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Matters relating to finance

Further guidance to the Least Developed Countries Fund

Synthesis report on the progress made in the implementation of the least developed countries work programme, including the updating and implementation of national adaptation programmes of action

Note by the secretariat

Summary

This report synthesizes the information provided by Parties and relevant organizations on the progress made in the implementation of the least developed countries work programme, including the updating and implementation of national adaptation programmes of action (NAPAs). It provides a review of the status of the preparation and implementation of NAPAs, the operation of the Least Developed Countries Fund and the implementation of the elements of the least developed countries work programme other than NAPAs.

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I. Introduction

A. Mandate

1. The Conference of the Parties (COP), at its sixteenth session, invited Parties and relevant organizations to submit to the secretariat, by 1 August 2012, information on their experience with the implementation of the least developed countries (LDCs) work programme, including the updating and implementation of national adaptation programmes of action (NAPAs), and in accessing funds from the Least Developed Countries Fund (LDCF). At the same session, the COP requested the secretariat to prepare a synthesis report on the progress made in the implementation of the LDC work programme, including the updating and implementation of NAPAs, taking into account information from the Global Environment Facility (GEF) and its agencies, the submissions from Parties and relevant organizations, the reports of the Least Developed Countries Expert Group (LEG) and other relevant sources of information, for consideration by the Subsidiary Body for Implementation (SBI) at its thirty-seventh session.¹

B. Scope of the note

2. This report synthesizes information on the progress made in the implementation of the LDC work programme, including the updating and implementation of NAPAs, based on the submissions received from the Gambia on behalf of the LDCs, and Nepal, representing the views of 48 Parties in total,² the reports on the twenty-first and twenty-second meetings of the LEG³ and the report of the GEF to the COP at its eighteenth session.⁴

3. In addition, this report draws on inputs from the reports prepared by the GEF secretariat for the thirteenth council meeting of the LDCF and the Special Climate Change Fund (SCCF). These include the progress report on the LDCF and the SCCF,⁵ the updated operational guidelines of the LDCF⁶ and the report on the support provided by the LDCF for the elements of the LDC work programme other than NAPAs.⁷

C. Possible action by the Subsidiary Body for Implementation

4. The SBI may wish to consider the information contained in this report when making recommendations to the COP on guidance for the operation of the LDCF and on matters relating to the LDCs.

¹ Decision 5/CP.16, paragraph 6.

² FCCC/SBI/2012/MISC.12 and Add.1.

³ FCCC/SBI/2012/7 and FCCC/SBI/2012/27.

⁴ FCCC/CP/2012/6.

⁵ GEF/LDCF.SCCF.13/Inf.02, available at

<<http://www.thegef.org/gef/sites/thegef.org/files/documents/LDCF.SCCF%20Progress%20Report%20Oct%2016.pdf>>.

⁶ GEF/LDCF.SCCF.13/Inf.04, available at

<<http://www.thegef.org/gef/sites/thegef.org/files/documents/Updated%20Operational%20Guidelines%20LDCF%20Oct.16.pdf>>.

⁷ GEF/LDCF.SCCF.13/Inf.05, available at

<<http://www.thegef.org/gef/sites/thegef.org/files/documents/Other%20elements%20of%20LDC%20Work%20Programme%20Oct%2016%20Final.pdf>>.

II. Background

A. Elements of the least developed countries work programme

5. At its seventh session, the COP acknowledged the specific needs and special situations of the LDCs, in that they are among the most vulnerable to the adverse effects of climate change, and adopted a package of decisions for the implementation of Article 4, paragraph 9, of the Convention.

6. Through decision 5/CP.7, the COP established the LDC work programme, which comprises the following activities:

(a) Strengthening existing and, where needed, establishing national climate change secretariats and/or focal points to enable the effective implementation of the Convention and its Kyoto Protocol in the LDCs;

(b) Providing training, on an ongoing basis, in negotiating skills and language, where needed, to develop the capacity of negotiators from the LDCs to participate effectively in the climate change process;

(c) Supporting the preparation and implementation of NAPAs;

(d) Promoting public-awareness programmes, to ensure the dissemination of information on climate change issues;

(e) Development and transfer of technology, particularly adaptation technology (in accordance with decision 4/CP.7);

(f) Strengthening the capacity of meteorological and hydrological services to collect, analyse, interpret and disseminate weather and climate information to support the implementation of NAPAs.

7. Out of the six elements of the LDC work programme, priority for funding from the LDCF was given to the preparation of NAPAs from 2001 and to the implementation of NAPAs from 2005.

B. Least Developed Countries Fund

8. By decision 7/CP.7, the COP established the LDCF to support the implementation of the LDC work programme. By decision 27/CP.7, the COP entrusted the GEF, as an operating entity of the financial mechanism of the Convention, to operate the LDCF and provided initial guidance to the GEF to focus on providing support for the preparation of NAPAs. The COP, at its eleventh session, agreed on the provisions for operationalizing the LDCF to support the implementation of NAPAs.⁸ At its fourteenth session, the COP requested the GEF to facilitate the implementation of the remaining elements of the LDC work programme through its operation of the LDCF.⁹ At its seventeenth session, the COP requested the GEF:

(a) To continue to provide information to the LDCs to further clarify project baselines and the application process for accessing funding from the LDCF in order to develop and implement projects under NAPAs to address the effects of climate change;

(b) To support the development of a programmatic approach for the implementation of NAPAs by those LDC Parties that wish to do so;

⁸ Decision 3/CP.11.

⁹ Decision 5/CP.14, paragraph 2.

(c) To further explore opportunities to streamline the LDCF project cycle, particularly during the project preparation stage;

(d) To further improve the provision of information to the LDCs on the project development process for projects being considered under the LDCF.¹⁰

III. Progress made in the implementation of the least developed countries work programme

A. Implementation of national adaptation programmes of action

1. Status of the preparation of national adaptation programmes of action

9. As at 29 September 2012, 49 LDCs had received funding for the preparation of their NAPAs, with grants amounting to USD 11.76 million. Of these, 47 LDCs have successfully completed their NAPAs. Of the two remaining, Myanmar is in the final stages of NAPA preparation and Somalia, which received funding in June 2012, is in the early stages of preparation.¹¹

2. Status of the implementation and the updating of national adaptation programmes of action

10. Funding for NAPA implementation projects was approved for 44 countries, totalling USD 317.3 million distributed in 76 projects, as reported by the GEF to the COP at its eighteenth session on 20 September 2012.¹² Table 1 summarizes the information on the number of projects approved and their regional distribution.

Table 1

Regional distribution of adaptation projects under the Least Developed Countries Fund

<i>Region</i>	<i>Number of projects^a</i>	<i>Least Developed Countries Fund financing (USD million)</i>
Africa	51	204.6
Asia	23	105.7
Latin America and the Caribbean	2	7.0
Total	76	317.3

^a Includes all medium- and full-sized projects approved under the Least Developed Countries Fund.

11. At its twenty-second meeting, the LEG noted that, as at 7 November 2012, of the 47 LDCs that had completed their NAPAs, 45 had officially submitted one or more NAPA projects to the GEF in the form of a project identification form, 25 LDCs had submitted at least two projects and 10 had submitted three or more projects.¹³

¹⁰ Decision 9/CP.17, paragraph 1.

¹¹ FCCC/SBI/2012/27, paragraph 6.

¹² FCCC/CP/2012/6, annex, paragraph 148.

¹³ FCCC/SBI/2012/27, paragraph 8.

12. The LEG also noted that the approved funding for NAPA implementation projects amounted to USD 357.85 million and was distributed in 82 projects (comprising six medium-sized projects and 76 full-sized projects).

13. On the sectoral distribution of the funding, the GEF secretariat reported to the LDCF Council on 12 October 2012 that agriculture and food security showed the highest funding needs, followed by early warning systems and ecosystem, coastal and water resources management.¹⁴ In consequence, the GEF reported having followed a portfolio composition of the LDCF in accordance with the funding needs identified by Parties in their NAPAs (see table 2).

Table 2

Distribution of Least Developed Countries Fund funds in different development sectors

<i>Sector</i>	<i>Distribution of funds (%)</i>
Agriculture and food security	29.7
Early warning systems	24.5
Water resources	17.3
Coastal management	13.9
Disaster risk management	3.6
Ecosystem management	3.6
Tourism	1.1
Health	0.8

14. The GEF also reports to the COP at its eighteenth session its plan to support a programmatic approach in the implementation of NAPAs, pursuant to the request from the COP at its seventeenth session.¹⁵ Thus far, the programmatic approach under the GEF has been used for funding two regional programmes in Africa: the Sahel and West Africa programme in support of the Great Green Wall Initiative,¹⁶ implemented by the World Bank; and the early warning system programme in nine sub-Saharan African countries, implemented in conjunction with the United Nations Environment Programme and the United Nations Development Programme.

15. Regarding the updating of NAPAs, the GEF does not provide information in its report to the COP at its eighteenth session on the support granted to the LDCs. The Gambia on behalf of the LDCs indicates that very little experience exists in updating NAPAs, mentioning only the examples from Bangladesh and Chad without further elaboration.¹⁷

3. Funding availability and access to the Least Developed Countries Fund for the implementation of national adaptation programmes of action

16. The GEF reported that, as at 30 June 2012, cumulative pledges to the LDCF amounted to USD 540 million, of which USD 451 million had been received.¹⁸ These pledges remained unchanged as at the time of the thirteenth LDCF Council meeting, the report of which also states that these pledges come from 25 donor countries.¹⁹ Project

¹⁴ See the progress report on the LDCF and the SCCF, GEF/LDCF.SCCF.13/Inf.02, paragraph 12.

¹⁵ FCCC/CP/2012/6, annex, paragraph 59.

¹⁶ Information about this programme is available at <<http://www.thegef.org/gef/great-green-wall>>.

¹⁷ FCCC/SBI/2012/MISC.12/Add.1.

¹⁸ FCCC/CP/2012/6, annex, paragraph 148.

¹⁹ GEF/LDCF.SCCF.13/Inf.02, page 3.

approvals amounted to USD 329 million in funding as at the date of the GEF report, and to USD 370 million as at the time of the most recent LDCF Council meeting, held in November 2012. Following the principle of equitable access, the GEF reported that the new ceiling for each LDC for implementing NAPA projects had been set at USD 20 million based on the pledges described above.

17. With regard to the time elapsed between NAPA completion and the approval of the first NAPA implementation project, the GEF reported that it decreased from 32 months for the first five NAPAs to 12 months for the last five, highlighting the case of Timor-Leste, which took only 75 days. The GEF also reported that the time elapsed between project approval and Chief Executive Officer endorsement was reduced from 17 months for the first 10 projects to 14 months for the last 10.²⁰

18. The GEF also reported to the LDCF Council in November 2012 that certain operational modalities to access funding from the LDCF have been changed, emphasizing that the sliding scale approach to estimating the costs of adaptation at an early stage of project design is no longer used and noting the introduction of new modalities on programmatic approaches and on direct access.²¹

19. Regarding the phase-out of the sliding scale, the GEF indicated that given the development and growth of experience in the design and implementation of adaptation projects, the concept of a sliding scale can now be replaced by the concept of additional cost, which will be assessed based on the comparison of the cost of 'business as usual' development to the estimated cost of climate-resilient development.²²

20. The GEF also reported that the LDCF follows the same direct access policies governing other GEF trust funds and, thus, recipient countries could take advantage of the direct access modality without accreditation for enabling activities financed under the LDCF.

B. Implementation of the remaining elements of the least developed countries work programme

21. By decision 9/CP.17, the COP requested the LEG to provide, in consultation with the GEF, further specifications on each of the elements of the LDC work programme other than the NAPAs, with a view to informing the COP on guidance to be provided to the GEF on the implementation of those elements.

22. In its report on its twenty-first meeting, the LEG provided such specifications and also made suggestions on how the elements of the LDC work programme other than NAPAs could be supported.²³ Paragraphs 23–32 below elaborate on the progress made as far as these remaining elements are concerned, taking into consideration the aforementioned specifications provided by the LEG.

23. In strengthening existing and, where needed, establishing national climate change secretariats and/or focal points to enable the effective implementation of the Convention and its Kyoto Protocol in the LDCs, the LEG, in its report on its twenty-first meeting, noted the establishment of a national secretariat in many LDCs to oversee the national communication process and to manage the NAPA preparation process. The report further noted that the completion of the initial national communications of the LDCs was used as

²⁰ FCCC/CP/2012/6, annex, paragraph 149.

²¹ GEF/LDCF.SCCF.13/Inf.04, page 7.

²² As footnote 21 above.

²³ FCCC/SBI/2012/7, paragraphs 31–45.

the basis for establishing the climate change secretariats, and that these secretariats are at different stages of full functionality. The secretariats usually oversee the following:

- (a) Provision of support for the development of a regulatory framework that would underpin a country's response to climate change under the Convention;
- (b) Regular support for addressing basic human, institutional and resource needs to coordinate national climate change programmes;
- (c) Communication of incoming climate change information and requests for input and programmes with relevant stakeholders at the national level.²⁴

24. With regard to this element of the LDC work programme, the GEF reported that, through LDCF projects, it had supported the establishment and development of mechanisms that aim at overseeing and promoting regulatory support for climate change adaptation.²⁵

25. On providing training on an ongoing basis in negotiation skills and language, where needed, to develop the capacity of negotiators from the LDCs to participate effectively in the climate change process, the LEG noted the existence of past and ongoing initiatives that provide training sessions and capacity-building for developing countries, including the LDCs. It further noted that some of the needs of the LDCs with respect to this element remain unaddressed and that there is still a need for further training in negotiation skills and language.²⁶

26. On promoting public awareness programmes to ensure the dissemination of information on climate change issues, the LEG did not provide information on progress made to date, but did note possible specifications that future programmes could include, namely the following:

- (a) Strengthening existing channels for promoting awareness of climate change issues;
- (b) Developing and implementing awareness programmes targeting groups with a key role in climate change education and communication, such as teachers and journalists;
- (c) Facilitating public access to information on climate change through the means of websites, flyers, newsletters, etc., with translation into local languages.²⁷

27. On this element, the GEF reported that it had made some progress, highlighting the fact that "projects and programs financed under the LDCF systematically contribute towards public awareness and communication on matters pertaining to climate change, in accordance with country priorities."²⁸

28. Additionally, with regard to public awareness, capacity-building for negotiators and strengthening existing and, where needed, establishing national climate change secretariats and/or focal points, the GEF further reported that it is considering the option of implementing a global support programme intended as a capacity-building programme that "would seek to address the shortfalls in awareness, as well as in institutional capacity that prevent LDCs from assuming greater ownership of the implementation of the UNFCCC

²⁴ FCCC/SBI/2012/7, paragraph 33.

²⁵ FCCC/CP/2012/6, annex, paragraph 64.

²⁶ FCCC/SBI/2012/7, paragraph 35.

²⁷ FCCC/SBI/2012/7, paragraph 37.

²⁸ FCCC/CP/2012/6, annex, paragraph 64.

and from establishing sustainable institutional arrangements for coordinating their adaptation and mitigation efforts.”²⁹

29. On the development and transfer of technology, particularly adaptation technology (in accordance with decision 4/CP.7), the LEG did not provide any information on progress made to date, but did note possible specifications for the development and transfer of technology that would be relevant for the provision of support to the LDCs. These specifications include conducting technology needs assessments for adaptation in the LDCs as well as providing demonstration projects on the adoption and the use of environmentally sound technologies, and strengthening or establishing mechanisms for technology transfer in the key sectors identified.³⁰

30. Furthermore, on this element of the work programme, the GEF report to the COP estimates that most projects financed under the LDCF contributed towards the transfer of technologies, including the technologies prioritized in the LEG report.³¹ The GEF report also considered that funding of the LDCF contributed to identifying adaptation technology transfer needs in the LDCs through its support for the preparation of NAPAs, thus also complying with this element of the work programme.

31. With regard to strengthening the capacity of meteorological and hydrological services to collect, analyse, interpret and disseminate weather and climate information to support the implementation of NAPAs, the LEG noted in its report that little progress was reported by the LDCs in enhancing their capacity to collect, analyse and disseminate relevant information.³²

32. On this element the GEF reported its approval in June 2012 of nine full-sized projects in nine LDCs in sub-Saharan Africa, requesting some USD 41 million under the LDCF, aiming to support climate-resilient development and adaptation by strengthening weather and climate monitoring, data collection and early warning systems.³³

IV. Issues raised in the implementation of the least developed countries work programme

33. The submission received from the Gambia on behalf of the LDCs and the submission from Nepal recognized that significant progress has been made in the preparation of NAPAs and NAPA project implementation, as 47 countries have completed their NAPAs and 82 projects had been supported. However, they pointed out a number of procedural and systemic issues, such as complex procedures for accessing resources, difficulties in communication between the countries and the implementing agencies and limited expertise and understanding in addressing urgent adaptation needs, and identified the need for further action to achieve full implementation of all elements of the LDC work programme.³⁴

34. The Gambia on behalf of the LDCs also noted that the preparation of NAPAs and national communications do not necessarily lead to the full implementation of the entire LDC work programme.

35. The LDCs considered that the progress in the implementation of projects identified in NAPAs has been slow, pointing out the complex and lengthy procedures for NAPA

²⁹ FCCC/CP/2012/6, annex, paragraph 64, and GEF/LDCF.SCCF.13/Inf.05, paragraph 13.

³⁰ FCCC/SBI/2012/7, paragraph 39.

³¹ FCCC/CP/2012/6, annex, paragraph 63.

³² FCCC/SBI/2012/7, paragraph 41.

³³ FCCC/CP/2012/6, annex, paragraph 62.

³⁴ FCCC/SBI/2012/MISC.12/Add.1.

project implementation and the low institutional capacity in the LDCs as the main causes. Furthermore, they recognized that the factors that limit progress in implementing NAPAs include the cofinancing requirement, lack of capacity for the assessment of the incremental cost (additionality), delays in accessing funding after project approval, difficulties in cooperation and coordination relating to the implementing agencies, and communication issues. The Gambia on behalf of the LDCs also pointed to the limited expertise and understanding in addressing urgent adaptation needs, without further elaboration.

36. The Parties also considered that effective NAPA implementation needs a pragmatic approach building on lessons learned, to which the recommendations contained in the report of the twenty-first meeting of the LEG provide an important starting point.³⁵

37. Both submissions acknowledged the important contributions of Parties included in Annex II to the Convention made to the LDCF and expressed their appreciation; however, they also pointed out that additional resources are still required to meet the full implementation of NAPAs, as well as for addressing the remaining elements of the LDC work programme. Furthermore, the LDCs reiterated that the LDCF is the most appropriate fund to support the implementation of the LDC work programme. In calling for additional funds for the LDCF, the LDCs noted that funding for the other elements of the LDC work programme should be additional to funding required to ensure full implementation of NAPAs.

38. Parties also raised a number of operational issues in relation to the GEF and its implementing agencies. Nepal pointed to the lengthy and complex process for accessing the fund and the condition of cofinancing. Furthermore, the Gambia on behalf of the LDCs mentioned difficulties in communication between the countries and the implementing agencies.

39. Both submissions also emphasized the low level of funds received for project implementation on the ground compared with the total cost of the project and the amount of funding requested of the LDCF. Table 3 provides the relevant figures as submitted by the Gambia on behalf of the LDCs.

Table 3

Funding provided by the Least Developed Countries Fund for national adaptation programme of action implementation projects

<i>Total project cost</i>	<i>Amount (USD million)</i>
Total project cost of the 66 projects submitted	1 707.5
Total project cost for the 43 projects CEO endorsed	855.97
<i>Total LDCF contribution</i>	<i>Amount (USD million)</i>
Total LDCF contribution requested for the 492 NAPA projects	2 014.254
Total LDCF contribution for the 66 projects submitted	275.01
Total LDCF contribution for the 43 projects endorsed	147.58
Total disbursement as at May 2012	143.94

Abbreviations: CEO = Chief Executive Officer, LDCF = Least Developed Countries Fund, NAPA = national adaptation programme of action.

40. With regard to the implementation of NAPAs, the Gambia on behalf of the LDCs also suggested to the GEF that it address this issue in a programmatic approach that should

³⁵ FCCC/SBI/2012/7, paragraphs 31–45.

also entail involving systematic national institutional mechanisms that would ensure the best results.

41. With regard to the LDC work programme as a whole, the LEG noted the greatest limitation in financial resources for the implementation of the various elements of the work programme. It further emphasized that the various components of the LDC work programme hold different levels of priority in each of the LDCs, and thus the decision on which activities to implement should be made by the country concerned.³⁶

42. In order to favour a country-driven approach in the implementation of the elements of the work programme, the LEG proposed some options to the GEF in this respect, which entail the following:

(a) A global programme (implemented by one or more GEF agencies) with enabling activities based on the prioritization of the elements of the LDC work programme by each country;

(b) The facilitation by the GEF of direct access to funding for the LDCs for the implementation of NAPAs, as well as the other elements of the work programme, whenever possible and practical.³⁷

43. The GEF raised the issue of unpredictability of available LDCF funding, indicating that this precludes the adoption of programmatic responses to the adaptation needs identified in the preparation of NAPAs.

³⁶ FCCC/SBI/2012/7, paragraphs 33–44.

³⁷ FCCC/SBI/2012/7, paragraph 44 (a–c).