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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 reported dated 4 October 2005; 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.

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Global Environment Facility

October 4, 2005

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

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I. INTRODUCTION

1. This report has been prepared for the eleventh session of the Conference of the Parties to the UN Framework Convention on Climate Change. It covers the period from July 1, 2004 to August 30, 2005 and describes major GEF activities in the area covered by the Convention.

2. The Parties' attention is also drawn to the following GEF publications and documents which the GEF will make available to the eleventh session of the Conference of the Parties. They will also be available on the GEF website (www.theGEF.org) :

- a) *GEF Annual Report 2004*, (available in English, French, and Spanish)
- b) *Achieving the Millennium Development Goals – A GEF progress report* (September 2005)
- c) *GEF and Small Island Developing States* (January 2005)
- d) *Third Overall Performance Study of the Global Environment Facility* (August 2005)

II PROJECT ACTIVITIES IN THE CLIMATE CHANGE FOCAL AREA

3. The GEF, as an operating entity of the financial mechanism of the Convention, 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: UNDP, UNEP and the World Bank. Information on all GEF projects is available at the GEF website (www.theGEF.org) under "Project Database and Documents".

4. By the end of the reporting period, the GEF had committed an estimated US\$1.98 billion to projects in the climate change portfolio focal area out of a total of US\$5.7 billion of total GEF allocations. This cumulative GEF climate change allocation has leveraged more than US\$10.4 billion to bring the total value of the GEF climate change portfolio to US\$ 12.3 billion.

5. The flow of GEF resources to the climate change focal area has continuously grown over the replenishment periods. During the Pilot Phase (1991-1994), the GEF allocated US\$207.2m to climate change projects. During GEF-1 (1995-1998), another US\$425.7m were allocated to the climate change focal area. During GEF-2 (1999-2002), the total allocated to climate change projects was US\$ 592.2m. The GEF is currently in the final year of the GEF-3 period. Including all of the projects approved during the reporting period, GEF-3 includes the approval of more than US\$600m for climate change projects. Thus, the GEF's commitment to the climate change focal area in support of the UNFCCC continues to demonstrate growth across replenishment periods.

Projects Approved (July 2004 to August 2005)

6. In the reporting period, 352 projects were approved by the GEF in the area of climate change. Table 1 provides a breakdown of those projects by project type. Tables 1– 5 provide more information on the projects, while Annex A includes a summary of the objectives and activities of each full-sized and medium-sized project approved during the reporting period.

Table 1: Projects approved in the climate change area during the reporting period for financing from the GEF Trust Fund

Type of activity	Number of activities	GEF financing (in US\$ millions)	Co-financing (in US\$ millions)	Total financing (in US\$ millions)
Full projects	23	161.02	1080.29	1241.31
Medium-sized projects	14	12.38	30.16	42.54
Enabling activities: -second or further communications	110	12.07 ¹	In-kind	12.07
Small Grants Programme ²	174	4.59	4.61	9.20
Project preparation ³	31	10.40	-	10.40
Total	352	200.46	1115.06	1315.52

7. As indicated in Table 1, the GEF allocation during the reporting period in the area of climate change was US\$ 200.46m in financing out of total project costs of over US\$ 1.3 billion. Over US\$ 1.1 billion was leveraged in co-financing for the project activities from the Implementing Agencies, Executing Agencies, bilateral agencies, recipient countries, and the private sector.

8. Among the 23 approved full-sized projects, 9 projects focus on energy efficiency and energy conservation under operational program number 5 (OP5); 12 projects promote the adoption of renewable energy under OP6; and one project supports the development of a pre-commercial, low GHG-emitting energy technology (OP7). In addition, one full-sized project approved during the reporting period is a non-expedited enabling activity to support the preparation of a Party's Second National Communication.

¹ Under expedited process only.

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

³ Often, as a first step in project development, the GEF provides financing to assist recipient countries to develop a project concept into a project proposal.

Table 2: Full-sized Projects

Country	Project Name	Implementing Agency	GEF Financing (in US\$ millions)	Total Financing (in US\$ millions)
Global	Renewable Energy Enterprise Development - Seed Capital Access Facility	UNEP	8.70	49.20
Regional (Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panamá, Belize)	Accelerating Renewable Energy Investments through CABEL in Central America	UNDP	7.02	89.69
Regional (Costa Rica, El Salvador, Nicaragua, Panamá)	Energy Efficiency in El Salvador, Nicaragua, Costa Rica and Panamá	UNDP	2.53	9.60
Regional	Pacific Islands Greenhouse Gas Abatement through Renewable Energy (PIGGAREP)	UNDP	5.23	26.03
Armenia	Armenia/Renewable Resource Revolving Fund	World Bank	3.25	18.75
Brazil	Externally Fired Combined Cycle (EFCC) Technology Option for an 80 MWe, Cogeneration Plant at the Cosan Group, SP, Brazil (Tranches-1&2)	World Bank/IFC	44.52	177.52
Brazil	Second National Communication of Brazil to the UNFCCC	UNDP	3.40	7.58
Burkina Faso	Energy Sector Reform Project	UNDP	1.76	5.89
China	China Utility-Based Energy Efficiency Finance Program (CHUEE)	WB/IFC	16.50	146.90
Guatemala	Productive Uses of Renewable Energy in Guatemala	UNDP	2.65	14.33
Honduras	Rural Infrastructure (Electrification Component)	World Bank	2.70	21.44
Indonesia	Integrated Micro hydro Development and Application (IMIDAP)	UNDP	2.12	20.58
Iran	Removing Barriers to Large Scale Commercial Wind Energy Development	UNDP	5.73	56.13
Kazakhstan	Removing Barriers to Energy Efficiency in Municipal Heat and Hot Water Supply	UNDP	3.55	10.73
Lao PDR	Southern Provinces Rural Electrification II Program	World Bank	5.33	33.21
Macedonia	Sustainable Energy Program	World Bank	5.85	34.65
Peru	Rural Electrification	World Bank	10.35	145.30
Russian Federation	Financing Energy Efficiency in the Russian Federation (FEER)	World Bank/IFC	7.00	30.25
South Africa	Renewable Energy Market Transformation (REMT)	World Bank	6.00	17.30
South Africa	South Africa Wind Energy Programme (SAWEP), Phase I	UNDP	2.30	10.86

Country	Project Name	Implementing Agency	GEF Financing (in US\$ millions)	Total Financing (in US\$ millions)
Ukraine*	Climate Change Mitigation in Ukraine Through Energy Efficiency in Municipal District Heating (Pilot Project in Rivne), Phase 2	UNDP	3.49	7.05
Vietnam	Promoting Energy Conservation in Small and Medium Scale Enterprises (PECSME)	UNDP	5.80	29.23
Vietnam	Rural Energy II	World Bank	5.25	279.09
Total			161.02	1241.31

*Annex I countries

9. Table 3 lists the 14 medium-sized projects approved during the reporting period. One project is designed to assist countries in removing barriers to energy efficiency and energy conservation under OP5; eight aim to promote the adoption of renewable energy under OP6, and three address sustainable transport under OP11. Two of the MSP's approved support initiatives in the area of adaptation to climate change under the Strategic Pilot on Adaptation (SPA).

Table 3: Medium-sized Projects

Country	Project Name	Implementing Agency	GEF Financing (in US\$ millions)	Total Financing (in US\$ millions)
Global	Adaptation Learning Mechanism: Learning by Doing	UNDP	0.72	1.37
Global	Assessment of Risk Mgt. Instruments for Financing Renewable Energy	UNEP	0.99	1.49
Global (Tanzania, Colombia)	Reducing Greenhouse Gas Emissions with Bus Rapid Transit	UNEP	0.75	3.75
Regional (Kenya, Tanzania, Uganda, Ethiopia, Eritrea)	Building Sustainable Commercial Dissemination Networks for Household PV Systems in Eastern Africa	UNEP	0.72	1.26
Bhutan	Community Micro-Hydro for Sustainable Livelihood	UNDP	0.55	1.09
Botswana	Incorporating Non-Motorized (NMT) Transport Facilities in the City of Gaborone	UNDP	0.92	2.28
Hungary*	Lake Balaton Integrated Vulnerability Assessment, Early Warning and Adaptation Strategies	UNDP	0.99	4.08

Country	Project Name	Implementing Agency	GEF Financing (in US\$ millions)	Total Financing (in US\$ millions)
Korea DPR	Small Wind Energy Development and Promotion in Rural Areas (SWEDPRA)	UNDP	0.75	1.45
Moldova	Renewable Energy from Agricultural Wastes	World Bank	1.00	2.65
Nigeria	Rural Electrification and Renewable Energy Development	World Bank	1.00	10.00
Papua New Guinea	Teacher's Solar Lighting Project	World Bank	0.99	2.94
Slovak Republic*	Removing Barriers to the Reconstruction of Public Lighting (PL) Systems in Slovakia	UNDP	1.00	3.20
Venezuela	Promotion of Environmentally Sustainable Transport in the City of Valencia	UNDP	1.00	4.98
Yemen	Rural Electrification and Renewable Energy Development	World Bank	1.00	2.00
Total			12.38	42.54

*Annex I countries

10. Table 4 lists 110 enabling activity projects approved until August 2005. The global project *National Communications Program for Climate Change*, approved in 2004, is assisting non-Annex I countries to prepare their second or subsequent national communications (see Annex C). In keeping with COP recommendations, non-Annex I Parties that have not yet received financing to build and strengthen their capacity to identify and assess technology needs to address climate change may also request and receive additional funding for this purpose within the context of their second national communications project.

Table 4: Enabling Activities Status of Enabling Activity funding related to second national communications from Parties not included in Annex I to the Convention

NAME OF THE PARTY	Amount provided to the country for Stocktaking (US US\$millions)	Approved funding for National Communications by IAs (US\$millions)
Albania	0.015	0.405
Algeria	0.015	
Antigua and Barbuda	0.015	
Armenia	0.015	0.405
Azerbaijan	0.015	0.405
Bahamas	0.015	
Bangladesh	0.015	
Barbados	0.015	
Belize	0.015	
Benin	0.015	
Bhutan	0.015	
Bolivia	0.015	0.405
Bosnia and Herzegovina	0.015	
Botswana	0.015	
⁴ Brazil		
Burkina Faso	0.015	
Burundi	0.015	
Cambodia	0.015	
Cape Verde	0.015	
Central African Republic	0.015	

⁴ Brazil is following GEF full-cycle procedures for its SNC. The project brief was submitted to the GEF for the July Inter-Sessional Work Program and was approved by the GEF Council. Its financial details are listed in Table 2 with the other full-sized projects.

Chad	0.015	
Chile	0.015	
Colombia	0.015	
Congo	0.015	
Cook Islands	0.015	
Costa Rica ⁵	0.015	
Côte d'Ivoire	0.015	0.405
Cuba	0.015	
Democratic People's Republic of Korea	0.015	
Democratic Republic of the Congo	0.015	0.405
Djibouti	0.015	
Dominica	0.015	
Dominican Republic	0.015	
Ecuador	0.015	
Egypt	0.015	
Eritrea	0.015	
Ethiopia	0.015	
Gabon	0.015	
Gambia	0.015	
Georgia	0.015	0.405
Ghana	0.015	
Grenada	0.015	
Guatemala	0.015	

⁵ Costa Rica received approval of GEF funds for its SNC on the basis of previous guidelines in March 2004, but is currently updating its project document through the self-assessment exercise to follow current procedures.

Guinea	0.015	
Haiti	0.015	0.405
Honduras	0.015	
India ⁶		
Indonesia	0.015	
Iran (Islamic Republic of)	0.015	
Jamaica	0.015	
Jordan	0.015	
Kazakhstan	0.015	0.405
Kenya	0.015	0.405
Kiribati	0.015	
Kyrgyzstan	0.015	0.405
Lao People's Democratic Republic	0.015	
Lesotho	0.015	
Liberia	0.015	0.405
Lebanon	0.015	0.405
Macedonia	0.015	0.405
Madagascar	0.015	0.405
Malawi	0.015	
Malaysia	0.015	
Mali	0.015	
Marshall Islands	0.015	
Mauritania	0.015	0.405

⁶ India is following GEF full-cycle procedures for SNC funding. India received PDF-B funds for preparation of SNC project brief, which is expected to be submitted to the February 2006 GEF work program.

Mauritius	0.015	
Mexico ⁷		0.405
Micronesia (Federated States of)	0.015	
Mongolia	0.015	
Morocco ⁸		0.405
Namibia	0.015	
Nauru	0.015	
Nicaragua	0.015	0.405
Niger	0.015	
Nigeria	0.015	
Niue	0.015	0.405
Palau	0.015	
Panama	0.015	
Papua New Guinea	0.015	
Paraguay	0.015	
Peru ⁹		
Philippines	0.015	
Republic of Moldova	0.015	0.405
Saint Kitts and Nevis	0.015	
Saint Lucia	0.015	
Saint Vincent and the Grenadines	0.015	
Samoa	0.015	0.405
Senegal	0.015	

⁷ Mexico did not request stocktaking funds

⁸ Morocco did not request stocktaking funds.

⁹ Peru is following GEF full-cycle procedures for SNC funding. Peru received PDF-A funds for preparation of SNC project brief, which should be submitted to the November 2005 GEF work program

Serbia and Montenegro	0.015	
Seychelles	0.015	
Solomon Islands	0.015	
Sudan	0.015	
Syrian Arab Republic	0.015	
Swaziland	0.015	
Tajikistan	0.015	0.405
Thailand	0.015	
Togo	0.015	
Trinidad and Tobago	0.015	
Tunisia ¹⁰		0.405
¹¹ Turkey	0.015	
Turkmenistan	0.015	
Tuvalu	0.015	
Uruguay ¹²		0.405
Uzbekistan	0.015	0.405
Vanuatu	0.015	
Viet Nam	0.015	
Yemen	0.015	
Zambia	0.015	
Zimbabwe	0.015	

¹⁰ Tunisia did not request stocktaking funds.

¹¹ Turkey is an Annex Party eligible to receive funding under Article 9(b) of the GEF Instrument.

¹² Uruguay has submitted a project proposal for its Third National Communication to UNDP. Uruguay did not request stocktaking funds

Project Development Facility Activities

11. Often, as a first step in project development, the GEF provides financing to assist recipient countries to develop a project concept into a project proposal. During the reporting period, 31 grants from the Project Development Facility (PDF) were approved. These PDF's are listed in Table 5.

Table 5: Project Development Facility Grants

Country	Project Name	Implementing Agency	GEF Financing (in US\$ millions)
Global (Bangladesh, Bolivia, Niger, Samoa)	Community-based Adaptation (CBA) Programme	UNDP	0.48442
Regional	Adaptation to Climate Change – Responding to Shoreline Change and its human dimensions in West Africa through integrated coastal area management.	UNDP	0.70000
Regional (Bolivia, Colombia, Ecuador, Peru, Venezuela)	Capacity Building for Removal of Barriers to the Cost-effective Development and Implementation of Energy Efficiency Standards and Labelling (Andean-CSL) Programme	UNDP	0.48500
Regional (Cameroon, Mali, Central African Republic, Benin, Togo, Gabon, Equatorial Guinea, Burundi, Rwanda)	First Regional Micro/Mini-Hydropower Capacity Development Project and Investment in Rural Electricity Access in Sub-Saharan Africa	UNDP	0.26500
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	World Bank	0.30000
Regional (Romania, Bulgaria, Croatia)	Programme of Capacity Building for the Removal of Barriers to the Cost-Effective Development and Implementation of Energy Efficiency Standards and Labeling in EU Candidate Member Countries	UNDP	0.67570
Regional (Ethiopia, Kenya, Malawi, Swaziland, Tanzania, Uganda)	Cogen for Africa	UNEP	0.36740
Regional (Burundi, Kenya, Malawi, Mozambique, Rwanda, Tanzania, Uganda, Zambia)	Greening the Tea Industry in East Africa	UNEP	0.56940
Regional (Ethiopia, Kenya, Mozambique, Zimbabwe)	Coping with Drought and Climate	UNDP	0.42500
Albania	Market Transformation for Solar Thermal Water Heating	UNDP	0.28000
Argentina	Argentina Energy Efficiency Project	World Bank	0.34500
Brazil	Transport and Air Quality Improvement Program for Sao Paulo	World Bank	0.35000
China	Urban Transport Development Strategy Partnership and Demonstration Program	World Bank	0.35000
Colombia	Integrated National Adaptation Plan: High Mountain Ecosystems, Colombia's Caribbean Insular Areas and Human Health (INAP)	World Bank	0.27000
Colombia	Sustainable Transport and Air Quality for Bogotá and Other Cities	World Bank	0.35000
Djibouti	Power and Water Development Project	World Bank	0.30000
Egypt	Promoting Sustainable Public Transportation in Urban Areas	UNDP	0.27500

Ghana	Accra Urban Transport	World Bank	0.35000
Guatemala	Productive Uses of Renewable Energy in Guatemala	UNDP	0.10000
India	Cleaner Mobility in Urban Area	UNDP	0.22500
India	Enabling activities for preparation of India's Second National Communication to UNFCCC	UNDP	0.34900
India	Market Transformation through Consumer Awareness Programs for Energy Efficiency Standards and Labeling	UNDP	0.16000
Jordan	Promotion of a Wind Power Market	World Bank	0.35000
Kenya	Development and Implementation of a Standards and Labeling Programme	UNDP	0.35000
Kiribati	Kiribati Adaptation Program Phase II – Pilot Implementation	World Bank	0.09910
Lesotho	Renewable Energy-based Rural Electrification	UNDP	0.10000
Mexico	Integrated Energy Services for Small Localities of Rural Mexico	World Bank	0.35000
Morocco	Energy Efficiency in Large Buildings	UNDP	0.27500
Peru	Rural Electrification	World Bank	0.35000
South Africa	Sustainable Public Transport and Sport: a 2010 Opportunity.	UNDP	0.19731
Ukraine*	Power Sector Policy Reform to Support Wind Power Development	UNDP	0.35000
TOTAL			10.39733

*Annex I countries

12. During the reporting period, the GEF Small Grants Programme (SGP) supported 174 community-based climate change projects totaling some US\$4.59m in GEF financing, matched with US\$4.61m of co-financing for a total value of US\$9.20m. These activities are described in more detail below, in the section addressing Capacity Building.

13. It should also be noted that GEF resources provided through other focal areas (biodiversity, land degradation, ozone, persistent organic pollutants, and international waters) often have cross-cutting benefits supportive of the objectives of the UN Framework Convention on Climate Change through the development of human resources and institutions, as well as through activities supporting a range of global environmental goals including carbon sequestration.

III. OTHER ACTIVITIES IN RESPONSE TO CONVENTION GUIDANCE

14. COP provided additional guidance to the GEF which covered the following areas :

- (a) How activities to address the adverse impacts of climate change have been supported, and the barriers, obstacles, and opportunities presented, through:

- (i) The strategic priority “Piloting and Operational Approach to Adaptation”
 - (ii) The Small Grants Programme (SGP)
 - (iii) Efforts to address adaptation in the climate change focal area and to mainstream it into other focal areas of the GEF
 - (iv) The Least Developed Country Fund (LDCF) and efforts to finance the preparation of National Adaptation Program of Actions (NAPAs)
 - (v) The Special Climate Change Fund (SCCF)
- (b) On matters relating to *capacity building*, the GEF was requested to take into account the key factors identified in paragraph 1 of decision 2/CP.10 when supporting capacity building activities in developing countries. The COP also requested the Convention 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 publish it through the UNFCCC website.
- (c) On the provision of financial assistance to support activities relating to *technology needs assessments*, the COP called on the GEF to expedite action in providing support to Parties that have not yet carried out their needs assessments.¹³
- (d) On operationalization of the GEF’s strategic approach to enhance *capacity building*, the COP invited the GEF to strengthen its efforts aimed at implementing the key elements of its approach, in particular the country capacity building programs for LDCs and SIDS¹⁴. A separate decision on capacity building in Parties with economies in transition invited the GEF to provide financial support to these Parties in accordance with earlier decision. It also invited Annex II Parties, multilateral, bilateral and other international organization to support these activities¹⁵.
- (e) On matters relating to *Article 6 of the Convention*, the GEF was urged to continue its work in improving access to, and visibility of, opportunities for funding Article 6 activities. Article 6 of the Convention is related to education, training and public awareness.
- (f) A separate decision was adopted on the assessment of funding to assist developing countries in fulfilling their commitments under the Convention, in which the COP:

¹³ (Para 8 of FCCC/CP/2004/10 Annex III)

¹⁴ (UNFCCC 2/CP.10)

¹⁵ UNFCCC 3/CP.10

- (i) Decided that the report on the assessment of funding necessary to assist developing countries in fulfilling their commitments under the Convention shall constitute an input of the COP to the forthcoming fourth replenishment negotiations of the GEF Trust Fund.
- (ii) Urged the Council of the GEF to ensure that adequate funding is available to enable developing countries to meet their commitments under the convention, taking into account the provisions of financial resources relating to the implementation of the Convention by developing country Parties through bilateral, regional and other multilateral channels.
- (g) On the development of the GEF's *Resource Allocation Framework*, the COP encouraged the GEF to ensure that the methodologies, indicators and data employed to develop the framework are consistent with the provisions of Article 11 of the Convention and the memorandum of understanding concluded between the COP and the Council and guidance provided by the COP to the GEF. It also invited the GEF to ensure that it allocate adequate resources under the GEF Trust Fund to support the implementation of adaptation activities, consistent with the COP guidance to the GEF¹⁶.

Activities to Address the Adverse Impacts of Climate Change

15. In response to various COP decisions, the GEF currently has three avenues open for funding activities focusing on the adverse impacts of climate change: the Strategic Priority on Adaptation (SPA) under the GEF Trust Fund, the Least Developed Countries Fund (LDCF), and the Special Climate Change Fund (SCCF). Activities funded under the SPA receive funding from the GEF Trust Fund and are expected to generate global environmental benefits. Activities supported under the LDCF are intended to address the urgent and immediate adaptation needs of the Least Developed Countries. Adaptation efforts supported under the SCCF are aimed at addressing adaptation to climate change in key development sectors, such as water, agriculture, and health. In addition, the GEF is taking preliminary steps to operationalize the Adaptation Fund to further support adaptation activities. In response to a request from the COP 10,¹⁷ each of these sources of adaptation funding is addressed below.

Strategic priority “Piloting an Operational Approach to Adaptation” (SPA)

16. During the seventh Conference of the Parties in 2001, the UNFCCC requested that the GEF 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

¹⁶ Para 11 and 12 of FCCC/CP/2004/10 Annex III

¹⁷ Decision -/CP.10 “Additional guidance to an operating entity of the financial mechanism”

studies¹⁸.” In response to this guidance, the GEF established the Strategic Priority “*Piloting an Operational Approach to Adaptation (SPA)*”. In financing adaptation activities, the GEF Council requested that SPA projects “are consistent with the principles of the Trust Fund, including criteria concerning incremental costs and global environmental benefits¹⁹”.

17. An indicative target of US\$50m for the SPA was included in the GEF Business Plan in November 2003. While the first medium sized projects (MSP’s) under the SPA were approved during the current reporting period (Table 3), the first full-sized projects funded under the SPA are expected to be included in the November 2005 Work Program.

18. The overall objective of the SPA is to support pilot and demonstration projects that both address local adaptation needs and generate global environmental benefits in the focal areas in which the GEF works: biodiversity, climate change, international waters, land degradation, and persistent organic pollutants (POPs). Projects that generate both local (development-focused) and global benefits will be eligible under the SPA if their benefits are considered to be primarily global in nature. The approach adopted to design these initiatives is expected to be consistent with rigorous scientific methodologies and best practice as demonstrated in scientific papers and peer-reviewed publications. The SPA will support activities that increase adaptive capacity and resilience to climate change in any of the GEF focal areas.

19. The need to promote integration between the climate change, biodiversity and desertification conventions has been endorsed by Parties, the Convention Secretariats and numerous scientific bodies. In the GEF context, synergies among conventions imply the need for integration between GEF focal areas. Adaptation to climate change offers a unique concrete opportunity to test these linkages at the operational level.

The Small Grants Programme and Adaptation

20. Among the activities being prepared for support under the SPA is a US\$5m program to provide support to adaptation activities under the Small Grants Program (SGP). This project (see Table 5) is expected to enter a GEF work program in early 2006.

21. This SGP adaptation program is expected to:

- (i) Develop a framework, including new knowledge and capacity, to respond to unique community-based adaptation needs
- (ii) Identify and finance diverse community-based adaptation projects in a number of selected countries
- (iii) Capture and disseminate lessons learned at the community level to all stakeholders, including governments

¹⁸ FCCC/CP/2001/13/Add.1, decision 6/CP.7

¹⁹ Joint Summary of the Chairs, GEF Council meeting, May 19-21, 2004, paragraph 26, pp 4

22. The program will focus initial pilot activities in Bolivia, Niger, Samoa and Bangladesh, where local communities are actively participating in the preparation phase of the project. Six more countries will be selected for inclusion after the preparation phase is completed.

The Least Developed Countries Fund (LDCF)

23. In 2001, the Seventh Conference of the Parties established the Least Developed Country Fund (LDCF) to address the special needs of the LDCs, taking into account their extreme vulnerability to climate change and their limited adaptive capacity. In response to this guidance from the COP, the GEF has operationalized the LDCF. To date, these operations include support to the full cost of the preparation of National Adaptation Programs of Action (NAPAs). The majority of LDCs have received funds to prepare their NAPAs, many of which are now close to completion. NAPAs are aimed at identifying priority activities addressing the urgent and immediate needs of the LDCs relating to adaptation to the adverse impacts of climate change. The GEF is currently consulting with the LDCs, donors, implementing agencies and others on how to move from the preparation of NAPAs to the implementation phase.

24. Initial voluntary contributions to the LDCF amount to US\$32.9m. Of this amount, about US\$12m has been allocated to NAPA preparation. In addition to the remaining US\$22.0m, the GEF is expected to mobilize additional funds to implement the projects identified in the NAPAs. After a significant number of NAPAs are completed and a programming paper is prepared, a meeting with donor countries to mobilize additional funds will be held (expected in 2006).

25. The overall objective of the adaptation program under the LDCF is to meet the urgent and immediate needs of the LDCs with respect to adaptation to climate change, as identified and prioritized in the NAPAs. .

The Special Climate Change Fund (SCCF)

26. The Special Climate Change Fund (SCCF) was established in response to guidance to the GEF from the Conference of the Parties to the UNFCCC at its seventh session. Parties agreed that the SCCF should support activities in the following areas:

- (a) Adaptation
- (b) Technology transfer
- (c) Energy, transport, industry, agriculture, forestry, and waste management
- (d) Economic diversification

27. To date, guidance has been received for supporting adaptation—which is given the top priority—and technology transfer under the SCCF.

28. The GEF Council approved a proposed program outlining plans to utilize SCCF resources in November 2004²⁰. Subsequently, the GEF Secretariat met with donor countries and

²⁰ GEF/C.24/12 *Programming to implement the guidance for the SCCF adopted by the COP to the UNFCCC at its ninth session.*

mobilized an initial US\$34m in pledges, of which approximately US\$33m are allocated to adaptation and US\$1m to technology transfer.

29. As called for in the guidance, the overall objective of adaptation projects under the SCCF is to address the adverse impacts of climate change. These activities will be country-driven, consistent with country's priorities, and integrated into development plans, projects and programs. Another objective of adaptation activities financed under the fund will be to support capacity building, project preparatory work, and awareness raising.

30. Activities will be implemented, *inter alia*, in the following areas:

- (a) Water resources management
- (b) Land management
- (c) Agriculture
- (d) Health
- (e) Infrastructure development
- (f) Fragile ecosystems, including mountainous ecosystems
- (g) Integrated coastal zone management

Steps To Operationalize the Adaptation Fund

31. The GEF, as the financial mechanism of the Convention, has been requested by the COP to operate the Adaptation Fund. In its meeting from May 15-17, 2002, the GEF Council invited the World Bank to serve as trustee of this new fund. The World Bank accepted GEF's request and agreed to establish a Multi-Donor Trust Fund that will be separately accounted for and disbursed in accordance with the decisions of the GEF Council. At the request of the GEF-Secretariat, the World Bank has begun to examine options for encashment of the Certified Emissions Reductions (CER's) being made available under the Clean Development Mechanism (CDM) for the operation of the Adaptation Fund. A mechanism is needed to monetize CERs to optimize the financial resources available to support adaptation activities in a fully transparent manner. Care must be taken to identify and pursue a transparent encashment protocol that will be robust in the context of this new market. As numerous uncertainties shape the current operation of this market, a number of options for CER encashment for the Adaptation Fund are under examination, including the use of an auction format. The Trustee will gather additional information and undertake further analysis in order to ensure that the proposed arrangement will meet the goal identified for the fund. The GEF and the World Bank welcome the suggestions of the CDM Executive Board or other Parties as to how this goal might best be accomplished.

National Communications Support Program

32. The Conference of the Parties at its ninth session requested the GEF to closely monitor the performance of the global project to support the preparation of national communications and

to provide financing in a timely manner for the preparation of national communications by non-Annex I Parties whose project activities are not covered by the global project.²¹

33. Following the *Operational Procedures for the Expedited Financing of National Communications from Non-Annex I Parties*²², the majority of the countries have already requested GEF funds for the self-assessment exercise recommended as a first step in preparing project proposals for national communications (NC). Since April 2004, UNDP and UNEP have approved 103 country requests for assistance to conduct stocktaking.

34. Phase II of the National Communications Support Program (NCSP) began its activities in June 2005. Based on the success of the NCSP Phase I, the objective of this program is to provide technical assistance to all non-Annex I Parties in the preparation of their national communications. The NCSP will focus on sharing best practices, lessons learnt, knowledge network support, targeted training activities and the development of methodologies and tools.

35. One of the first activities of the NCSP is the organization of an initiation workshop for those countries already preparing their second national communications, to discuss implementation strategies for the different components of the national communications and technical assistance needs. Upon the kind invitation of the Government of Georgia, the workshop will be held in Tbilisi, Georgia from October 26 to 28, 2005. The participation of experts in this workshop will be funded from co-financing provided by the government of Switzerland.

36. Non-Annex I Parties are further being requested through a questionnaire to identify their technical assistance needs to ensure that NCSP and the Implementing Agencies tailor their services appropriately.

37. The Advisory Committee of the NCSP met in Seoul, Republic of Korea, on October 1, 2005, to discuss the work plan of the activities of the NCSP for the next two years to ensure that the implementation of the program is consistent with the guidance provided by the Conference of the Parties. In addition, each Implementing Agency has provided a full status report of the funding provided to non-Annex I Parties for the preparation of their national communications, and has reported not only on difficulties arising from implementation of GEF projects in countries, but also on success stories from which the lessons can be used and replicated. The Advisory Committee meeting was held back-to-back with a training workshop of the UNFCCC Consultative Group of Experts (CGE) on national communications.

38. The Chair of the CGE participated at the NCSP Advisory Committee meeting to report on CGE activities. This is to ensure full coordination between the NCSP and the CGE.

²¹ Decision 4/CP.9.

²² GEF/C.22/Inf.16

GEF and Technology Transfer under the UNFCCC

39. One of the GEF's major objectives has been to catalyze transfer of climate-friendly technology through its projects. This will continue to be an important goal for GEF. The GEF has supported testing of innovative approaches to transforming the markets for new technologies and continue to incorporate lessons learned through an active knowledge management program.

40. Over the decade in which it has been in existence, the GEF has supported projects in over 130 countries, seeking to develop and transform markets for more than two dozen technologies. GEF projects have actively supported assessments of the barriers that prevent local markets from using new mitigation technologies and practices and formulation of strategies to remove such barriers.

41. GEF interventions are designed to have lasting positive impacts on technology transfer and diffusion in the target countries. For example, GEF financing facilitates the introduction of climate-friendly technologies that are cost-effective compared to non-climate friendly technologies over the lifetime of the investments, even though they are currently not available or known in developing countries. Technology transfer is promoted by providing information, creating an enabling environment by strengthening local technical knowledge and capacity, and financing and supporting the use of the actual technology. GEF interventions seek to leverage win-win situations under its Operational Programs 5, 6 and 11.

42. A recent post-project evaluation of four GEF/WB energy efficiency projects draws some important conclusions for the design of technology introduction programs and the lasting impact they can have. One such conclusion is that they are particularly effective if they include economic or financial incentives for the investors. On balance, the programs were more successful in bringing new technologies to households than to industrial, commercial or institutional users. However, it remains a challenge to integrate these activities better into national energy and market policies. The evaluated interventions did lead to significant and lasting energy and GHG emission savings, at the same or better service levels and lower prices to consumers.

43. The majority of projects mentioned in Table 2 and 3 aim to establish large-scale technological change in energy use by relevant consumers, making use of technologies for energy efficiency or renewable energy systems. In some cases, regional approaches have been adopted to benefit from shared circumstances and economies of scale. For example, the regional program for mini- and micro-hydro in francophone Africa, for which the PDF-B was approved in this reporting period, is one of a series of programs that are currently under development by UNDP-GEF to help support regional technology centers. These programs are designed to strengthen the South-South transfer of knowledge and technology, and the region-wide build-up of capacity for a specific technology, as well as regional access to technology information and best practices. The center will also promote the technology to financiers and institutional stakeholders, and will help policy makers and investors better understand it. Another example of a regional approach is the regional harmonization of energy efficiency standards for consumer appliances in the Andean region, for which a PDF-B grant was approved in the reporting period.

44. In addition, the GEF supports activities to promote innovation at the national level and market aggregation at the global level even for those technologies that are not yet considered cost-effective, but have a potential to be so. The first investment under this operational program was completed in the reporting period establishing one of the largest on-grid Photo-voltaic (PV) installations in the Philippines. Still, the overall success of these projects is limited to date.

45. A recent analysis by World Bank/GEF of solar thermal power generation²³ analyzes the challenges faced by new large-scale renewable energy technology and suggests ways forward. It also includes an interesting assessment of the potential development of the market for this technology, including economic competitiveness that highlights the scale of the challenge, in financial as well as other dimensions.

46. The work programs approved by Council during the reporting year contain a project supporting a new technology using biomass waste in a gasification scheme that produces electricity and heat with high efficiency and with no net GHG emissions. Also during the reporting period, the UNEP/GEF/KfW EMPOWER program was launched. It will provide technical assistance to utilities in developing countries in order to identify the potential for grid-connected solar power in supporting grid stability and cost-effective energy security and diversification. The program's goal is to provide a platform for discussion between the stakeholders on the demand and supply side of the technology, and to identify sufficient interest with utilities to attract the attention of the solar industry and eventually influence their investment plans.

47. The GEF has developed a conceptual framework for technology transfer based on different types of barriers, such as lack of awareness of consumers and suppliers, initial higher upfront costs, policy barriers due to obsolete technology standards, lack of business models and delivery capacity. This framework was initiated following the recommendation of the *Climate Change Program Study 2004* and *Overall Performance Study of the GEF*. The framework will lead to future GEF activities developing local capacity for technology transfer and disseminating climate-friendly technologies in a manner consistent with the GEF principles of cost-effectiveness, sustainability, replicability, and country-drivenness. The framework is in line with the recommendation of the IPCC that defines a successful approach to technology transfer to being based on the removal of barriers to the unimpeded growth of the markets for these new technologies. However, IPCC also cautioned that there is no predefined approach that would suit all countries or technologies. The GEF approach accounts for the needed flexibility, as required by the principles of country-drivenness. The framework also builds on the work of the Expert Group on Technology Transfer. In particular, the framework internalizes the recommendations of the EGTT for capacity building and creating enabling environments for technology transfer.

48. The GEF Secretariat and UNDP-GEF have established a close working relationship with the EGTT and are actively contributing to the meetings and work of the group. For example, in the work on technology needs assessments the GEF Secretariat and UNDP-GEF have collaborated closely in the preparatory discussions, the adoption of a handbook, and the

²³ See the GEF website for details. (www.thegef.org)

description of experiences with assessing Countries' technology needs. The GEF Secretariat and UNDP-GEF have also contributed significantly to the work of the EGTT on innovative financing for the development and transfer of technology.

Capacity building

49. 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.

50. 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 Parties²⁴.

51. This section focuses on the implementation of the GEF strategic approach to enhance capacity building through GEF projects approved during the reporting period. The strategy responds to 2/CP.10 and 2/CP.7 by focusing on institutional capacity building and integrating climate change issues in various sectors of the economy and in poverty reduction strategies and programs, as well into general sustainable development strategies.

52. The COP decisions on capacity building notes that there is no “one size fits all” formula for capacity building. Capacity building must be country-driven, addressing the specific needs and conditions of developing countries and reflecting their national sustainable development strategies, priorities and initiatives. It is primarily to be undertaken by, and in, developing countries. The special circumstances of least developed countries and small islands developing States need in particular to be taken into account²⁵.

53. 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 IA's implemented the initial strategy of the GEF Strategic Approach, Pathway I – National Capacity Self Assessment. By September 2005, 153 countries were engaged in this programme, preparing to identify and prioritize their capacity needs, based on the country's circumstances, existing strengths and gaps. The *National Capacity Self Assessments* (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, including UNFCCC. 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 2/CP7 and 2/CP.10.

²⁴ See Decision 10/CP.5, *Capacity-building in developing countries* (non-Annex I Parties).

²⁵ See Decision 2/CP.7 (Annex) *Framework for capacity building in developing countries* para 9 and 17.

Follow-up of NCSAs

54. Responding to the COP decision to ensure that resources are also made available for the implementation of capacity-building activities, not just for assessments²⁶ a follow-up program to the NCSAs has been initiated by GEF to consider financing free-standing, capacity-building projects that address national priority capacity needs identified in the NCSA and responding to 2/CP.7 and 2/CP.10. The projects need to clearly demonstrate country ownership and based on synergies with other relevant environmental conventions as demonstrated by NCSAs.

55. Such cross-cutting capacity building projects will use the GEF medium-sized project cycle with funding not exceeding the level provided to expedited enabling activities. The activities considered under this modality are likely to be ones that miss support through the main GEF project portfolio and cannot be included in GEF projects that address focal area strategic priorities.

56. Given the enabling nature of capacity building activities where the baseline cost to be met from other resources may be zero, activities will be funded on an agreed full-cost basis. However, partnership is central to sustaining capacity building activities and proposals ensuring national and local commitment and building on complimentary initiatives are to be encouraged. Partnership with other donors will be considered co-financing.

Country Programs for LDCs and SIDS

57. The COP Framework for capacity building in developing countries asked that the special circumstances of least developed countries and small island developing States need to be taken into account in the implementation of this framework.²⁷ The GEF is in the process of finalizing these operational modalities and project criteria for the enhancement of country capacity building programs for LDCs and SIDS. This modality will be in addition to the funding available to all eligible developing countries for following-up on NCSAs in response to the findings of the CDI (Capacity Development Initiative) that it was necessary to address critical capacity bottlenecks in the LDCs and SIDS in view of their special situations. This concern was later confirmed by OPS3.

58. It is expected that the country programs for LDCs and SIDS will provide limited financing at the country level managed through a multi-stakeholder decision making process, to provide flexibility and agility to the countries for agreeing on small amounts of targeted assistance to remove bottlenecks at the country level that inhibit good management of global environmental issues. Financing through such a mechanism should be based on identified priority needs highlighted through an NCSA or similar exercise.

59. The objective of the country programs is to facilitate critical, incremental improvements in the country's capacity to use and manage its natural resources and environment. This will be

²⁶ See Decision 1(h) of COP 2/CP.10, *Capacity-building for developing countries (non-Annex I Parties)*

²⁷ See Decision 2/CP.7 ANNEX para 9 and 17.

achieved by means of a flexible, country-driven program of incisive capacity development actions and its scope will include relevant areas identified in the Annex to 2/CP.7.

60. The country programs for LDCs and SIDS will fund modest, yet vital, capacity building actions by disbursing small grants through a country-based decision making process. The actions will meet critical needs to make a significant difference in the capacity of the country in a short time for a specific purpose. Grants will be awarded to actions which target critical bottlenecks, and have consensus across the relevant GEF national focal areas and are geared to early outcomes.

61. Each country program will be a single medium sized project (MSP) having its own justification, logical framework, outcomes, activities, risks and assumptions. Each country program will be of specific budgetary size and scope responding to the capacity gaps identified and action plan prepared through the NCSA or a similar country process.

62. Countries can submit requests for regional capacity action programs where there are significant similarities of national circumstances, and a regional response would better deliver economies of scale. An alternative mechanism will be for a regional action to be supported by several country programs.

Global Support Program for Capacity Building

63. The GEF has initiated a Global Support Program (GSP) managed jointly by UNDP and UNEP to provide technical backstopping to countries and ensuring timely completion of NCSAs. This is in addition to the National Communications Support Program (NCSP) though based in the same unit of UNDP-GEF for close collaboration. The GSP responds to decision 2/CP.7²⁸ to facilitate dissemination and sharing of information on capacity building activities conducted by developing countries for better coordination and South-South cooperation. The aim is to meet this demand with the rapid mobilization of technical backstopping and opportunities for countries to share experiences related to the preparation of NCSAs.

64. The Support Program is structured as a learning process and knowledge management mechanism, with an initial emphasis on analyzing information and knowledge generated by the NCSA process, which will be used as substantive inputs in the development of the follow-up activities in four ways:

- (i) Develop targets and indicators for capacity building in the context of the NCSAs
- (ii) Generate regional synthesis reports and “good practices” documents, which could form a foundation in designing the other capacity building activities
- (iii) Review previous and ongoing capacity development activities, and develop proposals for follow-up to NCSAs

²⁸ See Para 19 of the *Framework for capacity building in developing countries*

- (iv) Advise on ways to ensure the most effective and cost-efficient way of providing country-focused technical support services to all GEF enabling activities.

65. Currently the Global Support Program is organizing 10 regional and sub-regional workshops. These workshops starting with one for East Europe and Countries with Economies in Transition will be held in Africa, Asia and the Pacific and Latin America and the Caribbean in the coming months.

66. The sub-regional training and exchange workshops are being organized through regional institutions on the basis of countries' needs. The workshops will address technical and implementation issues, while promoting the exchange of experiences and networking. GEF and Convention focal points will be invited to workshops to ensure that the NCSA remains anchored in ongoing political processes. Workshops will also be synchronized with related events/processes.

67. The regional institutions will work with countries to define training agendas, ensuring active engagement of national teams in workshop design and content. Given that countries will likely be at different levels of implementation, the workshops will need to bring together countries with similar needs at a given stage of the NCSA process with those countries that are more advanced in their NCSA process to promote south-south collaboration. This approach will ensure more effective training and opportunities for addressing gaps and building capacity.

Indicators

68. In view of the COP decision²⁹, the GEF is developing targets and indicators for measuring the results and impacts of capacity building activities. The Capacity Building Global Support Program is undertaking the analytical work necessary to propose indicators that allow effective benchmarking and assessing of outcomes and impacts of the four pathways envisaged in the GEF Strategic Approach to Enhance Capacity Building. This is to be done in collaboration with the monitoring and evaluation units of GEF, UNDP, UNEP, and the World Bank. The indicators will be shared with the UNFCCC Secretariat.

69. Project preparation will also include indicators to assess the success of capacity building in terms that are as specific as possible. Indicators will be agreed with recipient countries on a project-by-project basis, and monitored by the Implementing and national executing agencies.

Small Grants Programme and capacity enhancement

70. The COP decision (2/CP.10) identified as a key factor the need for increasing the involvement of NGOs in capacity building activities. The GEF Small Grants Programme (SGP) is a direct response to this COP decision continuously increasing the involvement of NGOs and community groups in climate change activities thus strengthening the national capacity.

²⁹ 2/CP.10 para 9 (c)

71. During the reporting period, the Small Grants Programme (SGP) awarded 174 grants to NGO's and CBOs for community-based climate change projects totaling US\$4.59m in GEF financing, in addition to US\$4.61m in co-financing (US\$2.48m in cash, and US\$2.13m in-kind) as shown in Table 1.

72. Among them, 54 projects (31 %) addressed issues related to removal of barriers to energy efficiency and energy conservation under OP5, 105 projects (60%) addressed issues related to promoting the adoption of renewable energy under OP6, while 15 projects (9%) addressed issues related to sustainable transport under OP11. About half (52%) of the projects incorporated capacity building and development aspects related to climate change in their design.

73. The projects are on-going and several categories of impacts or benefits are expected, including: informing policy options for promotion of renewable energy and energy efficiency, capacity building and development of communities and stakeholders, direct local livelihoods benefits, direct avoidance and reduction of production of GHGs and formation of partnerships in promoting renewable energy, energy efficiency, and environmentally sustainable transport. More details of the expected impacts of the projects are illustrated in table 6 below with examples from Guatemala, Nepal and Kenya

Table 6: Examples of (potential) expected benefits/impacts of year 2004/05 SGP CC projects

Country	Project info.	Local benefits	Global benefits
<u>Guatemala</u>	<p><u>Example 1</u></p> <p><u>Project number:</u> GUA/05/05:</p> <p><u>Project name:</u> Electrification with solar energy of 31 households in Caserío Sector Sibinal, Aldea Quecá, Sipacapa, San Marcos, for lighting</p> <p><u>Dates:</u> 7/2005 - 7/2006</p> <p><u>Grant size:</u> 19, 097 USD</p>	<p><u>Local benefits</u></p> <ul style="list-style-type: none"> • The project will install solar panels in 31 rural households for lighting of houses • Training is a strong component of this project will all participants undergoing (women and men) training in management, installation and maintenance of the solar equipment • The community will have access to better quality in their life through of the clean energy • Capacity and empowerment of the local indigenous People (Sipacapense ethnic group) 	<p><u>Global benefits/impacts</u></p> <ul style="list-style-type: none"> • Calculations show that by the time the project is completed, it will result in direct savings per year on oil derived lighting devices and/or means (kerosene lamps, oil wax candles, e.g.) equivalent of US\$620.00 • Direct savings on kerosene use will be 1,721.8 Kg/year • It will result in total energy production of 8.8 KWh/day
<u>Guatemala</u>	<p><u>Example 2</u></p> <p><u>Project Name:</u> Equipping of central micro hydropower with capacity for 10Kwe in the community of Finca Alianza, El Palmar, Quetzaltenango for the generation of electric for lighting and agro-processing</p> <p><u>Project number:</u> GUA/05/01</p> <p><u>Grant size:</u> 21,073 USD</p> <p><u>Dates:</u> 6/2005 - 6/2006</p>	<p><u>Local benefits</u></p> <ul style="list-style-type: none"> • Development of a micro hydropower infrastructure with capacity for 10Kwe • Reduction in the use of fossil fuel used and lighting of 40 households • Provision of new energy for agro processing of macadamia nuts • Training and Capacity building in the management and maintenance of hydro power schemes and management of funds • All income from the scheme will be managed by women group therefore empowering them 	<p><u>Global benefits</u></p> <ul style="list-style-type: none"> • Calculations show that by the time the project is completed, it will result to direct monthly GHG reduction of 3.8 CO2 Tonnes equivalent to 45.1 CO2 tones per year
	<p><u>Example 3:</u></p> <p><u>Project number:</u> GUA/04/09:</p> <p><u>Dates:</u> 11/2004 - 11/2005</p> <p><u>GEG SGP grant:</u> 19, 113 USD</p> <p><u>Project name:</u> Introduction of solar energy through the installation of solar panels in the community of Unión Reforma, Aldea San Antonio Las Barrancas</p>	<p><u>Local benefits</u></p> <ul style="list-style-type: none"> • The project intends to introduce electric energy to provide lighting in 28 community households through a solar mini-grid. The electric grid from the company supplying this service in the village is several miles away • Each home will be served with a solar panel, a battery, and a transformer • Training and Knowledge transfer in the maintenance and installation of the equipment • Creation of local employment 	<p><u>Global environmental benefits/ impacts:</u></p> <ul style="list-style-type: none"> • When the project is completed, the direct savings per year on oil derived lighting devices and/or fuel (kerosene lamps, oil wax candles, e.g.), is estimated to be equivalent to US\$560 • Direct savings of kerosene use will be 999.744 Kg/year and the total energy production will be 5.1 kWh/day
<u>Kenya</u>	<p><u>Name of Project:</u> Renewable Energy for Rural Development: A Wind-Based Energy Kiosk for Lamu District</p> <p><u>Project Number:</u> KEN-GEF-04-15</p>	<p><u>Local benefits</u></p> <ul style="list-style-type: none"> • Improvement of the quality of and access to modern energy services for rural and peri-urban households and small and micro enterprises • set up and franchise a pilot wind-powered energy kiosk 	<p><u>Global Environmental benefits</u></p> <ul style="list-style-type: none"> • Reduction of GHG emissions from battery charging would be on the order of 15-30 kgs CO2/year for 50-100 Ah battery for grid based

	<p><u>Dates:</u> 9/2004 - 9/2006: <u>Grant Amount</u> 50 000 USD</p>	<ul style="list-style-type: none"> • Provision of the following services: Battery sales and charging, sales, installation and maintenance of 12VDC systems including appliances and other accessories • Supply of energy to businesses proximate to the kiosk, mobile phone charging and other value added services using the site generated power • Provision of information about renewable energy technologies to the general public • Informing policy and promoting Public Awareness taking the fact that only 0.71Gwh of electricity is wind-generated – a mere fraction of the estimated 500 MW that could potentially be produced • The kiosk will demonstrate the potential replication of such projects in other areas of Kenya 	<p>recharging and 45 kgs CO2/year for generator based recharging</p> <ul style="list-style-type: none"> • Assuming an average kerosene use 5-15 l/mo. per household, emissions reduction from substitution of electric lights for kerosene lamps would be in the order of 130 - 400 kgs CO2
Nepal	<p><u>Project name:</u> Displacement of Kerosene lamp by low cost White Light Emitting Diode (WLED) based Photo Voltaic lighting system Project (Solar Tukis) <u>Project number:</u> NEP/04/14 <u>Dates:</u> 4/2005 - 3/2007 <u>Grant Amount:</u> 46, 000 USD</p>	<p><u>Local benefits</u></p> <ul style="list-style-type: none"> • Introduction of a low cost alternative to the conventional SHS in form of Solar Tukis will displace the kerosene lamp or fatwood from the rural households more effectively • Solar Tukis are affordable to the poor households even those without government subsidy • Studies have shown that a rural family uses 4 liters of Kerosene and disposes 2 units of battery per month and together a single household spend NRS 150 to light the house • At the cost of a conventional SHS, <u>more than ten units</u> of proposed Solar Tukis will be installed resulting in <u>over 40 liters of kerosene and over 20 units of disposable dry cell batteries saved</u> per month • Capacity building and development related to quality assurance, removing technical (developing village technicians), financial barrier (establishment of credit fund), commercial barrier (developing technical entrepreneurs) as well as information barrier at the local level are the main benefits of the project 	<p><u>Global benefits</u></p> <ol style="list-style-type: none"> 1. The project has proposed to install 600 solar tukis which would save 28,800 liters of kerosene 2. Converting this saving into CO2, production of around 50 ton of CO2 will be avoided

Article 6

74. The GEF Secretariat is consulting with the Convention Secretariat and Implementing Agencies to consider the possibility of further supporting public awareness and education activities on climate change in response to the guidance of COP 10.

75. Following the completion of the regional workshops organized by the Convention Secretariat on Article 6 activities, the Implementing Agencies are discussing project ideas with Parties that fit the GEF operational criteria and enhance public awareness in a cost-effective manner. COP will be kept informed on the progress on these activities.

IV. HIGHLIGHTS OF OTHER RELEVANT ACTIVITIES

76. During the reporting period, the GEF has undertaken other activities which are of relevance to its climate change portfolio. The GEF Council approved *Action Plan to Respond to Recommendations for Improving GEF's Performance* and the document is available at the GEF website. The GEF continues its efforts to streamline its project cycle, and the Council has under discussion an action plan to respond to the recommendations of medium-sized projects evaluation, and a decision has been reached on a GEF resource allocation framework. The GEF will continue to keep the Conference of the Parties informed of new progress in its future reports.

Further streamlining project cycle – Operations manual

77. The GEF is currently finalizing an Operations Manual to provide Parties with basic knowledge about the mission of the Global Environment Facility (GEF), the policies and procedures in carrying out its mission, i.e., to protect the global environment through technical advice and funding support to countries to undertake environment projects, and the GEF project operations process.

78. The manual is divided into two parts. Part I of the manual provides the background of the GEF structure, the principles, strategies, and policies which provide guidance in the implementation of the projects. Part II provides the detailed processes and procedures in undertaking the projects, as well as the approval process and documentations needed in each stage of the project cycle.

79. The Operations Manual puts together all the information needed by Parties to access the GEF resources using the various modalities in a user-friendly format. The Operations Manual will be distributed to all Parties and will also be available at the GEF website.

GEF Resource Allocation Framework

80. At a special meeting held on August 31 – September 1, 2005, the GEF Council approved a framework to allocate GEF resources to countries in a transparent and consistent manner based

on global environmental priorities and country capacity, policies and practices relevant to successful implementation of GEF projects. (*See Joint Summary of the Chairs, Special Meeting of the Council*, available on the GEF website).

81. The policy recommendations of the third replenishment of the GEF Trust Fund, endorsed by the Council in October 2002, requested “the GEF Secretariat to work with the Council to establish a system for allocating scarce GEF resources within and among focal areas with a view towards maximizing the impact of these resources on global environmental improvements and promoting sound environmental policies and practices worldwide.”³⁰ Furthermore, the policy recommendations stated that, “the system should establish a framework for allocation to global environmental priorities and to countries based on performance. Such a system would provide for varied levels and types of support to countries based on transparent assessments of those elements of country capacity, policies and practices most applicable to successful implementation of GEF projects. This system should ensure that all member countries could be informed as to how allocation decisions are made.”³¹

82. The GEF RAF is built on two key pillars. The first pillar, an assessment of the country’s potential to generate global environmental benefits consistent with the relevant global environmental convention, reflects the mandate of the GEF to provide incremental cost financing to generate global environmental benefits. The second pillar, country performance, reflects the national policies and enabling environment that facilitate successful implementation of GEF projects.

83. The RAF aims to improve GEF’s programming by transparently establishing the resources available to all countries in support of their climate change priorities. This improved predictability of resource flows will help countries plan and program their climate change initiatives over the long-term, facilitating the implementation of national climate change programs. The RAF is also expected to improve the availability of resources to smaller countries. In contrast to the current system, it will ensure that all countries have access to an agreed-upon allocation of resources for climate change programming.

84. The RAF will initially apply to resources allocated in GEF-4 (beginning in July 2006) under the GEF focal areas of biodiversity and climate change. The Council will review the RAF after two years of implementation. The review will examine the operational experience with the RAF.

85. The GEF Secretariat and Implementing Agencies are working to elaborate the procedures necessary to operationalize the RAF in GEF-4. An update on the RAF will be submitted to the GEF Council at its meeting in November 2005. The document will include a technical description of the RAF framework agreed by the Council as well as a work plan on steps and a timetable for operationalizing the RAF. The document will be available on the GEF website in early October.

³⁰ GEF/C.20/4, Summary of Negotiations on the Third Replenishment of the GEF Trust Fund, Annex C, para. 16.

³¹ *Ibid*, para 18.

V. GEF MONITORING AND EVALUATION ACTIVITIES

86. During the reporting period, the GEF Monitoring and Evaluation Unit (GEF M&E) was established as an independent office, reporting directly to the GEF Council, called the GEF Office of Monitoring and Evaluation. During the first half of calendar year 2005, the Third Overall Performance Evaluation of the GEF was completed. Documents on GEF Monitoring and Evaluation are available at the GEF website (www.theGEF.org) under Monitoring and Evaluation.

Results of the Overall Performance Study of the GEF

87. During the reporting period, the Third Overall Performance Study of the GEF (OPS3) was completed. This independent and external review of the performance of the GEF since restructuring in 1994 was prepared to inform the fourth replenishment of the GEF. The Terms of Reference were approved by the GEF Council in May 2004, and implementation began in September 2004. Following an international search, the firm ICF Consulting, which has offices in Brazil, Canada, Russia, the United Kingdom and the United States, was selected to execute the study.

88. The OPS3 assesses the extent to which GEF has achieved, or is on its way towards achieving, its main objectives as laid down in the GEF Instrument and subsequent decisions by the GEF Council and the Assembly. Specifically, the study provided:

- (a) An overall assessment of the impacts and other results achieved since the GEF restructuring in 1994 till June 2004
- (b) Any assessment of the effectiveness of GEF policies, strategies and programs
- (c) Key lessons and recommendations on how to render GEF support more effective in contributing to global environmental benefits.

89. The key conclusions of the OPS3 Evaluation with respect to the climate change focal area are as follows:

“In the climate change focal area, although the GEF’s role is relatively minor in slowing worldwide climate change, the GEF portfolio has satisfactorily performed (given its limited resources), exceeding its interim greenhouse gas (GHG) emission reduction targets set by the Third Replenishment Agreement in an increasingly cost-effective manner. Additionally, the GEF has played an important catalytic role in developing and transforming the markets for energy and mobility in developing countries, particularly through its energy efficiency portfolio. Market transformation results in the renewable energy cluster have been more varied, although some good results have been identified.”³²

³² ICF Consulting, “Third Overall Performance Study of the Global Environment Facility: Executive Version” Washington DC: ICF Consulting. August, 2005. page 3.

“The OPS2 recommendation for the climate change program—that the GEF would benefit from a more focused program in climate change—does not appear to have been fully achieved during GEF-3. The Climate Change Program Study 2004 (CCPS2004) found that “the linkages between GEF’s overall mission or goals, its strategic priorities, OPs, project clusters, and performance measurement indicators are no longer conceptually clear, nor are they entirely consistent.” OPS3 also found a lack of clarity regarding the links between GEF strategic directions reported at several stakeholder levels, including Implementing Agencies (IAs). However, recent progress on the part of the GEFSEC in response to issues raised in the CCPS2004 has shown that dialogue is leading to action. Additionally, the strategic objectives proposed for GEF-4 have been reformulated using the model for market development presented by the CCPS2004, and they have been fit into the established OP framework, providing more clarity. OPS3 finds, however, that the climate change program would benefit from a clarification of its role with respect to carbon finance initiatives, and by providing more distinct guidance on the role of adaptation in its portfolio.”³³

“Climate Change and UNFCCC: OPS3 also finds, as did OPS2, the 2002 COP8 review of the GEF, and CCPS2004, that the GEF has effectively performed its role as financial mechanism of the UNFCCC and has been responsive to its mandate as defined by the Convention and guidance and priorities as given by the COP. GEF funding of projects has been in direct response to the priorities outlined by the COP. Moreover, communication and coordination between the UNFCCC and the GEFSEC has improved over the past few years. The GEF has been particularly responsive in quickly mobilizing and implementing special trust funds, as requested by the COP. The GEF has been responsive in supporting countries’ first rounds of national communications, and the second round provides an opportunity to identify country priorities. With respect to the adaptation priority of the Convention, the GEF has begun to respond by approving an adaptation Strategic Priority for GEF-3 and proposing one for GEF-4, although the GEF still has much to sort out in terms of its funding of adaptation activities.”³⁴

Climate Change Program Study

90. The GEF M&E completed a Climate Change Program Study in September 2004 that:
- (a) Aggregated and analyzed knowledge and information about climate change program results and performance
 - (b) Draw lessons and implications for future projects, GEF policies and strategies.

³³ Ibid, page 4.

³⁴ Ibid., page 8.

91. The study concentrated on results within Operational Programs 5 on Energy Efficiency and 6 on Renewable Energy. It specifically looked at results that correspond to the GEF strategic priorities. If removing market barriers to increase market transformation and penetration; building business infrastructures and increasing financing availability; and, climate-friendly policy making. The study was conducted by an independent team of experts and the GEF Office of M&E, in cooperation with the Implementing Agencies.

92. The Program Study found that direct and indirect reductions in GHG emissions attributed to the GEF from closed, and expected to result from active, climate change projects (1991 through April 2004) total about 1.9 billion metric tons (MT) of CO₂ equivalent.³⁵ Project approvals in fiscal 2003/04 are expected to result in direct emission reductions of approximately 181 million MT and indirect reductions of about 409 million MT. This represents roughly 4 per cent of about 4.5 billion MT of CO₂ equivalent for developing country emissions in 2000.

93. The longer-term impact of GEF has been more significant. The GEF projects contributed in catalyzing the sustainable transformation of markets and programs such that GHG emissions are reduced or avoided in the long term. These impacts are inherently more difficult to measure given the time scales over which the impacts are likely to be realized but the CCPS 2004 identified its traces. It concluded that the greatest progress has been made within the energy efficiency portfolio where achievements in specific countries and sectors, such as financial markets in Hungary, energy-efficient appliances and products in Mexico and Poland, and industrial boiler conversion in China. Furthermore the study credited an electrical energy efficiency project in Thailand for catalyzing significant energy efficiency activity in the region. Indeed, for many evolving markets, the CCPS 2004 saw GEF as a driving force to help move changes forward.

94. The experience of the renewable energy cluster is more varied, because the GEF is often trying to develop markets from a much lower baseline. Renewable energy remains, in general, more expensive and less accessible than traditional fossil fuel-based energy sources, despite sustained efforts at volume increases and market aggregation. The CCPS 2004 reported that the GEF has been able to contribute to emerging market changes in specific energy sectors and countries, pointing to such examples as the mini-hydro energy project in Sri Lanka and the wind market in India.

VI. FOURTH REPLENISHMENT OF THE GEF TRUST FUND

95. At its November 2004 meeting, the Council requested the Trustee of the Global Environment Facility, in cooperation with the Chief Executive Officer and Chairman of the Facility, to initiate discussions on the fourth replenishment of the GEF Trust Fund (“GEF-4”) with the convening of a planning meeting in early March 2005. At the meeting on March 3, 2005, the GEF-4 replenishment process, which is expected to be similar to that followed for the Third Replenishment was reviewed and agreed by donors.

³⁵ GEF Climate Change Program Study 2004 (CCPS 2004)

Timing of the Replenishment

96. GEF-3 resources fund Council work programs and administrative budgets for the period from July 1, 2002 to June 30, 2006. Discussions on the GEF-4 were initiated in 2005 to ensure that GEF operations can continue uninterrupted after the end of the GEF-3 period and that GEF-4 resources are available to cover GEF operations from July 1, 2006 through June 30, 2010.

97. The timing of the GEF-4 discussions also takes into consideration the need to conclude replenishment discussions in early 2006 to give donor governments sufficient time to obtain the necessary parliamentary approvals to maintain continuity in their annual contributions to the GEF Trust Fund.

98. The launch of replenishment discussions is essential to enable the GEF to fulfill its roles as the financial mechanism of the Convention on Biological Diversity, the Stockholm Convention on Persistent Organic Pollutants, the UN Framework Convention on Climate Change and as a financial mechanism of the UN Convention to Combat Desertification. Replenishment of the GEF Trust Fund will also enable the GEF to continue assisting donor countries in their efforts to contribute to the protection and management of the global environment, consistent with the Millennium Development Goal of ensuring environmental sustainability and with the Program of Implementation approved by the WSSD in 2002.

Participation in the Replenishment Negotiations

99. All countries that have indicated their intention to contribute the equivalent of at least SDR 4 million for that replenishment are invited to participate in the replenishment discussions. Potential donors that do not intend to provide this minimum contribution are also invited to attend replenishment negotiations as observers.

Schedule for the Replenishment Negotiations

100. The following is the agreed schedule of meetings for negotiations on the fourth replenishment of the GEF Trust Fund:

Planning Meeting

Paris, France
March 3, 2005

First Meeting

Washington D.C., USA
June 9-10, 2005

Key issues to be discussed: Financial status of GEF resources, exchange rates for use in the GEF-4, evaluation of the GEF-3, proposed programming of resources for the GEF-4 and issues to be addressed in policy recommendations

Second Meeting

Washington D.C., USA
September 2, 2005

Key issues to be discussed: Programming of Resources, Draft Policy Recommendations

Third Meeting

Rome, Italy

October 5-7, 2005

Key issues to be discussed: Draft Policy Recommendations, Burden Sharing, Financial Issues and Arrangements for the Fourth Replenishment, Draft GEF Trust Fund Replenishment document

Fourth Meeting

Tokyo, Japan

November 21-22, 2005

Key issues to be discussed: Pledges to the GEF-4, final policy recommendations, approval of trust fund agreement and final report

101. The document UNFCCC/SBI/2005/18, Report on the Assessment of Funding Necessary to Assist Developing Countries in Fulfilling their Commitments under the Convention prepared in the context of the Memorandum of Understanding between the Conference of the Parties and the Council of the Global Environment Facility was submitted to Participants in the replenishment process at their first meeting in June 2005.

ANNEX A: PROJECT SUMMARIES

The full and medium-sized projects approved during the reporting period are listed in accordance with the GEF operational programs in the area of climate change. The approved projects cover the following operational programs: removal of barriers to energy efficiency and energy conservation under the operational program number 5 (OP5); promoting the adoption of renewable energy under the operational program number 6 (OP6); and Reducing the Long-Term Costs of Low Greenhouse Gas Emitting Energy Technologies (OP7). One project addresses capacity building. Further information on the GEF Operational Strategy and Operational Programs is available on GEF web: www.TheGEF.org.

Full-sized Projects

Global: Renewable Energy Enterprise Development - Seed Capital Access Facility:

Provides "patient" seed capital and enterprise development/assistance services to small rural enterprises engaging in providing energy services based on renewable energy. Enterprises' services are for both household systems and productive uses (income generating activities). Project removes key barriers preventing new or existing enterprises from expanding their services with renewable energy. This approach has been successfully demonstrated over several years by E&Co of the U.S. in particular. This project builds on the E&Co model and on the existing "REED" (Renewable Energy Enterprise Development) initiatives by UNEP underway in Africa and starting in Brazil, funded through UN Foundation. (UNEP; GEF US\$8 m, bilateral agencies and banks US\$10 m, enterprise co-investments US\$5 m, total project US\$23m)

Accelerating Renewable Energy Investments through CABEI in Central America: The overall objective of the project is to accelerate renewable energy investments through the Central American Bank for Economic Integration (CABEI). The project is a regional approach, involving Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama and Belize which aims at reducing greenhouse gas emissions by promoting use of renewable energy systems for electricity generation in grid connected applications, thereby contributing to the economic development of Central America. The specific objective of this project is to remove financial barriers that currently impede the large-scale development of renewable energy projects in Central America. Barrier removal requires the following activities (UNDP; GEF US\$7m, total project US\$89.7m):

1. Integrate small-scale renewable energy lending strategies internally at CABEI;
2. Development of a pro-active small-scale renewable energy pipeline to be included in the lending portfolio of CABEI;
3. Development of appropriate risk mitigation mechanisms to increase the availability of investment capital for RE projects less than 10MW; and
4. Support market penetration through expanded financing opportunities.

Energy Efficiency in El Salvador, Nicaragua, Costa Rica and Panama: The main objective of the proposed GEF project is to identify and remove the main barriers that inhibit the implementation of energy efficiency measures in the industrial and commercial service

sectors, in order to reduce CO2 emissions and decelerate electricity demand growth, while making the industrial and commercial service sectors more competitive. The focus will be air-conditioning, refrigeration, lighting and motors.

Pacific Islands Greenhouse Gas Abatement through Renewable Energy Project

(PIGGAREP): This project is aimed at reducing the growth rate of GHG emissions from fossil fuel use in the Pacific Island Countries (PICs) through the widespread and cost effective use of their renewable energy (RE) resources. It consists of various types of activities whose outputs will contribute to the removal of the major barriers to the widespread utilization of RE technologies (RETs). (UNDP; GEF US\$5.3, total project US\$26m)

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.

EFCC Advanced Technology Cogeneration Project for the Costa Pinto Sugar Refinery in Piracicaba SP Brazil:

The proposed project is a new co-generation plant to be located on or adjacent to UAE's sugar mill operations in São Paulo, the most populous and industrialized state in Brazil. UAE is a high profile company in the Brazilian sugar mill industry and in the nearby major metropolitan area of Campinas. The mill produces both sugar and ethanol. The project initially arose from the need for major energy plant improvements at the UAE sugar mill, combined with the obvious need for investment in additional generating--and particularly thermal-based generating--capacity in Brazil, for which the Government of Brazil as well as state-level governments have sought to encourage private sector financing. The Project seeks to develop, design, finance, build and operate a "first-of-its-kind" 80 MW two-train bagasse fired EFCC cogeneration facility supplemented by a 250 tonne per hour conventional steam generator (the "Project"). The Project is to be located at the Costa Pinto sugar mill in Piracicaba, Sao Paulo State, Brazil. (World Bank/IFC; GEF US\$44.5m, total project US\$177.5m)

Second National Communication of Brazil to the UNFCCC:

Objective 1: National Inventory Refinement prepared.

Outcome 1.1: Inventory Improvement and Extension carried out.

Outcome 1.2: National Structure for the Estimation of Greenhouse Gas Emissions established.

Objective 2: Methodological Approach regarding Vulnerability Assessment and Adaptation Measures elaborated.

Outcome 2.1: Regional Modeling of Climate and Climate Change Scenarios elaborated.

Outcome 2.2: Vulnerability and Adaptation Research and Studies

Concerning Strategic Sectors that are Vulnerable to the Impacts associated with Climate Change in Brazil carried out.

Objective 3: Description of the Brazilian National Circumstances and the Steps taken or envisaged to implement the Convention prepared.

Outcome 3.1 Report on National Circumstances elaborated.

Outcome 3.2 Report on the description of steps taken or envisaged to implement the Convention in Brazil elaborated.

Objective 4: Public Awareness and Education Strategy in place.

Outcome 4.1 Information, Publications of Documents, Organization and Participation in Events related to Climate Change Issues spreaded.

Objective 5: Second National Communication prepared.

Outcome 5.1. Brazilian Second National Communication published in English and Portuguese and presented to the Interministerial Commission on Climate Change.

Transformation of the Rural PV Market (prev. Energy Sector Reform): The development objective of the project is to improve people's livelihoods and reduce dependency on imported fossil fuel through the utilisation 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.

China Utility-Based Energy Efficiency Finance Program (CHUEE): This Project will organize and provide marketing, development and financing services to commercial, industrial, and municipal sector energy users to implement energy efficiency (EE) equipment installations ("sub-projects"), including those using high efficiency natural gas equipment. (World Bank/IFC; GEF US\$16.5, total project US\$146.9m)

Productive Uses of Renewable Energy in Guatemala: GVEP has as an objective the reduction of poverty through the use of modern energy services. The program in Guatemala has an integral approach, where the need for electric power is identified in all sectors (i.e. education, health, agriculture, communications etc.), and energy is provided to satisfy the identified demand. The proposed full-size project continues this line of action in productive uses of renewable energy, where productivity is geared on a demand basis. (UNDP; GEF US\$2.7m, total project US\$14.3m)

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:

1. Support for the development of a rational rural electrification policy
2. Financing of decentralized minigrid projects that demonstrate sustainable private sector or community-based operation
3. Support for the creation of a wider market for photovoltaic (PV) through appropriate incentives to both providers and users.

Integrated Microhydro Development and Application Program (IMIDAP), Part I: This GEF project would encourage greater development and application of micro-hydro based

power generation, particularly for rural development in Indonesia. This goes hand in hand with enhancing socio-economic development in rural areas, through productive uses of renewable energy and by creating business opportunities for small and medium enterprises (SME) within the electricity supply industry.

Removing Barriers to Large Scale Commercial Wind Energy Development: The objective of the project is to accelerate the sustainable development of selected renewable energy technology applications through investment and provision of technical assistance. (UNDP; GEF US\$5.7m, total project US\$56.1m)

Removing Barriers to Energy Efficiency in Municipal Heat and Hot Water Supply: The project is envisioned to remove all the main barriers to the implementation of selected energy efficiency measures. The project will undertake an overall assessment of heat and hot water supply and demand in the sector. (UNDP; GEF US\$0.75m, total project US\$1.45m)

Southern Provinces Rural Electrification II Program: The principal objective of the proposed SPRE II program is to expand rural electricity service in the central and southern provinces of Lao PDR through grid extension and off-grid electrification. Initial proposals call for 50,000-75,000 households to be provided with electricity access via EdL's grid-connection component and another 18,000 households to be provided with electricity access via an off-grid component utilizing solar, village hydro, distributed engine-generator sets, and other mini-grid technologies. SPRE II will also advance the power sector reform agenda in critical areas such as completing the commercialization of EdL, continuing the process of tariff policy reform for the EdL grids, and developing innovative implementation models for scaling-up the rural electrification process, including establishment of a Rural Electrification Fund. As with SPRE I, the broader development objective is to provide rural communities with access to good quality, affordably priced electricity services in an efficient and sustainable manner, in line with the GOL's goal to connect 60% of rural households by 2005, 70% by 2010, and 90% by 2020. SPRE II will build on the positive results of SPRE I, both in terms of its physical components and in terms of its dual-track approach to rural electrification, which utilizes the grid extension capacity of EdL and the now demonstrated off-grid development capacity of the Ministry of Industries and Handicrafts' (MIH) Division of Electricity." (World Bank; GEF US\$5.3m, total project US\$33m)

Sustainable Energy Program: The objectives of the project are to:

1. Change the current unfavorable investment and incentive conditions and create an enabling environment in Macedonia that fosters the development of sustainable energy utilization (in this context defined as efficient use of energy and use of renewable energy sources) through providing financial, methodological, informational, and institutional support;
2. Support a large increase in energy efficiency (EE) investment in Macedonia through development of a self-sustaining, market-based financing mechanism based on a

principle of commercial co-financing. The project's goal is focused on the development and implementation of financially profitable EE projects, which can provide sustainable and increasing reductions in GHG emissions without relying on public subsidy; and

3. Increase the availability of financing for renewable energy (RE) investments, enterprises and intermediaries through the establishment of a financial facility with a long-term time horizon, which will provide seed capital for equity or debt co-financing of RE development projects.

Rural Electrification: This proposed GEF Project (Project) would be fully integrated with the proposed Peru Rural Electrification operation to be co-financed by the Government of Peru (GoP) and the World Bank. The objectives of the GEF Project are to promote the financing and productive use of renewable energy options within the proposed GoP/Bank Rural Electrification Project. The joint GoP/Bank/GEF operation would:

1. 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;
2. Provide electricity services to about 20,000 households (one hundred thousand people) and about 200 public facilities, such as schools and health clinics, using both renewable energy sources to serve remote populations; and,
3. Pilot a program to increase productive uses of electricity from renewable sources, that would increase opportunities for income generation in rural areas.

Financing Energy Efficiency in the Russian Federation (FEER): The primary goal of this project is to build capacity in Russian financial institutions through the process of developing and marketing specialized EE finance products targeting appropriate market niches and financing EE projects. The Program aims to establish sustainable lending practices in the Russian financial sector which support EE investment. The Program's focus on transactions is intended to support FIs such that they: a) understand that energy efficiency projects are viable investments that improve the financial stability of their clients and reduce the banks' overall risk exposure; b) examine industry related loans and leases from an energy efficiency perspective; c) actively build a portfolio of energy efficiency projects; and (d) develop specialized financial products which target niche markets for EE finance. (World Bank/IFC; GEF US\$7m, total project US\$30.3m)

South Africa: Renewable Energy Market Transformation (REMT): Promote grid-based renewable power generation both for utility sales by power developers and for self-generation and consumption by sugar and paper industries. Promote commercial solar water heating to displace electric water heating. Assist government to create policy and institutional frameworks for renewable power generation through technical assistance, followed by investments from carbon and private financing sources. Some investments will take place based on World Bank Prototype Carbon Fund (PCF) financing (piloting a promising model in

which GEF establishes favorable conditions, and PCF/carbon funds finance the actual investments). The concept fits within three strategic priorities: power-sector policy, financing availability (from private and carbon financing), and market transformation (for solar water heaters). (World Bank; GEF US\$6m, total project US\$17.3m)

South Africa: Wind Energy Programme (SAWEP), Phase I: The project will identify and address the barriers to large-scale commercial utilization of wind power and help to establish an IPP-friendly environment. The South African power system relies heavily on coal (+90%) resulting in high carbon emissions. Wind energy is projected as a possible substitute but has so far not been developed in a major way, reasons being several market entry barriers, including the sector policy, (assumed) technology risks and uncovered incremental cost of wind power. (UNDP; GEF US\$2.3m, total project US\$10.9m)

Ukraine: Removing Barriers to Greenhouse Gas Emissions Mitigation through Energy Efficiency in the District Heating System, Phase 2: The major goal of ESCO-Rivne is to contribute through its initiatives to the reduction of greenhouse gas emissions through large-scale improvements in energy efficiency in the communal heat supply sector in Rivne. (UNDP; GEF US\$3.5m, total project US\$7.1m)

Viet Nam Rural Energy II: The development objective of the proposed Rural Energy II project is to provide rural communities with access to good quality, affordably priced electricity services in an efficient and sustainable manner. Its global environmental objective is to achieve major GHG reductions by removing the barriers to achieving and sustaining much higher efficiency levels in rural power distribution. RE II will achieve these objectives through: (a) rehabilitation and major repair of the existing rural power network in 1,000 communes and extension of the grid for the first time to 200 additional communes (baseline); (b) creation of a policy framework and capacity to ensure the new and rehabilitated systems are sustainably operated and maintained at high levels of efficiency; and (c) institutional reform in support of implementing the national rural electrification strategy. When the networks have been rehabilitated or created, they will be at best practice levels of technical and financial efficiency. The technical support, regulatory framework, and institutional reform components of the project will establish formal local distribution utilities (LDUs) with sufficiently strong commercial and technical capacity to enable continued efficient operation and maintenance, as well as legal, commercial and financial autonomy within an orderly and well-regulated sector structure. The project will also replicate best practices in rehabilitation, management and operations to other communes, districts and provinces that do not participate directly in it. (World Bank; GEF US\$5.3, total project US\$279.1m)

Promoting Energy Conservation in Small and Medium Scale Enterprises (PECSME): The PECSME project is proposed to address the barriers to widespread adoption of energy conservation measures and practices in Vietnam's SME sector identified during the PDF-B funded project design. The project is designed to provide an innovative program approach by integrating a range of complementary components and activities into an overall synergistic program. The need to deal with the myriad details in a project of this type with its many

integrated components and activities is recognized in the project design where the general approach utilized in each component is to have explicit early establishment phases where the outputs of these phases then provide the necessary practical design refinements into subsequent phases. This is seen as being more effective than trying to design all activities in great detail at this point and thus lock the project into design details that may prove to be inappropriate once project implementation feedback becomes available. (UNDP; GEF US\$5.8, total project US\$29.2m)

Medium sized Projects

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

Assessment of Risk Management Instruments for Financing Renewable Energy: The proposed assessment effort aims to identify options for GEF risk management interventions for RET projects, covering both insurance-based and non-insurance instruments in close collaboration with private sector stakeholders, the World Bank and UNDP. The ultimate goal of the effort is to bring about the faster and more systematic deployment of renewable energy technologies by supporting and positively influencing the development of markets for renewable energy project risk management instruments. (UNEP/World Bank/UNDP; GEF US\$0.99m, total project US\$1.49m)

Reducing Greenhouse Gas Emissions with Bus Rapid Transit: This project seeks to implement a pilot BRT system in Dar-es-Salaam, Tanzania, that will be the first stage of 100Km trunk system that will be the first and most extensive BRT system in Africa. Secondly, the project seeks to implement the first fully developed NMT feeder system as an integral part of the planned 12Km pilot BRT system in Cartagena, Colombia. Finally, the project team, which includes BRT experts primarily from Brazil, Colombia and the US, will document the BRT planning process in a BRT planning guide so that others wishing to develop BRT projects on their own will not have to rely on international consultants. The guide will also outline a basic methodology for quantifying projected GHG and other emissions. This project is aimed at promoting south-south partnerships on sustainable transportation. In this case, the Tanzanian team will benefit from the extensive experience in Latin America e particularly in Colombia. (UNEP; GEF US\$0.75m, total project US\$3.75m)

Building Sustainable Commercial Dissemination Networks for Household PV Systems in Eastern Africa: The overall objective of this project is to stimulate increased rural sales of PV by increasing consumer awareness and by sharing experiences between commercial markets and projects in region. Specific objectives are to:

1. To create awareness and to put in place the required technical capacity to market, design, install, maintain PV systems for small needs in one rural district of each country. To assist to develop market linkages between the major commercial center (Addis, Asmara, Dar, Kampala) and a selected rural district. The project will create a

sustainable “commercial corridor” of PV supply between importers, dealers and rural consumers in a high potential district. If there is an interested micro-finance group, the project will also attempt to catalyze microfinance in each of the countries. This demonstration will assist stakeholders to further develop the market in other localities.

2. To raise awareness among policymakers and development partners about the role for PV as a part of rural electrification in all countries, and to share policy experiences between the countries
3. To build linkages between East African country PV sector stakeholders, including companies, dealers, NGOs, rural energy projects and international companies. To assist commercial companies to develop viable PV businesses in each of the countries, to share successful models, and to enhance trade and information links between neighboring countries
4. To encourage international PV companies to participate in the development of the business in East Africa by building awareness of potential markets and by linking them with local stakeholders
5. To identify and assist companies that are eligible for SDF finance. To stimulate interest of local finance players in supporting PV projects.

(UNEP; GEF US\$0.72, total project US\$1.26m)

Bhutan: Community Micro Hydro for Sustainable Livelihood: The project’s objective is socio-economic development of Sengor community through provision of electricity for domestic purposes, and utilization of energy for community based rural enterprises leading to enhanced livelihoods and poverty alleviation. (UNDP; GEF US\$0.55m, total project US\$1.1m)

Incorporating Non-Motorized (NMT) Transport Facilities in the City of Gaborone: This project is aimed at mitigating greenhouse gas emissions in the urban transport sector by enhancing a modal shift from motorized transport to non-motorized transport. This shift will occur through the construction of a safe and convenient network of pedestrian and cycling pathways and related infrastructure for bicycles, a promotion and communication/public awareness campaign and a review of the policy and legal framework. The project also addresses institutional and information/awareness barriers that currently limit the use of NMT modes of transport, particularly cycling, which is not widely used in the cities/towns of Botswana. Other barriers to be addressed include cultural perceptions and financial barriers (related to access to bicycles) that prevent greater use of NMT modes of transport in cities/towns. A new safe and convenient infrastructure, besides enhancing interest in walking and cycling, is aimed at:

1. Increasing safety for all road users;
2. Improving accessibility to transport particularly for the low income, school children and disadvantaged groups;

3. Reducing traffic congestion in cities; and
4. Reducing environmental costs (air, noise and lead pollution) of transport in cities.

(UNDP; GEF US\$0.9m, total project US\$2.28m)

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

Small Wind Energy Development and Promotion in Rural Areas: The Government of DPRK is keen to develop and introduce new renewable energy sources, which have no CO₂ emission. The project will examine wind and solar PV hybrid energy options, with emphasis on establishing mechanism encouraging replication of renewable energy technology development and commercialisation. The project will address technical, institutional, financial and information and capacity barriers to large scale off grid application.

Moldova: Renewable Energy from Agricultural Wastes: The main objective is to overcome the barriers to the update of biomass technology by providing examples of best practice (demonstration plants) in the use of biomass fuelled energy systems as a viable alternative to fossil fuels and as a sustainable means of addressing the energy supply problems facing rural communities and agro-enterprises. (World Bank; GEF US\$1 m, total project US\$2.65m)

Nigeria: Rural Electrification and Renewable Energy Development: The Project development objectives are :

1. To create a comprehensive Rural Electrification Strategy and an enabling environment for exploiting renewable energy
2. To implement appropriate institutional set-up and regulatory framework for rural electrification and renewable energy development in a sustained manner.

(World Bank; GEF US\$1m, total project US\$10m)

Papua New Guinea: Teacher's Solar Lighting Project: The main development objective of this project is to improve the life of rural human services providers by making available affordable, environmentally sound, basic electricity services from renewable energy. (World Bank; GEF US\$0.99m, total project US\$2.94m)

Slovak Republic: Removing Barriers to the Reconstruction of Public Lighting (PL) Systems in Slovakia: The objective of the project is to avoid 42,122 tones of carbon equivalent over 20 years by catalyzing US\$2.63m in investments in energy efficient public

lighting technology during the three years of project implementation. (UNDP; GEF US\$1m, total project US\$3.2m)

Yemen: Rural Electrification and Renewable Energy Development: The project development objectives are: (i) to support the design and implementation of several access expansion, intensification and renewable energy pilot projects. The pilots are expected to provide inputs for the policy, legal, regulatory and institutional frameworks being developed; (ii) to support the implementation of the National Renewable Energy Master Plan to reinforce its outcomes; (iii) to develop market models for renewable, such as standard, bankable contractual agreement for grid-connected small hydro power and market penetration for solar PV technologies; and (iv) initiate development of cross-sectoral energy compacts. (World Bank; GEF US\$1m, total project US\$2m)

Promotion of Environmentally Sustainable Transport in the City of Valencia: The general objective of the proposed project is to mitigate GHG emissions by promoting a more friendly and sustainable urban transport system in the City of Valencia, by means of modal changes to public and non- motorized transport. A medium term project (2 years) is proposed to integrate sustainable transport practices into projected public transport investment projects. Specifically, the proposed project is designed to complement urban transport planning in the City of Valencia, identifying and developing opportunities not contemplated in current planning processes, and strengthening existing action plans with specific GHG emissions mitigation goals. (UNDP; GEF US\$1m, total project US\$4.98m)

ANNEX B: CONCEPTS APPROVED FOR PIPELINE ENTRY UNDER THE STRATEGIC PILOT ON ADAPTATION (SPA)

As the adaptation portfolio is new and has a significant learning by-doing component, a brief description of each of the project concepts approved during the reporting period are summarized below:

i) *Colombia: Integrated National Adaptation Plan (INAP)* combines mitigation and adaptation. The impact of changes in the water cycle and the drying up of high altitude ecosystems is of strategic importance for Colombia's power sector; the energy sector relies on hydro power for most of its electrical power needs (67% of capacity and 80% of demand are met by hydropower reservoirs). A reduction in water flows and/or an increase in the uncertainty of supply will force the sector to increase its share of thermal capacity. The measures implemented to save hydrological resources will reduce the country's vulnerability to climate change and at the same time will avoid greenhouse gas emissions from a likely switch from hydro to fossil fuel generated energy.

ii) *Regional, Africa: Coping with Drought and Climate*: The project seeks to support four African countries in their efforts to develop and pilot a range of coping mechanisms for reducing the vulnerability of farmers and pastoralists to future climate shocks. The project will focus on addressing the impacts of climate change on land degradation and food security, specifically aiming at: Piloting coping strategies, improving early warning systems, implementing DPM policies and will envisage replicating and disseminating successful approaches of adaptation while focusing on the delivery of global environmental benefits in the focal area of land degradation

iii) *Caribbean, Implementation of Pilot Adaptation Measures in coastal areas of Dominica, St. Lucia and St. Vincent & the Grenadines*: This project makes adaptation an integral part of a broader agenda that incorporates all of the major MEAs within national planning processes, and builds on the capacity built by the GEF-supported MACC project (under Enabling Activities, Stage II Adaptation). The ultimate goal is to make efficient and integrated use of the limited human and financial resources in small island states and, thus, more effectively implement specific adaptation measures to climate change.

iv) *Kiribati Adaptation Project*: 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. Through a process of extensive stakeholder consultations, the KAP includes the following components:

- Priority National Adaptation Investment, funding priority adaptation measures mainstreamed into the MOPs of key sectoral Ministries.
- Pilot Island Adaptation, funding pilot community-based adaptation investments in two pilot islands according to a whole-island approach. The pilot islands would

be selected based on chances of success and replicability, representativeness, and degree of vulnerability, amongst other criteria.

- National Consultation and Mainstreaming, funding periodic national consultations, awareness, consultation in islands targeted for the expansion phase, and continued mainstreaming into national economic planning.
- Program Management and Capacity Building, funding training, priority studies, and project management.

v) Regional, West Africa: Responding to Shoreline Change and its human dimensions in West Africa through integrated coastal area management. 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.

vi) Tanzania, Mainstreaming Climate Change in Integrated Water Resources Management in Pangani River Basin: 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 basin has important global (e.g., Kilimanjaro and Eastern Arc Forests) and national biodiversity and livelihood values. Pangani Basin hosts Mt. Kilimanjaro, which is now an international symbol for climate change as its famous glacial ice-cap is rapidly melting and expected to disappear completely by 2025. This project addresses mainstreaming climate change adaptation measures in the water sector in the sensitive Pangani Basin.

vii) Lake Balaton, Integrated Vulnerability Assessment, Early Warning and Adaptation Strategies: Approved under the GEF's Strategic Pilot on Adaptation (SPA), this project aims to build on the results and significant tradition of scientific work in the Lake Balaton region in Hungary. It focuses 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.

viii) Global, Adaptation Learning Mechanism (ALM): 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.

ANNEX C: STATUS OF GEF FUNDING TO SUPPORT SECOND NATIONAL COMMUNICATIONS

Table A³⁶

Party	Implementing Agency	Date of Submission of Initial National Communication	GEF Funding for Self-Assessment to Prepare Project Proposals for the SNC			Status of the SNC Project Proposal		
			Funds Approved	Self-assessment Ongoing	Self-assessment Completed	Draft Submitted to IA	SNC Proposal Approved by IA	Date of Approval by IA
Albania	UNDP	13 Sep 2002	x		x		x	4 Feb 2005
Algeria	UNDP	30 Apr 2001	x		x		x	Undergoing IA approval
Antigua and Barbuda	UNDP	10 Sep 2001	x	x				
Argentina	WB	25 July 1997						
Armenia	UNDP	4 Nov 1998	x		x		x	29 Jul 2005
Azerbaijan	UNDP	23 May 2000	x		x	x		21 Jul 2005
Bahamas	UNDP	5 Nov 2001	x	x				
Bahrain	UNEP	20 Apr 2005						
Bangladesh	UNDP	12 Nov 2002	x	x				
Barbados	UNDP	30 Oct 2001	x	x				
Belize	UNDP	16 Sep 2002	x	x				
Benin	UNDP	21 Oct 2002	x	x				
Bhutan	UNDP	13 Nov 2000	x	x				
Bolivia	UNDP	16 Nov 2000	x		x		x	10 Jun 2005
Botswana	UNDP	22 Oct 2001	x	x				
Brazil ³⁷	UNDP	10 Dec 2004				x		Undergoing IA approval

³⁶ This table includes non-Annex I Parties that have submitted their Initial National Communications to the Convention.

³⁷ Brazil is following GEF full-cycle procedures for its SNC. Project Brief was submitted to the GEF for the July inter-sessional work programme and has received approval by the GEF Council.

Party	Implementing Agency	Date of Submission of Initial National Communication	GEF Funding for Self-Assessment to Prepare Project Proposals for the SNC			Status of the SNC Project Proposal		
			Funds Approved	Self-assessment Ongoing	Self-assessment Completed	Draft Submitted to IA	SNC Proposal Approved by IA	Date of Approval by IA
Burkina Faso	UNDP	16 May 2002	x	x				
Burundi	UNDP	23 Nov 2001	x	x				
Cambodia	UNDP	8 Oct 2002	x	x				
Cameroon	UNEP	31 Jan 2005						
Cape Verde	UNDP	13 Nov 2000	x	x				
Central African Republic	UNEP	10 Jun 2003	x		x	x		
Chad	UNDP	29 Oct 2001	x	x				
Chile	UNDP	8 Feb 2000	x	x				
China	UNDP	10 Dec 2004						
Colombia	UNDP	18 Dec 2001	x	x				
Comoros	UNEP	5 Apr 2003						
Congo	UNDP	30 Oct 2001	x	x				
Cook Islands	UNDP	30 Oct 1999	x		x	x		
Costa Rica ³⁸	UNDP	18 Nov 2000	x	x				
Côte d'Ivoire	UNEP	2 Feb 2001	x		x		x	8 Jun 2005

³⁸ Costa Rica had received approval of GEF funds for its SNC on the basis of previous procedures in March 1994, but is currently updating its project document through the self-assessment exercise to follow current procedures.

Party	Implementing Agency	Date of Submission of Initial National Communication	GEF Funding for Self-Assessment to Prepare Project Proposals for the SNC			Status of the SNC Project Proposal		
			Funds Approved	Self-assessment Ongoing	Self-assessment Completed	Draft Submitted to IA	SNC Proposal Approved by IA	Date of Approval by IA
Cuba	UNDP	28 Sep 2001	x	x				
Democratic People's Republic of Korea	UNEP	7 May 2004	x		x	x		
Democratic Republic of the Congo	UNEP	21 Nov 2000	x		x		x	Undergoing IA approval
Djibouti	UNEP	6 June 2002	x	x				
Dominica	UNDP	4 Dec 2001	x	x				
Dominican Republic	UNDP	4 June 2003	x		x	x		Undergoing IA approval
Ecuador	UNDP	15 Nov 2000	x		x	x		
Egypt	UNDP	19 Jul 1999	x		x	x		Undergoing IA approval
El Salvador	UNDP	10 Apr 2000						
Eritrea	UNDP	16 Sep 2002	x		x	x		
Ethiopia	UNDP	16 Oct 2001	x	x				
Gabon	UNDP	22 Dec 2004	x	x				
Gambia	UNEP	6 Oct 2003	x	x				
Georgia	UNDP	10 Aug 1999	x		x		x	5 May 2005
Ghana	UNDP	2 May 2001	x	x				
Grenada	UNDP	21 Nov 2000	x	x				
Guatemala	UNDP	1 Feb 2002	x	x				

Party	Implementing Agency	Date of Submission of Initial National Communication	GEF Funding for Self-Assessment to Prepare Project Proposals for the SNC			Status of the SNC Project Proposal		
			Funds Approved	Self-assessment Ongoing	Self-assessment Completed	Draft Submitted to IA	SNC Proposal Approved by IA	Date of Approval by IA
Guinea	UNDP	28 Oct 2002	x	x				
Guyana	UNDP	16 May 2002						
Haiti	UNEP	3 Jan 2002	x		x		x	Undergoing IA approval
Honduras	UNDP	15 Nov 2000	x		x	x		Undergoing IA approval
India ³⁹	UNDP	22 Jun 2004				x		
Indonesia	UNDP	27 Oct 1999	x	x				
Iran (Islamic Republic of)	UNDP	31 Mar 2003	x		x	x		Undergoing IA approval
Israel		18 Nov 2000						
Jamaica	UNDP	21 Nov 2000	x	x				
Jordan	UNDP	6 Mar 1997	x	x				
Kazakhstan	UNDP	5 Nov 1998	x		x		x	3 Mar 2005
Kenya	UNEP	22 Oct 2002	x		x		x	Undergoing IA approval
Kiribati	UNDP	30 Oct 1999	x	x				
Kyrgyzstan	UNDP	31 Mar 2003	x		x		x	2 Jun 2005
Lao People's Democratic Republic	UNDP	2 Nov 2000	x	x				
Lebanon	UNDP	2 Nov 1999	x		x		x	8 Jul 2005

³⁹ India is following GEF full-cycle procedures for SNC funding. India received PDF-B funds for preparation of SNC project brief, which is expected to be submitted to the February 2006 GEF work programme.

Party	Implementing Agency	Date of Submission of Initial National Communication	GEF Funding for Self-Assessment to Prepare Project Proposals for the SNC			Status of the SNC Project Proposal		
			Funds Approved	Self-assessment Ongoing	Self-assessment Completed	Draft Submitted to IA	SNC Proposal Approved by IA	Date of Approval by IA
Macedonia	UNDP	25 Mar 2003	x		x		x	4 Feb 2005
Madagascar	UNEP	22 Feb 2004	x		x		x	Undergoing IA approval
Malawi	UNDP	2 Dec 2003	x	x				
Malaysia	UNDP	22 Aug 2000	x		x	x		
Maldives	UNDP	5 Nov 2001						
Mali	UNDP	13 Nov 2000	x	x				
Malta	UNDP	16 Jun 2004						
Marshall Islands	UNDP	24 Nov 2000	x	x				
Mauritania	UNEP	30 Jul 2002	x		x		x	14 Jul 2005
Mauritius	UNEP	28 May 1999	x		x	x		
Mexico ⁴⁰	UNDP	9 Dec 1997					x	20 Jun 2005
Micronesia (Federated States of)	UNDP	4 Dec 1997	x	x				
Mongolia	UNEP	1 Nov 2001	x		x		x	
Morocco ⁴¹	UNDP	1 Nov 2001					x	2 Mar 2005
Namibia	UNDP	7 Oct 2002	x		x	x		
Nauru	UNDP	30 Oct 1999	x	x				

⁴⁰ Mexico is preparing a project proposal for its Third National Communication to be submitted to UNDP. Mexico did not request stocktaking funds.

⁴¹ Morocco did not request stocktaking funds.

Party	Implementing Agency	Date of Submission of Initial National Communication	GEF Funding for Self-Assessment to Prepare Project Proposals for the SNC			Status of the SNC Project Proposal		
			Funds Approved	Self-assessment Ongoing	Self-assessment Completed	Draft Submitted to IA	SNC Proposal Approved by IA	Date of Approval by IA
Nepal	UNEP	1 Sep 2004						
Nicaragua	UNDP	25 Jul 2001	x		x		x	4 Feb 2005
Niger	UNDP	13 Nov 2000	x	x				
Nigeria	UNDP	17 Nov 2003	x	x				
Niue	UNEP	2 Oct 2001	x		x		x	11 Nov 2004
Pakistan	UNEP	15 Nov 2003						
Palau	UNEP	18 Jun 2003	x		x	x		
Panama	UNDP	20 Jul 2001	x		x	x		
Papua New Guinea	UNDP	27 Feb 2002	x	x				
Paraguay	UNDP	10 Apr 2002	x		x	x		Undergoing IA approval
Peru ⁴²	UNDP	21 Aug 2001				x		
Philippines	UNDP	19 May 2000	x	x		x		
Republic of Moldova	UNEP	13 Nov 2000	x		x		x	Undergoing IA approval
Saint Kitts and Nevis	UNDP	30 Nov 2001	x	x				
Saint Lucia	UNDP	30 Nov 2001	x	x				
Saint Vincent and the Grenadines	UNDP	21 Nov 2000	x	x				

⁴² Peru is following GEF full-cycle procedures for SNC funding. Peru received PDF-A funds for preparation of SNC project brief, which will be submitted to the November 2005 GEF work programme.

Party	Implementing Agency	Date of Submission of Initial National Communication	GEF Funding for Self-Assessment to Prepare Project Proposals for the SNC			Status of the SNC Project Proposal		
			Funds Approved	Self-assessment Ongoing	Self-assessment Completed	Draft Submitted to IA	SNC Proposal Approved by IA	Date of Approval by IA
Samoa	UNDP	30 Oct 1999	x		x		x	21 Jul 2005
São Tomé and Príncipe	UNDP	19 May 2005						
Senegal	UNEP	1 Dec 1997	x		x	x		
Seychelles	UNDP	15 Nov 2000	x	x				
Singapore		21 Aug 2000						
Solomon Islands	UNDP	29 Sep 2004	x	x				
South Africa	UNEP	11 Dec 2003						
Sri Lanka	UNDP	6 Nov 2000						
Sudan	UNDP	7 Jun 2003	x	x				
Swaziland	UNDP	21 May 2002	x	x				
Rwanda	UNEP	6 Sep 2005						
Tajikistan	UNDP	8 Oct 2002	x		x		x	26 May 2005
Thailand	UNDP	13 Nov 2000	x	x		x		
Togo	UNDP	20 Dec 2001	x	x				
Tonga	UNDP	21 Jul 2005						
Trinidad and Tobago	UNDP	30 Nov 2001	x	x				
Tunisia ⁴³	UNDP	27 Oct 2001					x	8 Jun 2005

⁴³ Tunisia did not request stocktaking funds.

Party	Implementing Agency	Date of Submission of Initial National Communication	GEF Funding for Self-Assessment to Prepare Project Proposals for the SNC			Status of the SNC Project Proposal		
			Funds Approved	Self-assessment Ongoing	Self-assessment Completed	Draft Submitted to IA	SNC Proposal Approved by IA	Date of Approval by IA
Turkmenistan	UNEP	11 Nov 2000	x		x	x		
Tuvalu	UNDP	30 Oct 1999	x	x				
Uganda	UNEP	26 Oct 2002						
United Republic of Tanzania	UNEP	4 Jul 2003						
Uruguay ⁴⁴	UNDP	15 Oct 1997					x	5 May 2005
Uzbekistan	UNEP	22 Oct 1999	x		x		x	10 Feb 2005
Vanuatu	UNDP	30 Oct 1999	x	x				
Viet Nam	UNEP	2 Dec 2003	x	x				
Yemen	UNDP	29 Oct 2001	x	x				
Zambia	UNDP	18 Aug 2004	x	x				
Zimbabwe	UNEP	25 May 1998	x		x	x		

⁴⁴ Uruguay has submitted a project proposal for its Third National Communication to UNDP. Uruguay did not request stocktaking funds.

Table B⁴⁵

Party	Implementing Agency	Date of Ratification of the Convention	GEF Funding for Stocktaking Activities to Prepare a Project Proposal			Date of Initial Disbursement of GEF Funds	Status of the INC Project Proposal
			Funds Approved	Self-assessment Ongoing	Self-assessment Completed		
Afghanistan		19 Sep 2002					
Angola		17 May 2000					
Bosnia and Herzegovina	UNDP	7 Sep 2000	x	x			Draft INC proposal submitted to UNDP
Cyprus		15 Oct 1997					Has not applied for GEF financing
Equatorial Guinea		16 Aug 2000				Has not applied for funds	Has yet to finalize project proposal
Fiji	UNDP	25 Feb 1993				Jun 1997	Ongoing
Guinea-Bissau	UNDP	27 Oct 1995				Sept 1998	Completed
Kuwait		28 Dec 1994					
Liberia	UNEP	5 Nov 2002	x		x		INC project proposal approved by IA – 30 Aug 2005
Libyan Arab Jamahiriya	UNEP	14 Jun 1999				Feb 2002	Ongoing
Mozambique	UNDP	25 Aug 1995				Sep 1997	Completed
Myanmar		25 Nov 1994					
Oman	UNDP	8 Feb 1995					Project document being finalized
Qatar		18 Apr 1996					
San Marino		28 Oct 1994					

⁴⁵ This table includes non-Annex I Parties that have not submitted their Initial National Communications to the Convention.

Party	Implementing Agency	Date of Ratification of the Convention	GEF Funding for Stocktaking Activities to Prepare a Project Proposal			Date of Initial Disbursement of GEF Funds	Status of the INC Project Proposal
			Funds Approved	Self-assessment Ongoing	Self-assessment Completed		
Saudi Arabia	UNDP	28 Dec 1994				Jun 2002	Completed
Serbia and Montenegro	UNDP	12 Mar 2001	x	x			Project proposal being prepared
Sierra Leone	UNDP	22 Jun 1995					Ongoing
Suriname	UNDP	14 Oct 1996				Dec 1999	Completed
Syrian Arab Republic	UNDP	4 Jan 1996	x	x			
Turkey	UNDP		x		x		INC project proposal approved by IA
United Arab Emirates	UNEP	29 Dec 1995					Ongoing
Venezuela	UNDP	28 Dec 1994				Jan 2002	Completed

ANNEX D: REPORTS PREVIOUSLY SUBMITTED BY THE GEF COUNCIL TO THE CONFERENCE OF THE PARTIES TO THE UNFCCC

Report of the Global Environment Facility to the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change on the Restructured Global Environment Facility (A/AC.237/89, December 14, 1994)

Report of the Global Environment Facility to the Conference of the Parties on the Development of an Operational Strategy and on Initial Activities in the Field of Climate Change (FCCC/CP/1995/4, March 10, 1995)

Report of the Global Environment Facility to the Second Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (FCCC/CP/1996/8, June 27, 1996)

Report of the Global Environment Facility to the Third Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (FCCC/CP/1997/3, October 31, 1997)

Report of the Global Environment Facility to the Fourth Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (FCCC/CP/1998/12, September 29, 1998)

Report of the Global Environment Facility to the Fifth Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (FCCC/CP/1999/3, September 29, 1999)

Report of the Global Environment Facility to the Sixth Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (FCCC/CP/2000/3, October 11, 2000)

Report of the Global Environment Facility to the Seventh Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (FCCC/CP/2001/8, October 16, 2001)

Report of the Global Environment Facility to the Eighth Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (FCCC/CP/2002/4, September 6, 2002)

Report of the Global Environment Facility to the Ninth Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (FCCC/CP/2003/3, October 27, 2003)

Report of the Global Environment Facility to the Tenth Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (FCCC/CP/2004/6, October 7, 2004)
