Northern Tanzania. These frameworks will address climate change and pilot adaptation measures. It is one of the first field-based climate change preparation projects in Eastern Africa with strong links to basin and national planning and policy, and as such will build national and regional capacity, provide lessons and serve as a national and regional demonstration site. The project will build capacity for environmental flows procedures in Tanzania and use these flow data-sets to guide water use allocation and conflict resolution within the basin, under a number of climate and water flow scenarios.

The objective of the proposed project intervention is to prepare water managers and users for changing climatic conditions (especially reduced flows) through provision of technical data, planning, and improved allocation, capacity building and awareness-raising. Within this overall purpose, project outcomes and activities will focus on three technical areas:

- Understanding current and future climatic vulnerability: and developing and using such information for more equitable water allocation in a changing hydrological regime;
- Minimize future climatic vulnerability and future climatic risk: Continuing dialogues to ensure sustainable water resources management;
- Incorporating climate change adaptation in the water sector: national linkages and lessons learned.

Pipeline Projects (projects under development)

Global: Piloting Climate Change Adaptation to Protect Human Health (UNDP/WHO, GEF/SCCF US\$6.47m, total US\$24.47m)

The goal of this project is to implement a range of strategies, policies and measures that will decrease health vulnerability to current climate variability and future climate change in a range of vulnerable countries. The project strategy is to work with a set of countries with different kinds of health risks caused by climate change, including Barbados and Fiji (low-lying developing), Uzbekistan and Jordan (desert/desert-fringe), Bhutan, Kenya and China (highland populations).

The project will:

- Work with the cross-sectoral groups to complete cost-effective analysis of policies screened during the PDF-B phase, in order to prioritize among alternative methods of intervention;
- Implement strategies, policies and measures that maximize cost-effectiveness, within the feasible budget of the GEF. All will concentrate on long-term adaptation for a preventive approach, to deal both with gradually evolving risks, such as salination of water supplies, and for better advance planning and early warning to address health effects of weather-related extreme events, such as natural disasters and disease epidemics;
- Synthesize lessons learnt to provide a field-tested framework that can be extended to other vulnerable countries.

Regional: Design and Implementation of Pilot Climate Change Adaptation Measures in the Andean Region (Bolivia, Peru, Venezuela) (WB, SCCF/GEF US\$7.29m, total US\$27.40m)

The development objective of the proposed project is to support regional efforts to implement adaptation measures to meet the anticipated impacts from climate change in the Andean highlands and in related river basins. This will be achieved through: a) identifying ongoing or planned government interventions with outcomes highly vulnerable to extreme weather events and climate change and assessing measures and policy options to adapt to the effects of climate change as well as development projects within which adaptation can be mainstreamed; and b) implementing regional and strategic adaptation pilots to address key climate impacts on their economies. Priority will be given to pilots from vulnerable highland and coastal glacial-dependent watersheds, other associated ecosystems, and regions of mutual interest to participating member countries, where the impacts on global commons and associated local impacts are the highest.

Regional: Pacific Islands Adaptation to Climate Change Project (PACC) (Cook Islands, Federated States of Micronesia, Fiji, Nauru, Niue, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu) (UNDP, SCCF/GEF US\$11.60m, total US\$82.40m)

The PACC will implement long-term adaptation measures to increase the resilience of a number of key development sectors in the Pacific islands to the adverse impacts of climate change. This objective will be achieved by focusing on adaptation response strategies, policies and measures to bring about this result. The key development sectors this project will focus on are: i) water resources management; ii) food production and food security; and iii) coastal zone and associated infrastructure (roads and breakwater).

The project will be completed in two phases. During Phase I, baseline and additional adaptation activities in the key socio-economic sectors identified will be elaborated. Using the Adaptation Policy Framework as a guiding tool for project development, a strategy and structure for implementing key adaptation activities in the identified areas will be further developed and finalized. In Phase II, the project will implement key adaptation activities in the key economic areas and establish national and regional adaptation financing mechanisms to ensure sustainability of the project. Monitoring and evaluation of the project will also ascertain during this phase whether adaptation investments significantly enhanced sustainable development in case study countries. Regional activities will consist of technical backstopping to enhance national implementation.

Ecuador: Adaptation to Climate Change through Effective Water Governance (UNDP, SCCF/GEF US\$3.35m, total US\$9.35m)

The project objective is to reduce Ecuador's vulnerability to climate change through effective water resource management. The project will mainstream adaptation to climate change into water management practices in Ecuador through targeted capacity development, information management and knowledge brokering, and flexible financial mechanisms to promote local innovation in sustainable water management. Three major project outcomes are envisioned:

- Strengthened policy environment and governance structure for effective water management through the integrating of adaptation to climate change in water governance structures.
- Improved information and knowledge management on climate risks in Ecuador by strengthening the capacity of institutions that monitor key resources and improving the use of climate information and data in national and local decision-making (including both improving monitoring/early warning systems and translation of existing and upcoming data into useful on the ground knowledge).
- Application of sustainable water management and water-related risk management practices to withstand the effects of climate change by on-the-field sustainable development

organizations (NGOs, technical cooperation, Ministry of Agriculture), local governments and communities.

India: Climate-resilience Development and Adaptation (UNDP, SCCF/GEF: US\$4.25m, total US\$20.25m)

The objective of the proposed project is to identify, test and build capacity for replicable implementation of climate risk reduction strategies in three key development sectors and disaster risk management. It will do so by first testing risk reduction strategies in pilot field areas, developing mechanisms for supporting risk reduction across sectors and identifying enabling financial mechanisms and second using these to inform policy makers and develop institutional capacities to address the additional impacts of climate change on extreme events.

Mexico: Protection of Environmental Services of Coastal Wetlands in the Gulf of Mexico to the Impacts of Climate Change (WB, GEF/SCCF US\$4.8m, total US\$13.8m)

The objective of the project is to reduce vulnerability to the anticipated impacts from climate change on the country's water resources, with a primary focus on coastal wetlands and associated inland basins. Specifically, the project seeks to identify national policies to address the impacts of climate change on water resources at the national level (global overlay), to evaluate current and anticipated effects of climate change on the integrity and stability of Gulf of Mexico wetlands, and to implement pilot adaptation measures.

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Annex 10
Decision on Agenda Item 6 Governance of the Climate Change Funds
Joint Summary of the Special Council Meeting, Cape Town, August 28, 2006

16. The Council reconfirms that for purposes of the Least Developed Countries Fund for Climate Change (LDCF) and the Special Climate Change Fund (SCCF), the GEF will function under the guidance of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP). For purposes of the Adaptation Fund (AF), the GEF will function under the guidance of the Conference of the Parties serving as the Meeting of the Parties to the Kyoto Protocol (COP/MOP).

17. The Council reconfirms that the policies and procedures and the governance structure of the GEF will apply to the climate change funds, managed by the GEF in accordance with the decisions of the COP or the COP/MOP, unless the Council decides it is necessary to modify such policies and procedures to be responsive to the guidance of the COP or COP/MOP.

18. The Council also confirms that the policies and procedures separately established for the climate change funds will not apply or be taken to establish any precedent for the operation of the GEF Trust Fund.

19. The administrative costs of managing each fund will be financed solely from the resources of the relevant fund.

20. The Council agrees that the general decision making principles applied to the operation of the LDCF and the SCCF, as approved by the Council at its May 2002 meeting on the basis of Document GEF/C.19/6, *Arrangements for the Establishment of the New Climate Change Funds*, should be modified as follows.

21. With respect to decision making for the LDCF and SCCF, the Council will meet as the Council for the LDCF and the SCCF (hereafter referred to as the LDCF/SCCF Council.) Any Council Member is eligible to take part in the LDCF/SCCF Council. Any Council Member may choose to participate in the LDCF/SCCF Council or to attend as an observer. A formal vote by the LDCF/SCCF Council will be taken where consensus cannot be achieved. Such vote will be conducted by a double weighted majority, that is, an affirmative vote representing both a 60% majority of GEF Participants represented on the LDCF/SCCF Council and a 60% majority of the total contributions to such fund. The total contributions will be calculated based on the actual cumulative payments made to the respective fund.

22. Pursuant to the request of the SBI inviting relevant institutions to submit information on issues raised in the compilation document on the AF and recalling decision 10/CP.7 in which the Conference of the Parties decided that the adaptation fund shall be operated and managed by an entity entrusted with the financial mechanism of the Convention, the Council agrees that should the COP/MOP give further guidance to the GEF on the management of the AF, the Council would meet as the Council for the AF. Decisions of the Council on matters concerning the operation of the fund would be taken by consensus among all Council Members representing Participants that are parties to the Kyoto Protocol. A formal voting procedure would be agreed by the Council meeting as the Council for the AF following further guidance of the COP/MOP and taking into account the GEF Instrument.

23. Notwithstanding any other provision of this decision, any decisions or actions directly affecting only the LDCF, the SCCF and the AF, respectively, will be delegated to the LDCF/SCCF Council and the AF Council, as appropriate. The LDCF/SCCF Council and the AF Council cannot amend this delegation of authority without approval of the GEF Council.

24. The Council requests the Secretariat and the Trustee to make necessary arrangements to effect the changes reflected in this decision.