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(The main conclusions and recommendations of this evaluation were presented to the GEF Council at its November 2011 meeting.)

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Foreword

In July 2010, the Least Developed Countries Fund (LDCF)/Special Climate Change Fund (SCCF) Council asked the Global Environment Facility (GEF) Evaluation Office to evaluate the SCCF. This evaluation was done fully and independently by the Office with support from the LDCF/SCCF Secretariat, GEF Agencies, governments, and nongovernmental organizations. It provides evaluative evidence on the progress toward SCCF objectives as well as main achievements and lessons learned during a decade of SCCF implementation; it also offers recommendations on the way forward for the SCCF as a whole.

Climate change is the defining development challenge of the 21st century. The early effects of climate change are already affecting ecosystems, global and local economies, and people's livelihoods—exacerbating existing environmental issues and natural resource depletion, particularly in developing countries. In response, the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) has established several climate change funds. As the financial mechanism of the UNFCCC, the GEF manages three of these funds—the LDCF, the SCCF, and the Adaptation Fund—disbursing hundreds of millions of dollars every year to cover climate change mitigation and adaptation projects.

Established in 2001, the SCCF is the first comprehensive climate change fund accessible by all developing countries. It funds projects under four different funding windows: adaptation, technology transfer, sector-specific projects, and assistance with diversification of fuel-dependent economies. The SCCF is funded through voluntary contributions by donor countries; most of its funding supports projects in adaptation (31) followed by technology transfer (4). The other two windows remain unfunded and without projects.

The SCCF evaluation was conducted by a team made up of staff from the GEF Evaluation Office and an independent consultant with experience in adaptation, the SCCF, and development evaluation. The evaluation included an assessment of the relevance of the SCCF programming and project portfolio to the guidance of the UNFCCC, the GEF, and recipient countries' sustainable development agendas. It also reviewed the effectiveness and efficiency of the SCCF programming and portfolio in achieving objectives and expected outcomes. Finally, it assessed the positive, negative, and unforeseen effects of the SCCF, including results achieved and the sustainability of these results.

Projects at various stages of implementation were reviewed using a common project review protocol, and extensive interviews were completed with

stakeholders at several stages of the evaluation process. Four project site visits were conducted in China, Egypt, Guyana, and Tanzania. The evaluation included a comparative analysis of indicators to determine the effectiveness of monitoring and evaluation processes and a meta-review to assess the historical development of the SCCF. In September 2011, a consultation workshop took place to present the preliminary findings of the evaluation and to receive feedback from key stakeholders on possible factual errors in the analysis.

The evaluation found that the SCCF has been successful at implementing innovative adaptation projects and programs that support the fund's overall objective. The Secretariat operationalized the fund cost-effectively in accordance with the guidance from the Conference of the Parties. The main issue emerging was a discrepancy between the broad mandate of the fund and the limited amount of funding made available; this in turn has made the fund unable to respond to recipient countries' expectations. The evaluation recommends that the LDCF/SCCF Council appeal to donors for increased funding and that necessary steps be taken to make the SCCF more visible and transparent.

With the emergence of new climate change funds, lessons learned from the SCCF evaluation can be very valuable. With 10 years of experience in implementing innovative adaptation projects and programs, lessons learned can inform discussions regarding reframing the global climate change financing architecture. In addition, since the new funds will likely have a long lead time before becoming operational, the SCCF remains the only multilateral funding now accessible by all developing countries.

The evaluation of the SCCF commenced May 2011 and was presented to the LDCF/SCCF Council in November 2011. Upon reviewing the document and the management response from the LDCF/SCCF Secretariat and GEF Agencies, the Council requested that the LDCF/SCCF Secretariat prepare proposals to ensure transparency, disseminate good practices through existing channels, and increase visibility of the fund by requiring projects to identify their funding source.

The GEF Evaluation Office would like to thank all who collaborated with the evaluation: its staff and consultants, national coordinators, members of the national steering committees, and the staff from country offices. I would also like to thank all those involved for their support and useful criticism. Final responsibility for this report remains firmly with this Office.

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Abbreviations

ADB	Asian Development Bank
AMAT	Adaptation Monitoring and Assessment Tool
CEO	Chief Executive Officer
COP	Conference of the Parties
CSO	civil society organization
FSP	full-size project
FY	fiscal year
GEF	Global Environment Facility
IFAD	International Fund for Agricultural Development
LDC	least developed country
LDCF	Least Developed Countries Fund
MSP	medium-size project
NAPA	national adaptation plan of action
PIF	project identification form
PIR	project implementation review
RBM	results-based management
SCCF	Special Climate Change Fund
TNA	technology needs assessment
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change

All dollar amounts are U.S. dollars unless otherwise indicated.

1. Conclusions and Recommendations

The creation of a Special Climate Change Fund (SCCF) was agreed upon at the Sixth Conference of the Parties (COP 6, Part II[1]) to the United Nations Framework Convention on Climate Change (UNFCCC) in July 2001 (Decision 5/CP.6). At COP 7 in December 2001 in Marrakesh, Decision 7/CP.7 formally established the SCCF, assigning it a broad mandate to finance activities, programs, and measures for climate change within four funding windows: adaptation (SCCF-A); transfer of technologies (SCCF-B); energy, transport, industry, agriculture, forestry, and waste management (SCCF-C); and support to economic diversification of fossil fuel–dependent countries (SCCF-D).

As the operating entity of the financial mechanism of the UNFCCC, the Global Environment Facility (GEF) was asked to manage the new fund. The SCCF thus conforms to GEF procedures, practices, and fiduciary standards, unless UNFCCC COP or Least Developed Countries Fund (LDCF)/SCCF Council guidance indicates otherwise. Unlike the GEF Trust Fund, which is replenished by donor funding every five years, the SCCF receives pledges on a voluntary basis.

The fund received its first contributions—and approved its first projects—in 2006. As of June 2011, the cumulative amount of funds pledged to the SCCF had reached $180.1 million. The overall project portfolio comprises $142.6 million, financing 35 projects. Despite its broad mandate, the funding made available under the SCCF has thus far been limited: $127.5 million is dedicated to 31 climate change adaptation projects (SCCF-A), and $15.1 million to 4 technology transfer projects (SCCF-B). The activities originally envisioned to be financed under SCCF-C and SCCF-D have not received any contributions and are thus not funded under the SCCF.[2]

The largest number of SCCF projects are implemented through the United Nations Development Programme (UNDP) and the World Bank: 16 and 9 projects, respectively. Of the remainder, four projects are implemented through the International Fund for Agricultural Development (IFAD), two through the United Nations Environment Programme (UNEP), and one through the European Bank for Reconstruction and Development. The remaining three projects are jointly implemented through the Asian Development Bank (ADB)–UNDP, ADB-UNEP, and UNDP–World Bank. By region, Africa hosts the largest number of SCCF initiatives (12 projects); but Asia, with 9 projects,

[1] This meeting was held in two parts: at the Hague in November 2000, and in Bonn in July 2001.

[2] "Activity" is used in a general sense in this report to refer to any initiative or measure implemented under the SCCF.

accounts for the largest portion of SCCF funding (31 percent). The SCCF also funds seven projects in Latin America and the Caribbean, four in Europe and Central Asia, and three global projects.

With its broad scope covering adaptation to climate change impacts and mitigation of greenhouse gas emissions, the SCCF was the first GEF-managed comprehensive climate change fund accessible to all developing countries covered by the UNFCCC. Two other UNFCCC funds, the LDCF and the Adaptation Fund, were established at the same time as the SCCF, but they are focused only on adaptation. The LDCF, which the GEF also manages, was created to address the urgent, immediate needs of least developed countries (LDCs) in this area, focusing first on developing national adaptation plans of action (NAPAs), and now moving into a second phase of operationalizing these plans. The Adaptation Fund, established under the Kyoto Protocol and for which the GEF is the interim secretariat, is—like the SCCF—accessible to all developing countries, but it did not become fully operational until January 2011, when its first project was implemented in Senegal. The intervening years had been needed to negotiate the terms of the fund's governing body and secretariat.

At COP 15 in Copenhagen in 2009, the climate change funding situation evolved significantly with the approval of Decision 2/CP.15, which recognized the need to establish a Green Climate Fund to provide new and additional resources to respond to the needs of developing countries. The emergence of this fund, which was subsequently approved by COP 16 in Cancun, broadens the landscape of international climate finance, and the SCCF's role should be viewed within this context.

In July 2010, the LDCF/SCCF Council asked the GEF Evaluation Office to undertake an evaluation of the SCCF to be presented at the November 2011 Council meeting. Additionally, the UNFCCC COP requested an assessment of the status of SCCF implementation at COP 16 in 2010.

The Office's evaluation is aimed at providing evaluative evidence on the progress toward SCCF objectives as well as the main achievements and lessons learned from the implementation of the SCCF so far, and to provide recommendations on the way forward for the SCCF as a whole. By focusing on the key lessons that can be drawn from the implementation of the SCCF 10 years after its establishment, the evaluation also seeks to provide inputs to the ongoing process of rethinking the financial architecture for climate change.

At the time of the evaluation, the majority of SCCF projects either were not yet under implementation or were at a very early implementation stage. Project implementation reviews (PIRs) had been completed for only 10 projects; and, although 2 projects were fully completed, no terminal evaluation reports had yet been prepared. The early stage of SCCF portfolio development limited the availability of data to be analyzed by the evaluation. In addition, as the SCCF portfolio only features a small number of projects on technology transfer (SCCF-B) and no projects under the SCCF-C and SCCF-D funding windows, the evaluation primarily concentrated on assessing the SCCF experience regarding the design of adaptation strategies and projects (SCCF-A).

1.1 Conclusions

Relevance

Conclusion 1: The four SCCF programming strategies are relevant to COP guidance.

In 2001, the GEF received guidance from the UNFCCC COP through Decision 7/CP.7

regarding the creation and management of the newly established SCCF, which stated that the fund should finance activities in the following areas, indicated as SCCF-A through SCCF-D, respectively:

- **Adaptation**, to support the implementation of adaptation activities in non–Annex I parties[3]
- **Transfer of environmentally sustainable technologies**, focusing on, but not limited to, technologies to reduce emissions or atmospheric concentrations of greenhouse gases, in line with recommendations from national communications, technology needs assessments (TNAs), and other relevant information
- **Support to six specific sectors**—energy, transport, industry, agriculture, forestry, and waste management
- **Economic diversification for fossil fuel–dependent countries**, to assist developing countries whose economies are highly dependent on income generated from the production, processing, and export or on the consumption of fossil fuels and associated energy-intensive products in diversifying their economies

Further guidance was provided in 2003 through Decision 5/CP.9 giving top priority to SCCF-A and establishing SCCF-B as an essential area to also receive funding; and in 2006 through Decision 1/CP.12, which asked the GEF to operationalize funding windows SCCF-C and SCCF-D .

The GEF responded to the COP guidance by formulating "Programming to Implement the Guidance for the Special Climate Change Fund Adopted by the Conference of the Parties to the United Nations Framework Convention on Climate Change at Its Ninth Session" (GEF Secretariat 2004) for activities under SCCF-A and SCCF-B, followed by the formulation of "Programming to Implement the Guidance for the Special Climate Change Fund at Its Twelfth Session" for SCCF-C and SCCF-D in 2007 (GEF Secretariat 2007b).

In 2008, COP 14 launched a policy initiative for the further development and transfer of technologies, to which the GEF responded by formulating the Poznan Strategic Program on Technology Transfer. This program included three funding windows aimed at conducting TNAs, piloting technology projects linked to these assessments, and disseminating GEF experience and successfully demonstrating environmentally sound technologies. The program was funded through a $15 million contribution from the SCCF and $35 million from the GEF Trust Fund.

The GEF SCCF programming documents (GEF Secretariat 2004, 2007b, 2010a) are quite thoroughly formulated and provide a comprehensive overview of how to operationalize the COP guidance. They clearly present principles for SCCF implementation, as well as describe how to operationalize the key priority areas for SCCF-A and SCCF-B, and propose options for SCCF-C and SCCF-D. It can be concluded that the UNFCCC COP guidance was correctly translated by the GEF Secretariat for all four windows. However, roughly five years elapsed before a work program was approved.

Geographically, the allocation of funding and the proportion of projects across the globe respond to COP guidance. The original intent set forth in 2001 targeted "Parties not included in Annex I to the convention" (that is, developing countries).

[3] Non–Annex I parties are countries that have ratified or acceded to the UNFCCC, but are not included in Annex I of the convention—that is, developing countries.

Later, the COP provided narrower geographical guidance to prioritize the most vulnerable countries, LDCs, small island developing states, and African countries. Most beneficiaries funded under the SCCF are located in Africa (12 projects), and the largest regional funding allocation is provided to projects in Asia (31 percent). The fewest projects, and lowest allocation of funding, are in Europe and Central Asia. Most SCCF funding goes to low- and middle-income countries.

Conclusion 2: The adaptation projects are relevant to COP guidance and SCCF programming.

All projects approved for funding under SCCF-A are addressing issues defined both by the COP and the SCCF GEF programming guidance. Projects are addressing climate change adaptation issues in all priority areas mentioned by COP Decision 5/CP.9, including project components related to water resource management (23), land management (10), agriculture (20), health (6), infrastructure development (5), fragile ecosystems (8), integrated coastal zone management (8), and disaster risk management (7). From a strategic perspective, projects addressing climate change adaptation in water resource management and agriculture, especially in areas prone to droughts and floods, predominate by far. Projects related to health and infrastructure development are less common.

Conclusion 3: The technology transfer projects are relevant to COP guidance and SCCF programming.

The four SCCF-B projects all have components related to capacity development for the transfer of technologies and are thus relevant to the implementation of the COP guidance from a qualitative perspective. This finding is particularly true for the three projects—in Brazil, Jamaica, and Jordan, respectively—directly related to country needs. It is too soon to evaluate the results to be achieved by the larger regional project managed by UNEP.

Implementation of projects under SCCF-B has been limited due to the low level of funding. Only $15.1 million has been pledged to this window, and no new funding pledges have been received since October 2008. From a quantitative perspective, the limited number of projects has been insufficient to respond to the COP's request for an ambitious increase in capacity development for technology transfer in developing countries.

Conclusion 4: SCCF funding is not commensurate with the global mandate of the COP guidance.

The SCCF receives voluntary contributions from donors, and the 152 non–Annex I parties to the convention are eligible to access it. To date, 14 donors (Canada, Denmark, Finland, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, and the United States) have made pledges to the SCCF. As of June 2011, contributions amounted to $180.1 million, of which $142.6 million has been allocated to 35 projects.

As a comparison, the LDCF was granted $415 million for 47 projects implemented in 48 LDCs. And the World Bank's Climate Investment Fund received pledges from 14 countries amounting to $6.9 billion as of November 2010. Of these pledges, the Strategic Climate Fund received $2.5 billion, and the Clean Technology Fund received $4.4 billion. The Pilot Program for Climate Resilience—which is the Climate Investment Fund component most comparable to the SCCF—had received pledges amounting to $987 million as of March 31, 2011.

The funding made available to the SCCF is well below the amounts originally envisioned by the COP in 2009, which estimated that the funding needs for adaptation in developing countries would be $100 billion annually. The discrepancy between the SCCF's broad mandate and its limited available funding influences all aspects of the fund's operation.

Conclusion 5: Although SCCF programming was formulated to implement activities under windows C and D, COP guidance for these windows has not been implemented because of a lack of funding.

The inclusion of the politically sensitive window SCCF-D (support to economic diversification of fossil fuel–dependent countries) has drawn criticism from both developed and developing countries. This criticism has created a negative perception of the SCCF and given rise to a concern among donor countries that their SCCF pledges could potentially be used for activities under this window. The very large scope of SCCF-C (support of energy, transport, industry, agriculture, forestry, and waste management initiatives) for activities already covered by other competing funds—including the GEF Trust Fund—was not attractive either. Consequently, funding has not been made available by donors for either SCCF-C or SCCF-D.

Conclusion 6: The adaptation projects are highly relevant to national sustainable development agendas of beneficiary countries, contributing to socioeconomic development goals.

SCCF adaptation activities are closely oriented toward national sustainable development agendas and have contributed to continued socioeconomic advancement in beneficiary countries. In particular, projects related to water resource management, the agricultural sector, and integrated coastal zone management are directly linked to domestic sustainable development agendas and show tangible achievements with regard to removing barriers to development and diversifying livelihoods of vulnerable communities.

SCCF projects addressing climate change adaptation in water resource management and agriculture provide clear examples for the fund's focus on socioeconomic development. They include activities such as conserving and harvesting water, conservation agriculture including the introduction of new crops and livestock structures, the addition of resilient varieties, education of local communities in advanced farming techniques, and diversification of farmers' sources of income. The objective of these activities is protection of continued socioeconomic advancement in the face of climate change, consistent with the beneficiary country's development goals.

Effectiveness

Conclusion 7: SCCF projects employ innovative approaches to overcome the lack of data on many emerging adaptation issues.

The limited availability of local climatic data, as well as the inadequate ability to analyze these data, represents a significant barrier when designing adaptation activities. While current available climatic data and modeling increasingly allow for predictions at global and regional scales, the ability to more precisely project local climate change and variability as well as its associated impacts remains low. The down-scaling of climate modeling data as employed by several SCCF projects can somewhat improve the data situation but cannot provide precise data at the project level. This limitation reduces the ability to design and implement targeted and location-specific adaptation activities. Nevertheless, sensible adaptation activities are possible on the basis of currently available

knowledge from a variety of sources, if interpreted and applied appropriately.

The SCCF portfolio features innovative ways to cope with the limitations of climate data and modeling and make use of existing scientific knowledge to provide a basis for locally implemented adaptation activities. The majority of SCCF projects include comprehensive strategies for generating a scientific baseline to adaptation activities by interpreting existing data regarding their significance for the project's geographic, social, and political context. Instruments employed by SCCF projects include meta-analyses of existing materials and available climate change and variability data, supplemented by sector-specific data related to the project as well as by the use of down-scaled climate modeling data when available (these latter data were used in projects in the Andean region, Mexico, and Zimbabwe).

Notably, several SCCF projects—including activities in China and Tanzania aimed at mainstreaming climate change adaptation into water management—make extensive use of participatory vulnerability assessment methods incorporating experiences from local communities into the adaptation activity design. These approaches will have to prove their ultimate effectiveness over time, but show promising intermediate achievements toward project objectives and can provide lessons learned for future adaptation efforts.

Conclusion 8: In general, projects are well geared toward replication and up-scaling, yet follow-up is uncertain because of a lack of funding.

SCCF project designs feature an explicitly forward-looking character. Given the funding constraints and limited scope of most projects, they are set up as pilot and demonstration projects providing a first step toward broader, long-term climate change adaptation efforts in the future.

Accordingly, most projects include provisions to replicate and scale up project results after project completion through the cofinancing made available. For example, the Egyptian national government has earmarked three times the amount of the original SCCF grant for Adaptation to Climate Change in the Nile Delta through Integrated Coastal Zone Management in Egypt (GEF ID 3242) to replicate successful results to scale up technology transfer. All national SCCF projects reviewed are well suited for replication, yet prospects for replication and scale-up will very much depend on the availability of further funding.

Efficiency

Conclusion 9: The SCCF has been managed by the GEF in a cost-effective way, and its management costs are the lowest of comparable funds.

A potential advantage of placing the SCCF under GEF management has been the efficiency gain from using existing GEF structures to facilitate management of a new fund. The GEF's role with regard to the SCCF is to oversee the formulation of operational policies and programming strategies; review and process project proposals for Chief Executive Officer (CEO) or Council approval; management of the portfolio of projects and programs; coordination with the GEF Agencies, the GEF Trustee, and the UNFCCC Secretariat; and reporting to the LDCF/SCCF Council and the UNFCCC. As of June 30, 2011, three full-time professionals and one part-time professional, as well as one support staff member working in both the SCCF and the LDCF, have performed

these duties. Several consultants also provide support to the SCCF.

Comparing the operating costs of the SCCF to those of three other funds in which the GEF is involved—the main GEF Trust Fund and the LDCF, both of which are managed by the GEF; and the Adaptation Fund, for which the GEF serves as the secretariat—provides a good indicator of the efficiency of SCCF management. Compared to the overall volume of the respective funds, the SCCF has the lowest absolute operating cost of the four funds for fiscal year (FY) 2011.[4] This conclusion also holds true when the operating costs are compared to the total amount of funding approved in FY 2011: the SCCF features the lowest ratio with 2 percent, compared to the LDCF at 3 percent, the Adaptation Fund at 6 percent, and the GEF Trust Fund at 8 percent. These costs do not include the GEF Agency fees or project management costs.

The main reason for the lower costs associated with the SCCF and the LDCF versus the Adaptation Fund and the GEF Trust Fund is the costs for the governing bodies. For example, because the LDCF/SCCF Council meets at the same time as the GEF Council and largely consists of the same representatives, the costs of bringing the council members to the meeting is prorated; in comparison, the GEF Trust Fund and the Adaptation Fund assume the major costs of the meetings of their governing bodies.

Overall, the operating cost comparison shows efficiency gains from using existing GEF structures for SCCF management and governance.

[4] The GEF fiscal year runs from July 1 through June 30.

Conclusion 10: Although the formal SCCF project cycle has been implemented in accordance with GEF standards and rules, the unpredictability of funding availability has resulted in an informal, nontransparent, project preselection process.

The GEF formal project cycle is implemented efficiently and features both adequate processing time and transparency. However, the fund's limited and unpredictable funding situation necessitated the addition of an informal preselection process—unique to the SCCF—in order to match the number of projects entering the project cycle to the funds available. While preselection is a pragmatic solution for fund management, concerns about its (lack of) transparency were expressed by external beneficiaries and the GEF Agencies during the evaluation.

Preselection, based on a short project note, identifies projects that are encouraged to enter the formal project cycle. The criteria used for preselection are not formally determined or published. Moreover, the process of preselection and the application of selection criteria are not officially documented or traceable. This deficit stands in contrast to the transparent process of documented feedback through review sheets employed during the formal project cycle. The preselection process therefore becomes unpredictable for the beneficiaries and the GEF Agencies, limiting their ability to develop targeted projects that fit the requirements of the SCCF portfolio and have a chance of entering the formal project cycle.

An additional concern raised by the GEF Agencies is the timing of the preselection decision, which in the past may have allowed only one to two weeks for the development of a project identification form (PIF) to enter the formal project cycle. This narrow time frame has prompted the Agencies to start developing PIFs before the preselec-

tion decision, counteracting the purpose of the preselection process in reducing the GEF Agency workload.

Upstream communication between the GEF Secretariat and the GEF Agencies as well as monthly Adaptation Task Force meetings provide an opportunity for the GEF Agencies to request further details about the current state of the preselection process as well as about rejected concept notes. This semiformal communication and coordination between the Secretariat and the Agencies somewhat mitigates the transparency issues involving preselection, without providing the full disclosure of a documented and traceable process as employed during the formal project cycle.

Conclusion 11: Opportunities for learning—which are highly relevant given the innovative nature of the SCCF projects—may be lost because no knowledge exchange and learning mechanism exists.

The recently approved LDCF/SCCF results-based management (RBM) framework acknowledges the importance and potential of enhancing learning and knowledge management for SCCF adaptation projects. The RBM framework includes guidelines on how to provide lessons and defines a set of objectives on which an emerging learning system should focus, including

- the factors that determine the effectiveness of adaptation activities in building resilience and increasing adaptive capacity,
- causal relationships between adaptation activities and local community welfare, and
- the catalytic effect of LDCF-SCCF financing and the effectiveness of community-based adaptation regarding climate change and variability.

Some SCCF projects have already demonstrated successfully how knowledge systematization and sharing can be implemented for adaptation activities. However, at the fund level, no comprehensive and proactive system yet exists to process and systemize the knowledge and experiences gathered during project implementation, make lessons learned and successful innovation readily available to future adaptation projects, and facilitate sharing of best practices and specific adaptation options for a given challenge among projects within and beyond the SCCF.

Conclusion 12: SCCF projects are systematically perceived as GEF Trust Fund projects.

The evaluation team consistently observed that the SCCF had little visibility at all levels as a specific source of funding designed under the UNFCCC to address the costs of adaptation and create local benefits. Generally, project beneficiaries interviewed did not perceive any difference between the SCCF grant and other regular GEF Trust Fund projects. Although the GEF Secretariat produced an excellent publication explaining how to access the SCCF, no initiative has been taken at the level of the SCCF management to enhance the visibility of and create an identity for the fund. The SCCF does not have a logo, a newsletter, or any other characteristic/feature facilitating its establishment as a standalone brand. This lack of visibility has an implication for the SCCF funding situation: a clearly visible profile could potentially help the SCCF attract additional financing from donors. The lack of SCCF visibility becomes particularly obvious in comparison to the Adaptation Fund, which uses several identifying features to create a recognized brand.

1.2 Recommendations

Recommendation 1: The LDCF/SCCF Council should appeal to donors to fund the SCCF adequately and predictably, preferably through a replenishment process.

Given the severe underfunding of the SCCF, the GEF Council should appeal to donors for a substantial replenishment of the SCCF for the following reasons:

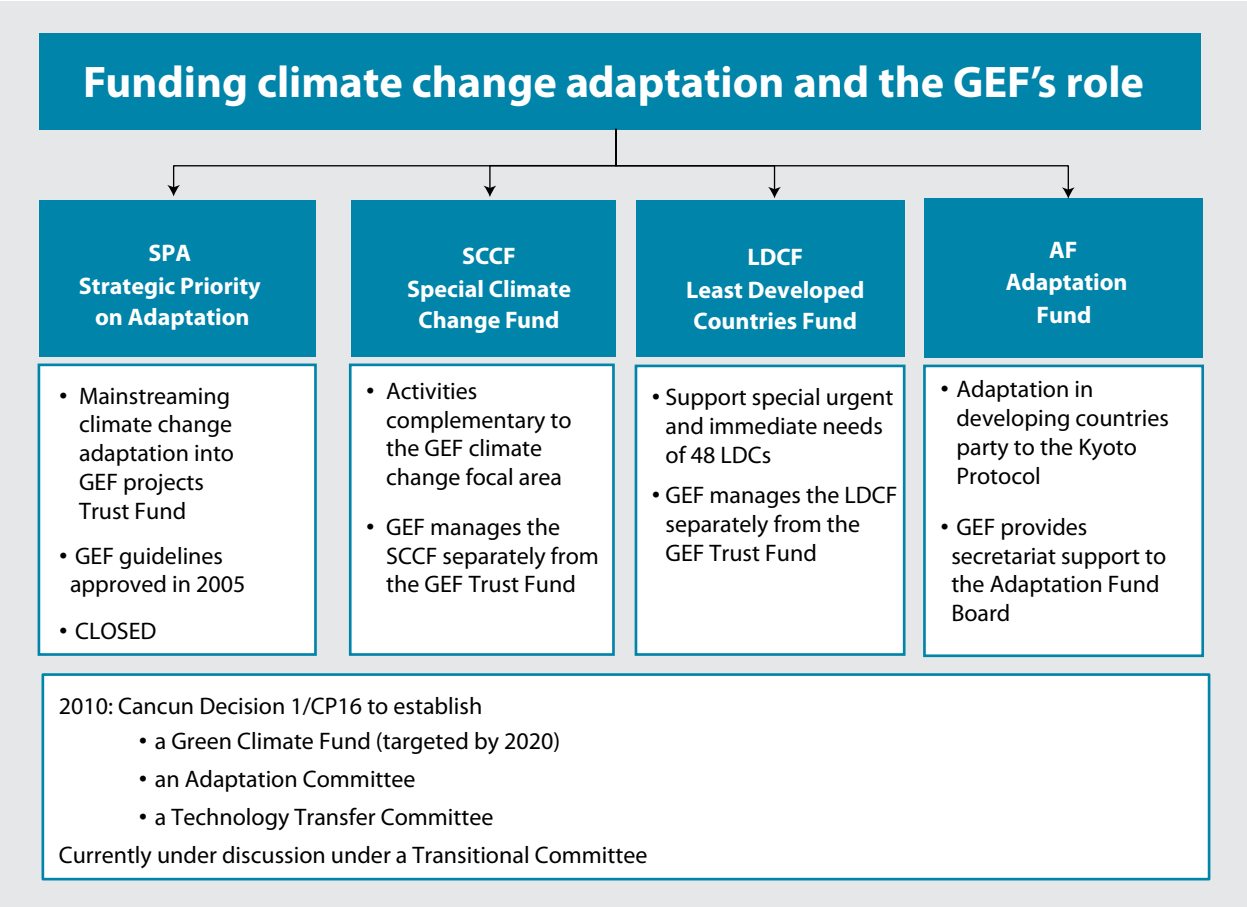
- The UNFCCC COP's creation of the SCCF was in response to developing countries' needs with regard to abating climate change impacts. However, as the evidence in this evaluation shows, the SCCF has not fulfilled its role due to the limited availability of funds.
- The SCCF has nonetheless established a portfolio of innovative projects, yielding valuable experiences on adaptation issues, building on Agencies' and countries' learning curves, and providing a critical mass of expertise on climate change funding.
- The SCCF is cost-effective: it has the lowest management costs of current funds operating for adaptation issues.
- Except for the Adaptation Fund, no other major sources of funding for adaptation have emerged in recent years. In its programming document for GEF-5 (2010–14), the GEF itself specifies that "the GEF Trust Fund will provide resources for climate change mitigation, while climate change adaptation will be funded through the Least Developed Countries (LDCF) and the Special Climate Change Fund (SCCF)," confirming the SCCF's future role as a crucial channel for adaptation financing through the GEF (GEF Secretariat 2010f).

If SCCF funding were to attain levels commensurate with its mandate, some of its current problems would disappear. For one thing, preselection processes would no longer be needed, and thus the decision-making process would be more transparent. More attention could be paid to adequate dissemination of lessons learned through innovative mechanisms such as knowledge platforms and communities of practice. Given current global financial uncertainties, some further considerations could be taken into account by the Council:

- The LDCF/SCCF Council can and should appeal to donors to fund the SCCF adequately. However, given the voluntary nature of the fund, there is no guarantee that adequate funding will materialize from such an appeal. Furthermore, the council is not a party in the ongoing international negotiations regarding the future global architecture for adaptation funding. Important elements emerging from this evaluation should be made available to these negotiations; the council could consider these elements and how to bring them forward.
- The achievements of the SCCF portfolio show the need, and potential niche, for a mechanism that focuses on funding innovative projects that tackle adaptation issues through concrete solutions on the ground. The lessons to be learned from these projects have relevance beyond the relatively limited scope of such a portfolio. The SCCF is currently the only fund providing global funding for innovative projects (figure 1.1). However, its COP-prescribed mandate goes well beyond innovative projects.
- In the longer term, new funds and/or institutions may emerge from further UNFCCC COP decisions. Based on the protracted negotiation process in setting up the Adaptation Fund, these entities will have a long lead time before becoming operational. Until such time, the

Figure 1.1

Overview of COP-Related Funding Channels



SCCF will remain one of the main sources of multilateral funding accessible to all developing countries. (The LDCF only covers LDCs, and the World Bank's Pilot Program for Climate Resilience provides funding to an even smaller group of countries; this makes the Adaptation Fund one of the few alternatives to the SCCF in the midterm future.)

- The discrepancy between its broad mandate and its limited available funding makes the SCCF unable to respond to developing countries' expectations. In the absence of significant funding increases emerging from ongoing international negotiations, a revised targeted niche for the SCCF would be an option for consideration. The SCCF has the potential to continue fulfilling an important function within the newly emerging landscape of climate change financing. Efforts could be undertaken, perhaps by constituencies of LDCF/SCCF Council members, to ensure that the fund's innovative aspects and achievements are considered in international discussions regarding the global environmental financing architecture.

Recommendation 2: The LDCF/SCCF Council should ask the GEF Secretariat to prepare proposals to ensure (1) transparency of the project preselection process, (2) dissemination of good practices through existing channels, and (3) SCCF visibility by requiring projects to identify their funding source.

The lack of transparency of the preselection process is linked to the mismatch between the mandate of the fund, the available funding, and good project proposals. Depending on available funding levels, several solutions are possible. If funding levels remain low and unpredictable, a limited time window for project proposals could be opened on a competitive basis, in which projects would be rated according to a precise set of criteria, based—for example—on concrete benefits to be achieved and potential for replication and scale-up. If funding levels increase, a preselection process will at some point no longer be necessary, and the transparency issue will be eliminated.

Dissemination of good practices and lessons learned is of preeminent concern where the achievements of the portfolio are relevant beyond the fund itself, as is the case for the SCCF. Increasingly, knowledge and experience are shared and managed through new software and media, often through platforms or communities of practice. These mechanisms create an interface through which demand and supply can be matched. Adaptation to climate change is a subject that is being discussed in many platforms and communities of practice, and the SCCF could engage with the most appropriate of these to ensure wider dissemination of project achievements.

SCCF visibility requires clear identification of the funding source in outreach documents, project leaflets, press releases, websites, and so on. If funding increases, the Secretariat should consider adopting a graphic image (logo) to identify this source of funding; this is in line with a similar branding approach taken for the LDCF and for the GEF itself.

2. Background and Approach

2.1 Background

The creation of a Special Climate Change Fund was agreed upon at UNFCCC COP 6 in July 2001 with the approval of Decision 5/CP.6. Annex I to this decision states that the fund would be established to finance activities, programs, and measures in the areas of adaptation, technology transfer, energy, transport, industry, agriculture, forestry, and waste management as well as activities assisting developing country parties to the convention with highly fossil fuel–dependent economies.

In December 2001, three decisions (5/CP.7, 6/CP.7, and 7/CP.7) were approved by COP 7 in Marrakesh that defined a broad field of interventions to be funded by the SCCF aimed at addressing the effects of climate change. The decisions also stipulated that this new trust fund should be managed independently by an entity entrusted with the operations of the financial mechanism of the convention. Subsequent guidance to the GEF was provided by COP 8 in 2002, COP 9 in 2003, COP 10 in 2004, and COP 12 in 2006 refining the design of the SCCF.

The SCCF is managed directly by the GEF, and was, until the end of 2006, guided by the overall GEF Council. At a special GEF Council meeting in 2006, it was decided to establish a distinct LDCF/SCCF Council to meet separately from the GEF Council; the LDCF/SCCF Council had its first meeting in December 2006.

With its broad mandate covering adaptation to climate change impacts and mitigation of greenhouse gas emissions, the SCCF was the first GEF-managed comprehensive climate change fund accessible to all developing countries placed directly under the UNFCCC. Two other UNFCCC funds, the LDCF and the Adaptation Fund, were established at the same time as the SCCF, but they are both focused solely on adaptation. The LDCF, which the GEF also manages, was created to address the urgent, immediate needs of LDCs in this area, focusing first on developing NAPAs, and now moving into a second phase of operationalizing these plans. The Adaptation Fund, established under the Kyoto Protocol and for which the GEF is the interim secretariat, is—like the SCCF—accessible to all developing countries, but it did not become fully operational until January 2011, when its first project was implemented in Senegal; the intervening years had been needed to negotiate the terms of the fund's governing body and secretariat.

At COP 15 in Copenhagen in 2009, the climate change funding situation evolved significantly with the approval of Decision 2/CP.15, which recognized the need to establish a Green Climate

Fund to provide new and additional resources to respond to the needs of developing countries; it is estimated that these will amount to $100 billion per year by 2020. The emergence of this fund, which was subsequently approved by COP 16 in Cancun, broadens the landscape of international climate finance, and the SCCF's role should be viewed within this context.

2.2 Approach

The evaluation of the SCCF commenced May 2011 and was presented to the LDCF/SCCF Council in November 2011. It was led by a task manager from the GEF Evaluation Office and conducted by staff of the Office, along with a senior international consultant. The team included technical and policy experts with backgrounds in climate change and evaluation as well as knowledge of the various sectors of the COP guidance for the SCCF, such as health, water resource management, land management, agriculture, infrastructure development, fragile ecosystems, integrated coastal zone management, climate disaster risk management, technology transfer, and capacity development issues.

The evaluation team completed an approach paper detailing the full approach and methodology used to carry out the evaluation (annex A). The team assessed implementation of the SCCF using aggregated data for four standard evaluation criteria, each of which focused on a set of key areas of interest:

- **Relevance.** How relevant are the SCCF programming and portfolio to the UNFCCC guidance as well as to the beneficiary countries' environmental and sustainable development agendas?
- **Effectiveness.** How effective are the SCCF programming and portfolio in achieving expected outcomes or progress toward achieving expected outcomes?
- **Efficiency.** How efficient are the SCCF programming and portfolio in reaching their objectives and expected outcomes?
- **Results/sustainability.** What are the positive and negative foreseen or unforeseen effects produced by the SCCF to this point, including results already achieved by the fund and its portfolio, and how sustainable are these results?

During the evaluation, it became clear that, because of the early stage of implementation of most SCCF projects, conclusive evidence on results was sparse; it was thus not possible to measure impact systematically. However, examples of results to date as well as discussion of the potential sustainability of the results have been incorporated into chapter 5, which presents findings on effectiveness.

The main objective of the evaluation was to provide the LDCF/SCCF Council with evaluative evidence on progress toward SCCF objectives as well as the major achievements and lessons learned from SCCF implementation so far, and to provide recommendations on the fund's way forward. The evaluation also seeks to provide inputs to the ongoing process of rethinking the financial architecture for climate change. The analysis therefore focuses on the overarching question: **What are the key lessons that can be drawn from the implementation of the SCCF 10 years after its inception?**

A project review protocol (annex E) was developed using a survey tool to assess the projects in a systematic manner and ensure that project-level key questions were clearly and consistently addressed. A desktop review of project documents and consultations with relevant project stakeholders were

completed for 35 SCCF projects that were PIF approved, GEF Council approved, CEO endorsed, under implementation, or completed as of June 2011 (as determined from information contained in the GEF Project Management Information System and the project portfolio reviews). A database including information on project status, financing and cofinancing, implementing institutions, themes, countries, and key partners was developed from the project review protocol, allowing for aggregation of results at the portfolio level and enabling evaluation of the SCCF as a whole (annex F). Because SCCF-funded projects are at different stages of implementation, the status of each determined how and to what extent it was included in the SCCF evaluation according to the four evaluation criteria (table 2.1).

Table 2.1

Focus of Evaluation by Project Status

Project status	Relevance	Effectiveness	Efficiency	Results
Completed	Full	Full	Full	Full
Ongoing	Full	Likelihood	Partially	Likelihood
In pipeline	Expected	n.a.	Processes	n.a.

Note: n.a. = not applicable.

The evaluation's findings on effectiveness and efficiency (presented in chapters 5 and 6, respectively) are primarily based on data for 12 projects that have reached an advanced stage of implementation and have produced a PIR and/or been the subject of a field visit. For these projects, the project review protocol divides the four evaluation criteria into a set of subquestions that were answered using qualitative data from project documents and interviews.

To allow for aggregation, comparison, and visualization of findings across the active portfolio, ratings were assigned (scale of 0–4) for each project and subquestion. The ratings were used for overview purposes only, and do not replace the wealth of specific qualitative data gathered on the projects. This latter information is presented throughout the evaluation and provides a much fuller picture of the active SCCF portfolio.

In addition to project reviews, the team carried out interviews with staff members of the GEF Secretariat, the GEF Agencies, and the UNFCCC Secretariat; members of the GEF Scientific and Technical Advisory Panel; a few government officials; and representatives of international and local nongovernmental organizations (annex D). The evaluation team made four field visits to SCCF projects in China, Egypt, Guyana, and Tanzania. Finally, a survey was sent to LDCF/SCCF Council members; however, the response rate was low, yielding few results that could be used in the analysis.

A series of background studies was conducted, including a review of relevant literature (annex G) with a focus on methods used to evaluate adaptation projects and programs. A meta-evaluation (annex H) of prior evaluations of SCCF projects was completed to synthesize lessons learned, findings, and experiences. The evaluation team also compiled all relevant decisions and guidance from both the UNFCCC COP and the LDCF/SCCF Council and carried out an indicator analysis and assessment of the Adaptation Monitoring and Assessment Tool (AMAT). The team reviewed indicators for 19 projects to gauge their utility and robustness, and to determine if the new AMAT would be beneficial in improving indicators for evaluating adaptation.

Finally, the team conducted an analysis of the data collected to assess main findings and determine trends, lessons learned, and conclusions. Every effort was made to build synergies with other relevant studies and to include information and tools from the GEF Evaluation Office, such as the

annual PIRs, project completion reports, midterm reviews, and GEF Agency evaluation reports.

2.3 Limitations

Owing to the recent approval of the portfolio, most SCCF projects are still under implementation or in the early and pre-implementation stages. Documentation on implementation experiences is therefore limited; only 10 PIRs were completed. UNDP conducted an evaluation of its SCCF portfolio—the only one done thus far. Few projects have reached their midpoint and have completed midterm reviews. Only two projects have been completed, neither of which has produced a terminal evaluation report.

The evaluation was only able to consider a small number of projects under the SCCF-B (technology transfer) window and no projects under the SCCF-C and SCCF-D funding windows, which remain unfunded to date.

The four field visits provided insight into potential results that could be achieved through ongoing SCCF projects. These field visits were selected across four continents, and focused on different aspects of the SCCF. However, the limited number of projects, as well as the level of implementation of the projects chosen, did not allow the team to carry out a robust analysis of the final results to be achieved on the ground in the long run.

3. Analysis of the SCCF Portfolio

3.1 Portfolio Composition and Evolution

The current SCCF work program consists of a broad variety of activities and comprises 35 approved projects, of which 27 are national, 3 are regional, 3 are global, and 2 are multitrust fund projects.[1]

The majority of the projects are funded under the SCCF-A (adaptation) window: 25 full-size projects (FSPs) and 6 medium-size projects (MSPs) (table 3.1). Four projects are funded under the SCCF-B (technology transfer) window: three FSPs and one MSP. The SCCF-C and SCCF-D windows remain unfunded, despite operationalizing COP and LDCF/SCCF guidance.

The overall project portfolio amounts to $142.6 million; overall cofinancing is $843.5 million for the 35 projects (table 3.1). Most of this cofinancing comes from other GEF-administered funding sources and national governments: 36 percent and 44 percent, respectively. Civil society organizations (CSOs) and the private sector are responsible for the least amount of cofinancing, each contributing only 1 percent of total.

3.2 SCCF Projects and Funding by Agency

The largest number of SCCF projects is implemented through UNDP—16, 14 of which are

[1] A multitrust fund project is one funded by several trust funds. This approach has been taken in other organizations and funds, but is fairly new for the SCCF.

Table 3.1

SCCF Project Funding by Window and Size

Window/project size	Number of projects	SCCF funding (million $)	Cofinancing (million $)	Total funding (million $)
SCCF-A	31	127.5	826.1	953.5
FSPs	25	121.1	812.1	933.1
MSPs	6	6.4	14.0	20.4
SCCF-B	4	15.1	17.5	32.6
FSPs	3	14.3	16.1	30.4
MSPs	1	0.8	1.4	2.2
Total	**35**	**142.6**	**843.5**	**986.2**

under SCCF-A and 2 under SCCF-B. Nine projects are implemented through the World Bank, four through IFAD, two through UNEP, and one through the European Bank for Reconstruction and Development. ADB is co-implementing a project with UNDP and a program with UNEP. UNDP and the World Bank are also co-implementing a project.

The World Bank and UNDP together account for three-quarters of total SCCF project funding. The Bank's share (38 percent) reflects the fact that its projects are larger—an average of $5.8 million each, compared to $3.4 million for UNDP, and $2.5 million for IFAD (table 3.2 and figure 3.1). The World Bank's SCCF projects also generate the largest amount of cofinancing (37 percent of all cofinancing), with an average of about $34.3 million per project versus about $16.5 million per project for UNDP.

UNDP, followed by the World Bank, is the Implementing Agency for the largest number of projects in all regions except Latin America and the Caribbean. In this region, the World Bank has the largest number of projects (four) and accounts

Table 3.2

SCCF Project Funding by Window and GEF Agency

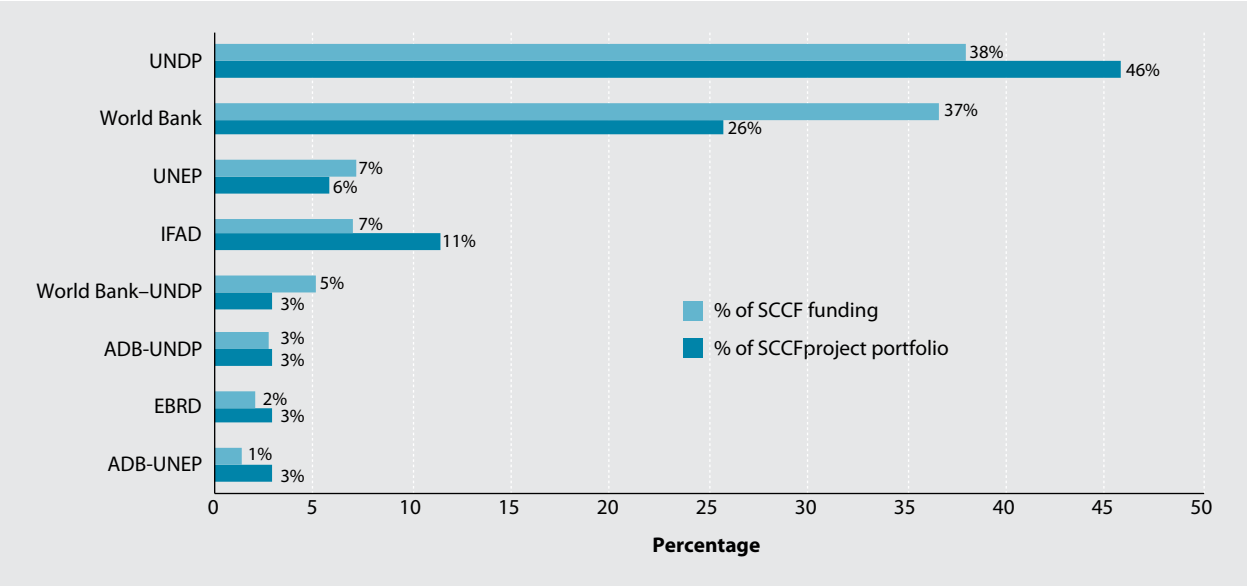
Window/ Agency	No. of projects	SCCF funding[a]			Cofinancing			Total		
		Million $	Average (million $)	% of total	Million $	Average (million $)	% of total	Million $	Average (million $)	% of total
SCCF-A	**31**	**127.5**	**4.1**	**89.4**	**826.0**	**26.6**	**97.9**	**953.5**	**30.8**	**96.7**
ADB-UNDP	1	3.9	—	3.0	145.2	—	17.6	149.0	—	15.6
ADB-UNEP	1	2.0	—	1.6	15.0	—	1.8	17.0	—	1.8
EBRD	1	3.0	—	2.4	23.0	—	2.8	26.0	—	2.7
IFAD	3	7.6	2.5	6.0	33.3	11.1	4.0	41.0	13.7	4.3
UNDP	14	50.2	3.6	39.4	254.7	18.2	30.8	305.0	21.8	32.0
UNEP	1	1.1	—	0.9	3.5	—	0.4	4.6	—	0.5
WB	9	52.3	5.8	41.0	309.1	34.3	37.4	361.4	40.2	37.9
WB-UNDP	1	7.4	—	5.8	42.2	—	5.1	49.6	—	5.2
SCCF-B	**4**	**15.1**	**3.8**	**10.6**	**17.5**	**4.4**	**2.1**	**32.7**	**8.2**	**3.3**
IFAD	1	2.4	—	15.6	5.5	—	31.5	7.9	—	24.1
UNDP	2	3.8	1.9	25.0	9.1	4.6	52.2	12.9	6.5	39.6
UNEP	1	9.0	—	59.4	2.9	—	16.3	11.9	—	36.3
All projects	**35**	**142.6**	**4.1**	**100.0**	**843.5**	**24.1**	**100.0**	**986.2**	**28.2**	**100.0**
ADB-UNDP	1	3.9	—	2.7	145.2	—	17.2	149.0	—	15.1
ADB-UNEP	1	2.0	—	1.4	15.0	—	1.8	17.0	—	1.7
EBRD	1	3.0	—	2.1	23.0	—	2.7	26.0	—	2.6
IFAD	4	10.0	2.5	7.0	38.8	9.7	4.6	48.9	12.2	5.0
UNDP	16	54.0	3.4	37.9	263.9	16.5	31.3	317.9	19.9	32.2
UNEP	2	10.1	5.1	7.1	6.4	3.2	0.8	16.5	8.2	1.7
WB	9	52.3	5.8	36.6	309.1	34.3	36.6	361.4	40.2	36.6
WB-UNDP	1	7.4	—	5.2	42.2	—	5.0	49.6	—	5.0

Note: — not available; EBRD = European Bank for Reconstruction and Development; WB = World Bank.

a. Including Agency fees.

Figure 3.1

Distribution of SCCF Projects by Agency



Note: EBRD = European Bank for Reconstruction and Development.

for nearly four times as much funding ($24.3 million) as UNDP, which has three projects totaling $7.4 million. Only in Asia are UNDP projects larger on average than World Bank projects (see section 4.4 and table 4.2).

UNDP is currently implementing nine FSPs and five MSPs under the SCCF-A window, as well as one FSP and one MSP under the SCCF-B window. These 16 projects account for 37 percent of total SCCF project funding ($54.0 million). The SCCF-B projects are in Latin America and the Caribbean; eight of the Agency's SCCF-A projects are in Africa. Agricultural and water resource management components figure most frequently in UNDP's adaptation projects, occurring in 9 and 10 projects, respectively. UNDP is implementing the only two projects in the SCCF portfolio involving health and disease risk management.

The **World Bank** is implementing nine FSPs accounting for 38 percent ($52.3 million) of the total SCCF portfolio allocation. These projects are fairly equally distributed across priority areas under SCCF-A, except for the area of health. The World Bank is not implementing any technology transfer projects. As noted, the Bank's projects are significantly larger on average than those of the other GEF Agencies. The largest number of World Bank projects (four) are located in Latin America and the Caribbean. Two projects are in Africa—one in Morocco on livestock adaptation (GEF ID 3967) and one a multitrust fund regional program as part of the Great Green Wall Initiative combating soil degradation (GEF ID 4511); it is also co-implementing an adaptation project in Kenya with UNDP (GEF ID 3249). Two World Bank projects are in Asia, and one is in Europe and Central Asia.

IFAD is currently implementing four FSPs, all focused on agriculture and together accounting for 7 percent ($10.0 million) of the total portfolio allocation. Three projects are located in Asia (Jordan, Mongolia, and Pakistan), and one is in Africa

(Ghana). Three involve adaptation; these primarily feature components in the key priority areas of agriculture, water, and land management. IFAD's sole technology transfer activity is in Jordan (GEF ID 4036) and focuses on capacity development to pilot efficient technologies for water use.

UNEP is implementing one adaptation MSP and one technology transfer FSP. Both projects have a global focus, and together account for 9 percent ($10.1 million) of the total SCCF portfolio. UNEP is responsible for the third largest FSP under the SCCF ($9 million), the Technology Needs Assessment initiative (GEF ID 3907). UNEP also collaborates with ADB in implementing the multitrust fund Pilot Asia-Pacific Climate Technology Network and Finance Center (GEF ID 4512).

ADB does not implement any projects on its own, but is the primary Agency contributing cofinancing to the ADB-UNEP–implemented project mentioned above (the Pilot Asia-Pacific Climate Technology Network and Finance Center); of the project's $83.8 million in cofinancing, ADB has contributed 80 percent ($67.6 million). ADB is also jointly implementing a project with UNDP in Vietnam for which it is the primary implementing Agency (GEF ID 3103).

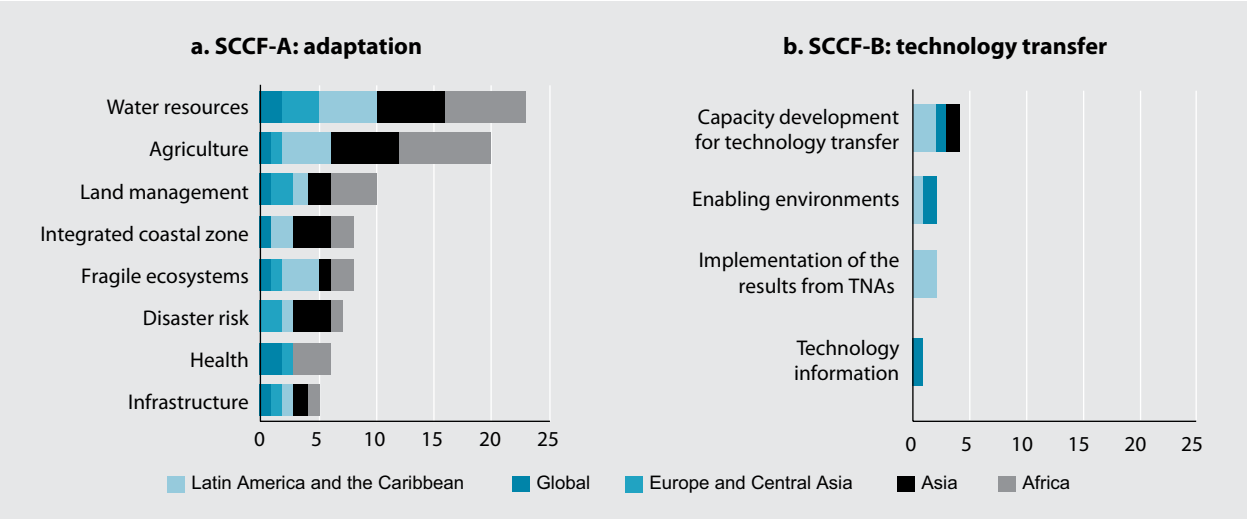
The **European Bank for Reconstruction and Development**—the only other GEF Agency through which SCCF projects are currently being implemented—is implementing an FSP in Tajikistan, Increasing Climate Resilience through Drinking Water Rehabilitation (GEF ID 4422).

3.3 Thematic Coverage

SCCF projects contain a variety of components relating to the key priority areas identified in the guidance documents (figure 3.2); all have components related to capacity development as well. In the adaptation funding window, agriculture and water components are by far predominant, while components related to health and infrastructure are less frequent. Health-related components are featured in two projects: Piloting Climate Change Adaptation to Protect Human Health, a global

Figure 3.2

Key Priority Areas by SCCF Window and Region



initiative (GEF ID 2553); and Integrating Climate Change into the Management of Priority Health Risk in Ghana (GEF ID 3218). All projects under the SCCF-B funding window have components related to developing capacity for the transfer of technologies.

3.4 Portfolio Status and Project Duration

As of June 2011, 18 projects had not yet begun implementation. Of the 17 remaining projects, only 2 have been completed—one in Tanzania and a global project, Economic Analysis of Adaptation Options in Support of Decision Making (GEF ID 3679); 8 other projects have produced PIRs (table 3.3).

While more than half of the projects in the portfolio were not yet under implementation at the time of the evaluation, this situation was expected to change over the course of the next several months. Nine projects were expected to commence implementation during the remainder of FY 2011, and 25 projects were expected to be completed by FY 2014 (figure 3.3).

Table 3.3

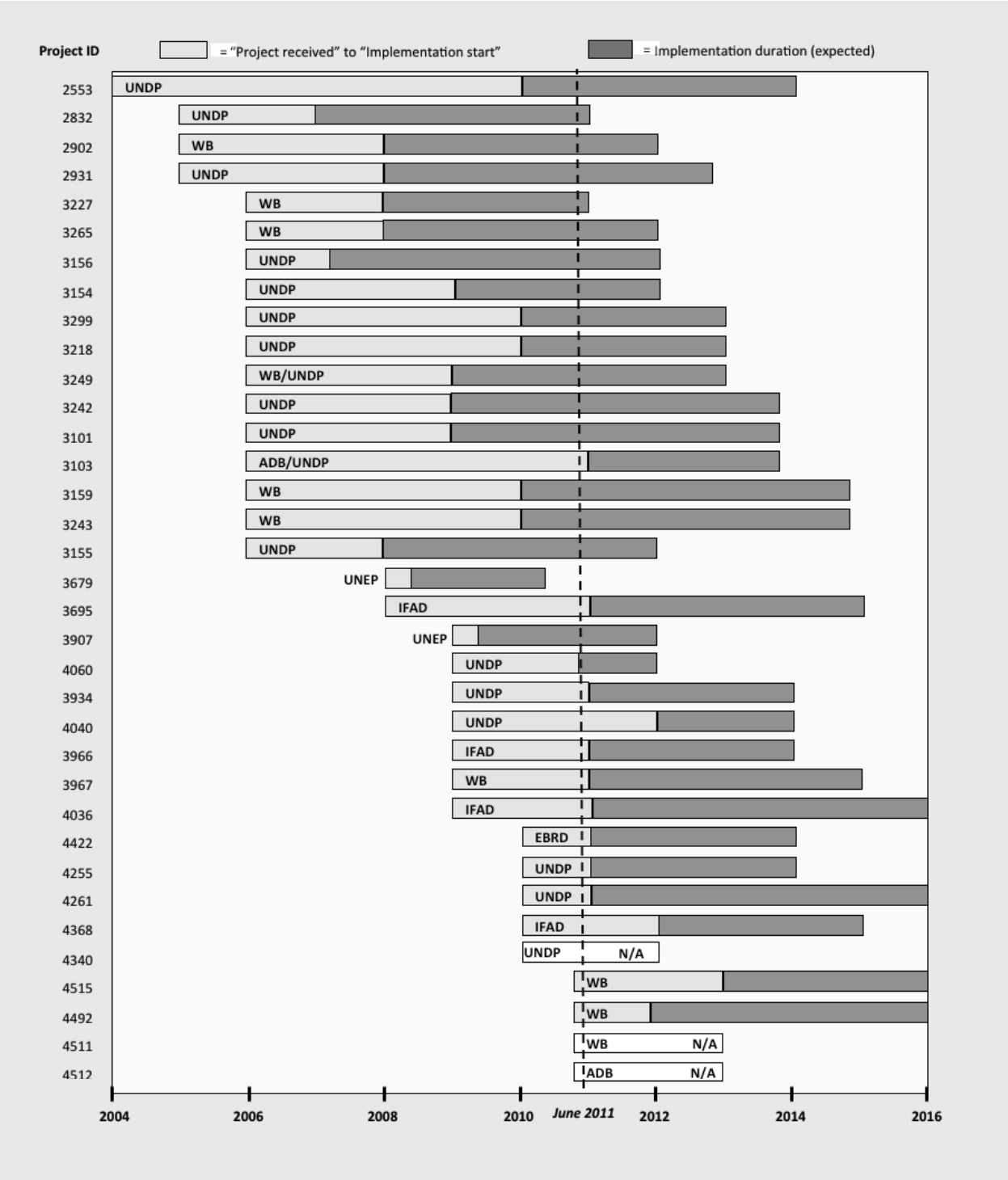
SCCF Project Status, as of June 2011

Completed (2)	PIR produced (8)	Implementation started (7)	Implementation not started (18)
GEF ID 2832 (Tanzania)	GEF ID 2902 (Andean Regional)	GEF ID 2553 (Global)	GEF ID 3103 (Vietnam)
GEF ID 3679 (Global)	GEF ID 2931 (Ecuador)	GEF ID 3218 (Ghana)	GEF ID 3159 (Mexico)
	GEF ID 3101 (Pacific Islands)	GEF ID 3242 (Egypt)	GEF ID 3249 (Kenya)
	GEF ID 3154 (Ethiopia)	GEF ID 3243 (Philippines)	GEF ID 3695 (Mongolia)
	GEF ID 3155 (Mozambique)	GEF ID 3299 (Thailand)	GEF ID 3934 (South Africa)
	GEF ID 3156 (Zimbabwe)	GEF ID 3907 (Global)	GEF ID 3966 (Pakistan)
	GEF ID 3227 (Guyana)	GEF ID 4060 (Jamaica)	GEF ID 3967 (Morocco)
	GEF ID 3265 (China)		GEF ID 4036 (Jordan)
			GEF ID 4040 (Brazil)
			GEF ID 4255 (Swaziland)
			GEF ID 4261 (Azerbaijan)
			GEF ID 4340 (Indonesia)
			GEF ID 4368 (Ghana)
			GEF ID 4422 (Tajikistan)
			GEF ID 4492 (Nicaragua)
			GEF ID 4515 (Regional)
			GEF ID 4511 (Regional)
			GEF ID 4512 (Regional)

Note: For project titles, see table 4.1.

Figure 3.3

Project Duration by Project and Agency



4. Comparative Analysis of UNFCCC COP Guidance and the GEF SCCF

4.1 Key Elements of UNFCCC COP Guidance

The GEF received considerable guidance from the UNFCCC COP regarding the creation and management of the newly established SCCF.[1] The first such guidance, in 2001, was COP Decision 7/CP.7, which stated that the SCCF would finance activities in four areas:

- **Adaptation**, to support the implementation of adaptation actions in non–Annex I parties
- **Transfer of environmentally sustainable technologies**, focusing on, but not limited to, technologies to reduce emissions or atmospheric concentrations of greenhouse gases, in line with recommendations from national communications, TNAs, and other relevant information
- **Support to six specific sectors**—energy, transport, industry, agriculture, forestry, and waste management
- **Economic diversification for fossil fuel–dependent countries**, to assist developing countries whose economies are highly dependent on income generated from the production, processing, and export or on the consumption of fossil fuels and associated energy-intensive products in diversifying their economies

COP Decision 5/CP.9 in 2003 provided further guidance for the operation of the new fund by specifying two main priority areas:

- **Adaptation** activities addressing the adverse impacts of climate change, including in the key areas of water resource management, land management, agriculture, health, infrastructure development, fragile ecosystems including mountain ecosystems and integrated coastal zone management; as well as in improving the monitoring of disease control and prevention and capacity development, including institutional capacity for preventive measures planning, preparedness and management of disasters relating to climate change, including contingency planning in particular for droughts and flood areas prone to extreme weather events
- **Technology transfer** and associated capacity-building activities

The COP operationalized additional guidance on technology transfer at its 2008 meeting in Poznan, Poland, in Decision 2/CP.14 on the Development and Transfer of Technologies.

In 2007, the COP approved Decision 1/CP.12, which provided guidance on funding windows

[1] See annex C for a complete list of UNFCCC COP guidance.

SCCF-C (program for mitigation in different sectors) and SCCF-D (program for economic diversification). The decision specified the areas that the funding windows should cover, including, but not limited to, the following:

- **SCCF-C**—energy efficiency and savings, cleaner energy technologies, research and development on energy efficiency in the transport and industry sectors; climate-friendly agricultural technologies and practices, forest conservation, and waste management
- **SCCF-D**—capacity building at the national level in the areas of economic diversification and energy efficiency in countries whose economies are highly dependent on consumption of fossil fuels and associated energy-intensive products; support through technical assistance of the creation of favorable conditions for investment in sectors where such investment could contribute to economic diversification, as well as for the diffusion and transfer of clean energy technologies; innovation of new national advanced fuel technologies, and support through promotion of investments in cleaner energy technologies

4.2 Secretariat Response to COP Guidance

In 2004, the GEF responded to the initial COP guidance by formulating and approving "Programming to Implement the Guidance for the Special Climate Change Fund Adopted by the Conference of the Parties to the United Nations Framework Convention on Climate Change at Its Ninth Session" (GEF Secretariat 2004).[2]

From a strategic point of view, the 2004 programming document is thoroughly formulated and provides a comprehensive overview of how to operationalize the COP guidance, putting forward general principles for the implementation of the fund as well as specific programs for SCCF-A and SCCF-B in accordance with the key priority areas highlighted by the 2003 COP decision:

- The **Program for Adaptation component** fully adheres to the SCCF's focus on priority areas as defined by the COP. The decision clearly was the basis for defining the SCCF-A window, which lists adaptation activities taken directly from the COP guidance.
- The **Program for Technology Transfer component** describes activities to be funded under the SCCF-B window in response to COP Decision 5/CP.7—namely, implementation of the results of TNAs, technology information, capacity development for technology transfer, and support for enabling environment. In accordance with the decision, investment capital for technology transfer is not to be provided.

At its June 15, 2007, meeting, the LDCF/SCCF Council reviewed and approved guidance prepared by the GEF Secretariat related to funding windows SCCF-C and SCCF-D. Because donors did not pledge funding for either of these windows, the SCCF could not respond to the COP guidance, even though it was correctly translated by the GEF Secretariat (see section 5.1).

4.3 Alignment of SCCF Portfolio with COP Guidance

The content and priorities of the SCCF and the 35 projects funded under it are coherent with, and relevant to, two of the four funding windows specified in the UNFCCC guidance. For adaptation activities, all project designs address themes

[2] See annex C for a complete list of GEF responses to the COP guidance.

identified both by the COP and in the SCCF GEF programming strategy. As noted in section 3.3, integrated water management and agriculture predominate, while projects related to health and infrastructure are less frequent (table 4.1).

Similarly, all SCCF-B projects have components related to developing capacity for technology transfer. Although the portfolio's content is entirely relevant to the guidance from a qualitative perspective, funding received from donors for this component remains low, and no new funding pledges had been received for this window since October 2008. Consequently, from a quantitative perspective, the limited number of projects is clearly insufficient to respond to the ambitious goal of Decision 2/CP.7 in addressing the needs of developing countries.

In response to the lack of pledges from developed countries for technology transfer, a policy initiative was launched at COP 14 in 2008 at Poznan, leading to the approval of Decision 2/CP.14. The GEF Secretariat then formulated the Poznan Strategic Program on Technology Transfer, which included three funding windows to

- conduct TNAs,
- pilot technology projects linked to these assessments, and
- disseminate GEF experiences that successfully demonstrate environmentally sound technologies.

The total amount made available for the Poznan strategy was $50 million—$35 million from the GEF Trust Fund (from the GEF-4 replenishment for 2006–10) and $15 million from the SCCF (approved by the LDCF/SCCF Council in November 2008). This initiative increased the relevance of the SCCF-B funding window and illustrated the complementarity between the SCCF and the GEF Trust Fund.

Two large projects were subsequently approved under the program: Technical Needs Assessments implemented through UNEP in 36 countries, and the jointly implemented ADB-UNEP Pilot Asia-Pacific Climate Technology Network and Finance Center.

The total amount of funding allocated to SCCF projects as of June 2011 was $142.6 million, of which $127.5 million was for adaptation and $15.1 million was for technology transfer (annex B). This level of funding is insufficient compared to the needs quantified in various analyses (such as the 2006 *Stern Review on the Economics of Climate Change*) and the amounts stated in the COP's Copenhagen Accord (Decision 2/CP.15) and Cancun Agreement of 2010. As a result, the fund has been relatively slow in responding to the high expectations of the countries involved, and not commensurate with the initial objective of the fund's establishers. Moreover, the evaluation team was informed by the GEF Secretariat that a large pipeline of unfunded SCCF projects is currently on hold because of financial constraints.

4.4 Alignment of SCCF Practices with COP Principles

In addition to specifying activities to be covered by the SCCF, COP guidance (noted and reiterated by COP 7 in 2001, COP 8 in 2002, COP 9 in 2003, COP 10 in 2004, and COP 12 in 2006) also sets out several principles to be applied by the fund management.

SCCF Governance

In August 2006, at a special GEF Council meeting, it was decided to create a separate LDCF/

Table 4.1

SCCF Portfolio Classified by Thematic Emphasis, as of June 2011

Theme	Project title	Country (GEF ID)
Climate change risk reduction	Reducing Disaster Risks from Wildfire Hazards	South Africa (3934)
	Strengthening the Capacity of Vulnerable Coastal Communities to Address the Risk of Climate Change and Extreme Weather Events	Thailand (3299)
	Integrating Climate Change in Development Planning and Disaster Prevention	Morocco (3967)
	Integrating Climate Change Risks into Water and Flood Management	Azerbaijan (4261)
	South Eastern Europe & Caucasus Catastrophe Risk Insurance Facility	Regional: Albania, Macedonia, Serbia (4515)
	Design and Implementation of Pilot Climate Change Adaptation Measures in the Andean Region	Regional: Bolivia, Ecuador, Peru (2902)
Economics of climate change	Economic Analysis of Adaptation Options in Support of Decision Making	Global: China, Guyana, India, Mali, Samoa, Tanzania, United Kingdom, United States (3679)
Health and climate change	Piloting Climate Change Adaptation to Protect Human Health	Global: Barbados, Bhutan, China, Fiji, Jordan, Kenya, Uzbekistan (2553)
	Integrating Climate Change into the Management of Priority Health Risk in Ghana	Ghana (3218)
Integrated coastal zone management	Pacific Adaptation to Climate Change	Regional: Cook Islands, Federated States of Micronesia, Fiji, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu (3101)
	Adaptation to Climate Change Impacts on the Coastal Wetlands	Mexico (315)
	Climate-Resilient Infrastructure and Coastal Zone Development	Vietnam (3103)
Integrated water management	Mainstreaming Adaptation to Climate Change into Water Resources Management and Rural Development	China (3265)
	Conservancy Adaptation Project	Guyana (3227)
	Increasing Climate Resilience through Drinking Water Rehabilitation	Tajikistan (4422)
	Implementation of National and Transboundary Integrated Water Resource Management.	Swaziland (4255)
	Adaptation to Climate Change in the Nile Delta through Integrated Coastal Zone Management	Egypt (3242)
	Adaptation to Climate Change through Effective Water Governance	Ecuador (2931)
	Mainstreaming Climate Change Adaptation into the Pangani River Basin Water Management	Tanzania (2832)
	Adaptation of Water Supplies to Climate Change	Nicaragua (4492)
Resilience in arid areas	Sahel and West Africa Program in Support of the Great Green Wall Initiative (Multitrust Fund)	Regional: Benin, Burkina Faso, Chad, Ethiopia, Ghana, Mali, Mauritania, Niger, Nigeria, Senegal, Sudan, Togo (4511)
	Coping with Drought and Climate Change	Ethiopia (3154)
	Adaptation to Climate Change in Arid Lands	Kenya (3249)
	Coping with Drought and Climate Change	Zimbabwe (3156)
	Coping with Drought and Climate Change	Mozambique (3155)
Livelihood resilience	Rural Livelihoods Climate Change Adaptation Support Programme	Pakistan (3966)
	Promoting a Value Chain Approach to Adaptation In Agriculture	Ghana (3218)
	Livestock Adaptation Project	Mongolia (3695
	Strategic Planning and Action to Strengthen Climate Resilience of Rural Communities in Nusa Tenggara Timor province	Indonesia (4340)
	Climate Change Adaptation	Philippines (3243)

(continued)

Table 4.1

SCCF Portfolio Classified by Thematic Emphasis, as of June 2011 *(continued)*

Theme	Project title	Country (GEF ID)
Transfer of relevant adaptation technology	Pilot Asia-Pacific Climate Technology Network and Finance Center (Multitrust Fund)	Regional: Asia (4512)
	Irrigation Technology Pilot Project to Face Climate Change Impacts in Jordan	Jordan (4036)
	Introduction of Renewable Wave Energy Technologies for the Generation of Electric Power in Small Coastal Communities.	Jamaica (4060)
	Renewable CO_2 Capture and Storage from Sugar Fermentation Industry in São Paulo State	Brazil (4040)
	Technology Needs Assessments	Global: Côte d'Ivoire, Ethiopia, Kenya, Ghana, Mali, Morocco, Mauritius, Rwanda, Senegal, Sudan, Zambia; Azerbaijan, Georgia, Kazakhstan, Moldova, Lebanon; Bangladesh, Bhutan, Cambodia, Indonesia, Laos, Mongolia, Nepal, Sri Lanka, Thailand, Vietnam; Argentina, Bolivia, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Peru (3907)

Source: GEF Project Management Information System 2011.

SCCF Council, which would meet during the regular GEF Council meetings. The first such meeting was held in December 2006. The GEF Secretariat reports regularly to the COP on the independent financial status of both the LDCF and the SCCF through an annual report to the UNFCCC.

SCCF Rules, Guidelines, and Procedures

In its original SCCF programming paper, the GEF stipulated that the fund would follow GEF Trust Fund operational rules, guidelines, and procedures, unless otherwise indicated by COP guidance. These rules, guidelines, and procedures cover the following:

- Application of the GEF project cycle
- Expedited procedures for projects under the enabling activities modality
- Use of GEF Council rules and procedures in LDCF/SCCF Council meetings
- Monitoring and evaluation policies and procedures

Applying these rules is logical, given the decision that the GEF would manage the SCCF. However, it does not entirely reflect the requests for a separate management promoted by developing countries during the negotiation process. All COP-related decisions since 2001 have stated that the GEF Secretariat should

- continue efforts to minimize the time needed to process grant requests,
- further streamline the project cycle,
- urge its implementing/executing agencies to be more responsive, and
- review the adequacy of the number of implementing/executing agencies.

The extent to which these four key features have been implemented is reviewed in the following chapters.

Costs

The UNFCCC COP has specified that sufficient financial resources should be provided to meet

the agreed full costs incurred by developing country parties in complying with their obligations under Article 12, Paragraph 1, on reporting to the convention. However, the principle of mandatory contribution by parties was not approved, and thus the size and timing of grant availability is largely unpredictable and unmanageable. In order to allocate funds received from donors, the GEF's 2004 SCCF programming strategy defined the following requirements to apply additional adaptation cost and incremental cost principles (GEF Secretariat 2004):

- **For adaptation.** Access to SCCF adaptation funding requires the application of the additional cost of adaptation principle, which refers to the additional costs incurred for adaptation activities addressing climate change impacts. Additional adaptation costs are defined in the context of a specific development project/program and are not aimed at generating global environmental benefits.
- **For technology transfer.** The SCCF will finance incremental costs and seek to serve as a catalyst to leverage additional resources for the transfer of technology:

> The incremental costs will be those costs directly associated with securing the global benefits arising from the wide scale adoption of clean technologies in participating countries… Incremental analysis of proposals for consideration will focus on defining the additional costs of the proposed activities; demonstrating how they are distinct from but make use of existing programs; and how the technology transfer process would be completed, that is, what are the avenues envisioned for the eventual investments (GEF Secretariat 2004, p. 18).

Beneficiaries and other stakeholders interviewed during this evaluation repeatedly expressed the difficulties presented by these two principles. The justification of either principle in project design is particularly difficult to formulate; it has thus been challenging to calculate the costs of both principles compared to the "agreed full costs" mentioned in COP decisions. This difficulty erects barriers to project formulation when the proper development baseline is not clearly understood.

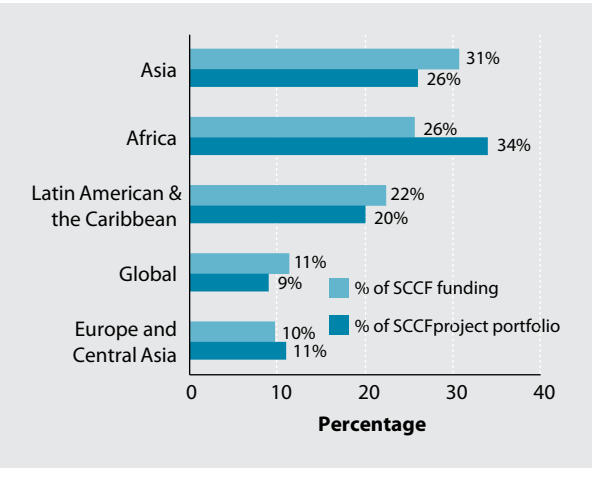
Geographical Coverage of SCCF Projects

Unlike the LDCF, which is only accessible by LDCs, the SCCF is accessible by all developing countries (non–Annex I parties to the UNFCCC). On several occasions, the COP has provided narrower geographical guidance to prioritize the most vulnerable countries, LDCs, small island developing states, and African countries. Such prioritization does not include most of Latin America and the Caribbean and Eastern and Central Asia; this approach was neither generally supported nor followed.

Regionally, of the projects funded under the SCCF, Africa hosts the largest number (12). The largest proportion of funding by region (31 percent), however, has been allocated to projects in Asia (figure 4.1): about $44.1 million compared to $37.3 million

Figure 4.1

Distribution and Funding of Projects by Region (%)



Source: GEF Project Management Information System 2011.

in Africa. The discrepancy derives from the fact that projects in Asia are on average twice as large as those in Africa. In fact, projects in Africa are on average the smallest compared to all other regions (table 4.2). The Latin America and the Caribbean region also features a large number of projects; these 7 projects receive nearly as much funding as the 12 in Africa ($31.7 million). None of these projects have been implemented in the Caribbean, although it represents one of world's most vulnerable areas to climate change. This is particularly unfortunate since, with the exception of Haiti, these countries do not have access to the LDCF.

Cofinancing is also higher in Asia than in Africa—$382.0 million versus $274.9 million, of which almost $80 million is for the World Bank's Great Green Wall initiative. When this support is excluded from the total, cofinancing in Africa is only about half of that in Asia.

Table 4.2

SCCF Project Funding and Agency Involvement by Region

Country/ Agency	No. of projects#	SCCF funding[a]			Cofinancing			Total		
		Million $	Average (million $)	% of total	Million $	Average (million $)	% of total	Million $	Average (million $)	% of total
Africa	12	37.3	3.1	26.1	274.9	22.9	32.6	312.2	26.0	31.7
IFAD	1	2.9	2.9	7.7	8.5	8.5	3.1	11.4	11.4	3.6
UNDP	8	16.7	2.1	44.8	113.3	14.2	41.2	130.0	16.3	41.6
WB	2	10.3	5.1	27.6	111.0	55.5	40.4	121.2	60.6	38.8
WB-UNDP	1	7.4	7.4	19.9	42.2	42.2	15.3	49.6	49.6	15.9
Asia	9	44.1	4.9	31.0	382.0	42.4	45.3	426.1	47.3	43.2
ADB-UNDP	1	3.9	3.9	8.7	145.2	145.2	38.0	149.0	149.0	35.0
ADB-UNEP	1	2.0	2.0	4.5	15.0	15.0	3.9	17.0	17.0	4.0
IFAD	2	5.4	2.7	12.2	18.9	9.4	4.9	24.2	12.1	5.7
UNDP	3	21.3	7.1	48.3	102.0	34.0	26.7	123.3	41.1	28.9
WB	2	11.6	5.8	26.3	101.0	50.5	26.4	112.6	56.3	26.4
Europe and Central Asia	4	13.9	3.5	9.8	63.3	15.8	7.5	77.2	19.3	7.8
EBRD	1	3.0	3.0	21.6	23.0	23.0	36.4	26.0	26.0	33.7
IFAD	1	1.8	1.8	12.8	11.5	11.5	18.1	13.3	13.3	17.2
UNDP	1	3.1	3.1	22.1	7.3	7.3	11.5	10.3	10.3	13.4
WB	1	6.1	6.1	43.5	21.5	21.5	34.0	27.6	27.6	35.7
Latin America & the Caribbean	7	31.7	4.5	22.2	101.1	14.4	12.0	132.8	19.0	13.5
UNDP	3	7.4	2.5	23.4	25.3	8.4	25.1	32.8	10.9	24.7
WB	4	24.3	6.1	76.6	75.7	18.9	74.9	100.0	25.0	75.3
Global	3	15.6	5.2	10.9	22.3	7.4	2.6	37.9	12.6	3.8
UNDP	1	5.5	5.5	35.1	16.0	16.0	71.5	21.4	21.4	56.6
UNEP	2	10.1	5.1	64.9	6.4	3.2	28.5	16.5	8.2	43.4
Total	**35**	**142.6**	**4.1**	**100.0**	**843.5**	**24.1**	**100.0**	**986.2**	**28.2**	**100.0**

Source: GEF Project Management Information System 2011.

Note: EBRD = European Bank for Reconstruction and Development; WB = World Bank.

The evaluation's review of the project portfolio found that most initiatives are funded in lower-middle-income countries (34 projects) and upper-middle-income countries (33 projects).[3] Figure 4.2a includes countries in which initiatives are being implemented. It also includes the regional initiative in Nigeria implemented under the Great Green Wall, which will be receiving the funding requested through the SCCF. The rest of the countries included in the Great Green Wall program will receive funding from the LDCF and the GEF Trust Fund. Almost three-quarters (73.6 percent) of all SCCF funding goes to lower- and upper-middle-income countries. Only 10 percent of funding went to projects in low-income countries, which is appropriate, as these should be funded primarily by the LDCF.

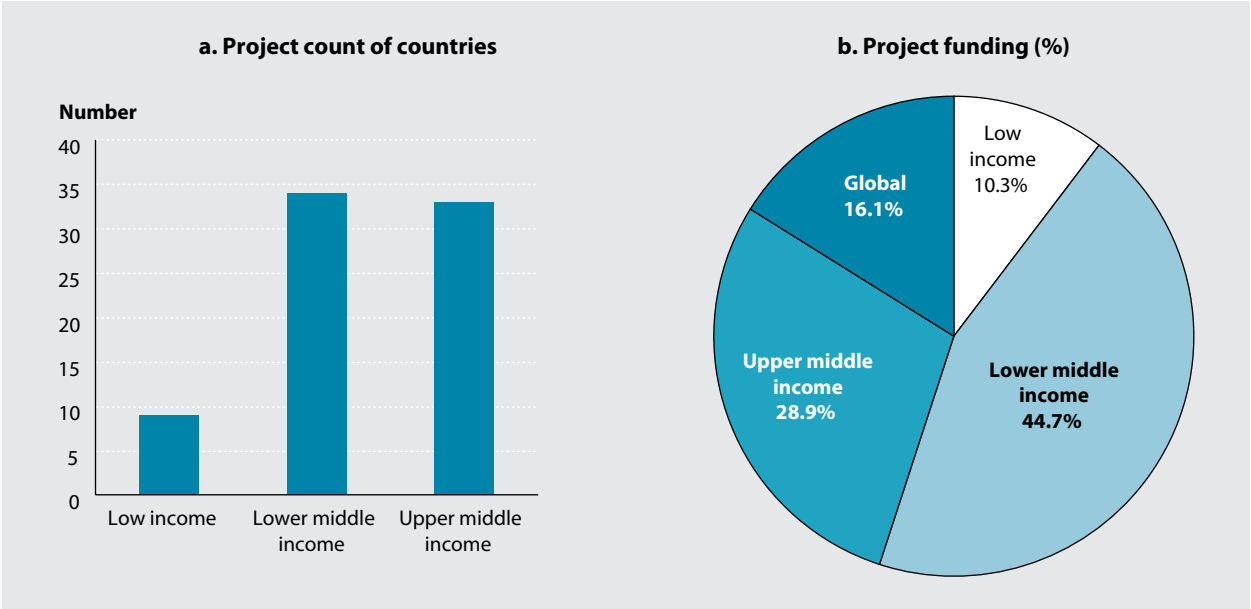
[3] Based on World Bank gross national income classifications: see http://data.worldbank.org/about/country-classifications.

Summary

SCCF-funded projects are responsive to the needs of developing countries, providing $127.5 million for adaptation activities and $15.1 million for technology transfer. SCCF activities at the project level are also consistent with the intended effects of the SCCF, with funding granted to almost all the regions of the world, except the Caribbean. Globally, the allocation ratio of funding provided to low- and middle-income countries is consistent with COP guidance for SCCF activities. However, projects do not cover the whole spectrum of intended impacts as they are not responsive to the needs of developing countries with respect to funding of SCCF-C and SCCF-D activities.

Figure 4.2

SCCF Projects Funded According to the World Bank Gross National Income Classification



Source: The classification is based on gross national income per capita and PPP (current international purchasing power parity) from the World Bank; it was also compared to the UNDP Human Development Index.

5. Effectiveness and Sustainability of Results

5.1 Capitalizing the Four Funding Windows

The low levels of funding pledged to the SCCF are not commensurate with the broad mandate the COP decision extends to the SCCF. The size and scope of the fund do not correspond to the comprehensive nature of its four funding windows.

Under SCCF-A, which has become the main focus of the SCCF, the dispersed funding of $127.5 million is relatively low. As a comparison, the LDCF was granted $415 million for 47 projects implemented in 48 LDCs. And the World Bank's Climate Investment Fund received pledges from 14 countries amounting to $6.9 billion as of November 2010. Of these pledges, the Strategic Climate Fund received $2.5 billion, and the Clean Technology Fund received $4.4 billion. The Pilot Program for Climate Resilience—which is the Climate Investment Fund component most comparable to the SCCF—had received pledges amounting to $987 million as of March 31, 2011.

The discrepancy between the broad SCCF mandate and the limited available funding affects all aspects of fund operation. Although the portfolio includes a number of projects that show progress toward achieving expected outcomes, the fund's overall effectiveness in addressing the needs of beneficiary countries is limited by its funding situation.

As of June 2011, 14 donors had pledged contributions to the SCCF totaling about $180 million (table 5.1). Five donors (Finland, Germany, Ireland, Norway, and Switzerland) have made pledges on an annual basis. Five other donors (Italy, the Netherlands, Portugal, the United Kingdom, and the United States) have not increased their commitment since their original pledge. Others have pledged at least twice since their original pledge.

Table 5.1

SCCF Donor Pledges as of June 2011

Country	Pledges (million $)		Percentage of total
	Total	Outstanding	
Canada	12.9	0	7
Denmark	9.0	0	5
Finland	6.4	0	4
Germany	49.3	32.1[a]	27
Ireland	2.1	0	1
Italy	10.0	5.0	6
Netherlands	3.1	0	2
Norway	24.2	0	13
Portugal	1.3	0	1
Spain	12.3	0	7
Sweden	6.1	0	3
Switzerland	4.6	0	3
United Kingdom	18.6	0	10
United States	20.0	0	11
Total	**180.1**	**37.1**	**100**

Source: World Bank 2011.

a. Payments are disbursed annually.

After an initial surge of pledges with available funding reaching $62 million at the end of 2006, no new funding was pledged in April 2007 and only $8 million in September 2007 (figure 5.1). Since 2008, donors have pledged continuously, but at an overall low level.

The abrupt decrease in available funding posed a major challenge to SCCF management and disrupted application of the project cycle (see chapter 6). Documentation of discussions during the LDCF/SCCF Council meeting of November 2007 clearly summarizes the situation: "The situation of the SCCF remains critical. With about only $60 million for adaptation worldwide, and a demand of over $100 million per year from vulnerable countries, the fund cannot meet the existing demand for projects that address adaptation. The pipeline is currently frozen…" (GEF Secretariat 2007a, p. 1).

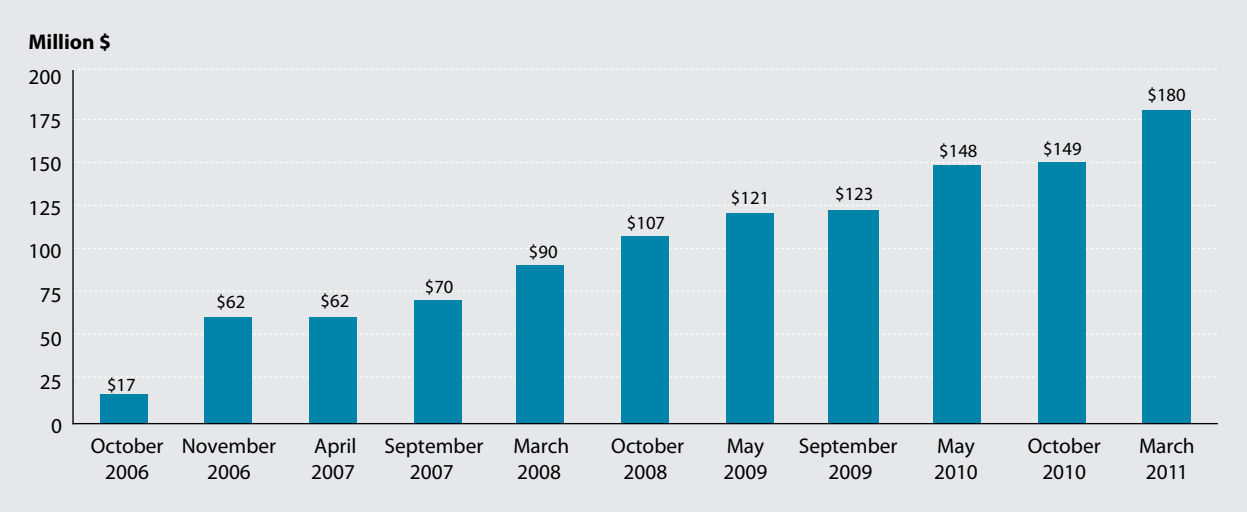
About 90 percent of the pledges made have been dedicated to the SCCF-A funding window. No pledges have been made to technology transfer since October 2008. Overall, the SCCF has not been effective in capitalizing the four funding windows.

The reasons for the limitations and unpredictability of funding can be traced to the fund's original establishment. The SCCF emerged as a political compromise during COP 7. Developed countries ultimately agreed to the comprehensive mandate of the fund embodied in the four funding windows that reflected the expectations of developing countries. However, the developing countries had to agree to compromises regarding the fund's governance structure and funding modalities:

- The SCCF was established under the GEF management and governance structure. This was contrary to developing countries' preferences, since GEF decision making includes voting procedures based on contributions, which largely favor donor countries. In addition, GEF operating procedures did not provide opportunities for direct country access to funds, which is the clear preference among developing countries.

Figure 5.1

Cumulative Pledges to SCCF



Source: Joint Summaries of the LDCF/SCCF Council meetings since 2006.

- The SCCF relies on voluntary contributions from donors (Annex I and II parties) and gives them the opportunity to dedicate their contributions to specific funding windows. As such, donor countries retain full control over the amount and purpose of the funds provided to the SCCF.

Given this context, several factors help explain the SCCF's insufficient funding levels and the narrowing of its scope to adaptation activities:

- **Dissatisfaction with the set-up and structure of the SCCF.** The inclusion of politically sensitive funding windows (from the perspective of donors) and GEF management and governance (which allows beneficiaries no direct access) has drawn criticism from both Annex I and non–Annex I parties to the UNFCCC, and has created an overall negative perception of the SCCF.
- **Concerns regarding SCCF-D.** The existence of the SCCF-D funding window to finance economic diversification in oil-producing countries makes some donor countries reluctant to contribute to the fund and has in fact tainted the SCCF as a whole, raising donor country concerns that pledged funds could be used for activities under this window.
- **Duplication of activities.** Donor countries' commitment to SCCF-B and SCCF-C was shaped by the perception that activities under these windows would duplicate those financed under the climate change focal area of the GEF Trust Fund.
- **Donor preferences and priorities.** The financing of adaptation activities under SCCF-A corresponds most closely to donor preferences and priorities and features less overlap with existing multilateral funding mechanisms.
- **Competition from other funds.** The funding pledged to adaptation activities under the SCCF-A funding window faces competition from alternative funding channels for climate change adaptation.

5.2 Achievement in Priority Areas

Decision 5/CP.7 defined a number of activities to be supported through the SCCF and/or the Adaptation Fund. As described in chapter 4, the GEF Secretariat operationalized this guidance with the adoption of priority areas for activities to be funded under SCCF-A and SCCF-B. Projects across the active SCCF portfolio have achieved significant progress toward given objectives in these various priority areas, providing valuable innovation and lessons learned. The following subsections summarize a few examples of achievements in SCCF projects' central priority areas.

Water Resource Management and Climate Change Adaptation

Water resource management is one of the main themes covered in the SCCF project portfolio, included in such projects as Mainstreaming Climate Change Adaptation into the Pangani River Basin Water Management project in Tanzania (GEF ID 2832), Adaptation to Climate Change through Effective Water Governance in Ecuador (GEF ID 2902), and Mainstreaming Adaptation to Climate Change into Water Resource Management and Rural Development in China (GEF ID 3265).

SCCF Achievements

- Installation of water-harvesting devices (small dams, various types of catchments)
- Ecologic restoration/conservation (reforestation, conservation of ground cover in grasslands)

- Efforts to reduce river flow sedimentation processes
- Data collection on climate change impacts on water availability, groundwater recharge, and so on
- Awareness raising within local communities about projections on future water availability
- Adjustments to water governance and distribution systems to include climate change impacts

SCCF Innovation and Lessons Learned

- **Scientific information.** SCCF projects on adaptation in water management (as well as SCCF projects in other sectors) provide innovative approaches to cope with limited climate change data in a specific project context (section 5.5). SCCF experiences in combining data from a broad spectrum of sources to generate a better understanding of local vulnerability and current variability in a specific project context can provide valuable lessons to future adaptation projects.
- **Cooperation with local communities.** One source of information employed by SCCF projects to identify and design adequate adaptation activities is local communities and their experiences with regard to water flow changes. A lesson from SCCF projects across the portfolio is that consultation of affected communities not only serves as an instrument for ensuring stakeholder commitment, but also provides crucial information to develop effective adaptation activities related to current climate change variability and bridge the data gap of missing climate change projections.
- **Water user associations.** Implementing projects that adjust water usage requires concerted action at the community level. SCCF projects illustrate that local water user associations can play a catalyzing role in building cooperation and collaboration among local water users. Projects that build on strong associations, or that have succeeded in strengthening existing associations, proved particularly effective in adjusting water management.
- **Water distribution policies.** The character of water as a common good highlights the importance of integrating climate change adaptation into the broader framework of water distribution policy in the beneficiary country. Accordingly, many SCCF projects in the water sector have actively supported the drafting of relevant policies and regulation. SCCF projects therefore constitute a resource for lessons on mainstreaming climate change adaptation into water distribution policies that can help future adaptation projects with similar objectives.

Disaster Risk Management and Climate Change Adaptation

Few projects pertaining to disaster risk management are included in the SCCF project portfolio, and as a result achievements and lessons learned in this area are limited. Projects addressing this theme include Climate Resilient Infrastructure and Coastal Zone Development in Vietnam (GEF ID 3103) and Strengthening the Capacity of Vulnerable Coastal Communities to Address the Risk of Climate Change and Extreme Weather Events in Thailand (GEF ID 3299).

SCCF Achievements

- Integration of climate change impacts into national and regional disaster risk management plans
- Strengthening of meteorological forecast and early warning systems

SCCF Innovation and Lessons Learned

- **Disaster risk management plans.** SCCF projects addressing disaster risk management have strongly emphasized incorporating the implications of future climate change into existing or emerging disaster risk management plans. Projects have accordingly achieved progress in improving national-level policies and legislation. SCCF experiences in supporting the drafting of more climate-resilient disaster risk management plans can be a valuable source of information for similar activities in the future.

Agriculture Integrating Adaptation to Climate Change

Agriculture, like water resource management, is one of the main areas of focus for adaptation projects. Several projects incorporated both water management and agricultural development due to the close link between the two. Projects in this area include Coping with Drought and Climate Change in Ethiopia (GEF ID 3154), in Mozambique (GEF ID 3155), and in Zimbabwe (GEF ID 3156); Livestock Adaptation Project in Mongolia (GEF ID 3695); and Promoting a Value Chain Approach to Adaptation in Agriculture in Ghana (GEF ID 4368).

SCCF Achievements

- Introduction of water-saving and soil moisture techniques (tied ridges and furrows, "zai" pits)
- Diversification of livelihoods (beekeeping, aquaculture, crocodile breeding)
- Introduction of new crops (diversified crop mix, drought-tolerant varieties)
- Change in livestock (cattle to chickens)
- Purchase/installation of necessary equipment and structures (greenhouses for growing fruit)
- Improvement of insurance schemes and risk mitigation systems

SCCF Innovation and Lessons Learned

- **Farmers' participation.** Most SCCF projects on adaptation in the agricultural sector emphasize the participation of farmers throughout project implementation. SCCF projects on agriculture that were developed in close consultation with affected communities have proven to be particularly effective. The design of adaptation activities corresponding with farmers' needs and capabilities especially benefited from farmers' direct input. Workshops that give farmers the opportunity to state their preferences and share their experiences have proven to be a powerful tool in designing effective projects on adaptation in agriculture.
- **Safety net.** Adapting agricultural practices to climate change requires long-term adjustments to traditional practices, which potentially poses a risk to current production yields. Vulnerable communities under economic pressure are often reluctant to risk changing established practices. Several SCCF projects have successfully acted as an economic safety net, reducing risks to farmers and increasing their ability and motivation to experiment with long-term adjustments. In addition, using indigenous and well-established techniques as a starting point for the introduction of further changes has proven successful in increasing farmers' willingness to implement adaptation activities.

Coastal Zone Management and Climate Change Adaptation

As with projects related to disaster risk management, SCCF project achievements and lessons learned in coastal zone management are limited at this point given the small number of projects under implementation that address the topic. Approved projects in the portfolio include Adaptation to Climate Change in the Nile Delta through Integrated Coastal Zone Management

in Egypt (GEF ID 3242) and Pacific Adaptation to Climate Change in Several Small Pacific Island Nations (GEF ID 3101).

SCCF Achievements

- Implementation of vulnerability assessments of coastal zones to climate change impacts
- Cost-benefit analysis of different coastal zone protection options
- Integration of climate change impacts into low-elevation zone development planning
- Creation of institutional structures to mainstream coastal zone management
- Preparation of proposals for coastal zone management plans and establishment of conservancies
- Capacity development and dissemination of information through workshops

SCCF Innovation and Lessons Learned

- **Adaptation through integrated coastal zone management.** The SCCF project Adaptation to Climate Change in the Nile Delta through Integrated Coastal Zone Management proposed the adoption of innovative integrated approaches to protect coastal zones based on the living shorelines approach. The Egyptian government has now approved the proposed solutions: beach nourishment with dredged sand from approach channels to ports, and sand dune management plans.
- **Enhancing the functionality of wetlands and lagoons to act as natural coastal protection mechanisms.** SCCF projects' experimentation with these innovative "soft" approaches is likely to yield valuable lessons for the further development and implementation of ecosystem-based approaches to integrated coastal zone management.

5.3 Contribution to Formulation of National Adaptation Agendas

COP Decision 5/CP.9 highlights the importance of the relationship between adaptation activities funded under the SCCF and the national adaptation agenda of the beneficiary country: "…activities supported through the Special Climate Change Fund shall take into account national communications or national adaptation programmes of action… activities to be funded should be country-driven…"

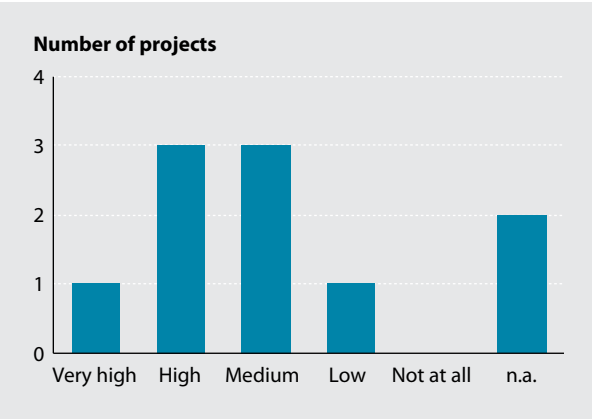
The evaluation of the active portfolio shows that SCCF adaptation activities are closely oriented toward the national political context and domestic political discussion on climate adaptation in the host countries.[1] The ability of SCCF projects to contribute to the formulation of national adaptation agendas by providing experiences generated during project preparation and implementation is an effective way in which the SCCF portfolio has achieved progress toward increased climate change resilience.

Mainstreaming adaptation into the policy-making processes and legislative and regulatory frameworks of beneficiary countries is a frequent objective in SCCF project designs (figure 5.2). Seven projects in the active SCCF portfolio indicated a medium to very high contribution to mainstreaming adaptation into broader national development and political agendas.

[1] Evaluative evidence for questions relating to the efficiency and effectiveness of SCCF projects are gathered from SCCF projects that are at a comparatively advanced state of implementation and have provided PIRs and/or have been evaluated during a field visit by members of the evaluation team.

Figure 5.2

Contribution of SCCF Projects to Mainstreaming Adaptation into Broader Political Agenda



Note: n.a. = not applicable.

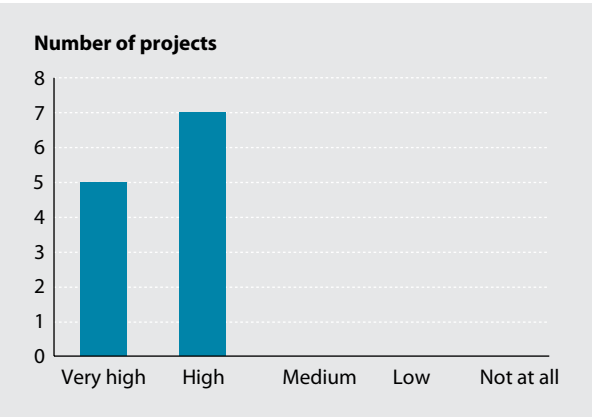
In addition, most SCCF adaptation projects are directly connected to the national political agenda of beneficiary countries with regard to climate change adaptation and sustainable development (figure 5.3). For example, SCCF projects such as Ecuador's Adaptation to Climate Change through Effective Water Governance (GEF ID 2931) are largely designed in accordance with the overarching political strategy of the host country and feed directly into a number of national policies and strategies. This illustrates how SCCF projects are effective in informing and facilitating the discussion on adaptation at the national level. Other SCCF projects that feature a similarly strong focus on adaptation mainstreaming—and that have shown progress in this regard—include the following:

- Design and Implementation of Pilot Climate Change Adaptation Measures in the Andean Region in Bolivia, Ecuador, and Peru (GEF ID 2902)
- Mainstreaming Adaptation to Climate Change into Water Resources Management and Rural Development in China
- Pacific Adaptation to Climate Change Project (GEF ID 3101)

The SCCF has, in particular, played a catalytic role in developing countries whose adaptation agendas are in an early phase. By demonstrating the importance and feasibility of adaptation activities, SCCF projects effectively facilitate the political discussion at the national level and provide input for the formulation of adaptation policies.

Figure 5.3

Relationship of SCCF Projects to Domestic Agenda of Beneficiary Country



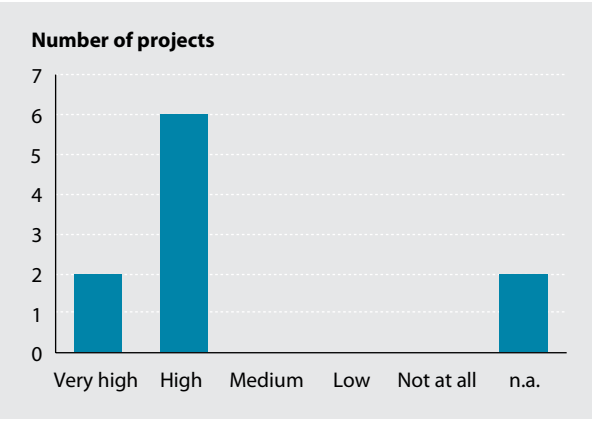
Not all SCCF projects under implementation have been successful in exploiting this opportunity. For example, the PIRs for two Coping with Drought and Climate Change projects—in Mozambique (GEF ID 3155) and Zimbabwe (GEF ID 3156)—note that components implemented have not "changed national policy of any kind" (UNDP 2011). On the other hand, some projects show little formal impact in changing national policies on adaptation, but interviews with relevant government agencies reveal that lessons taken from the projects have helped change government officials' views and awareness of climate change adaptation and have thereby exerted an influence on policy formulation. An example of

such a project is the mainstreaming initiative in Tanzania.

SCCF projects also contribute to the development of national adaptation policies by disseminating information and raising awareness (figure 5.4). Most projects in the active SCCF portfolio have shown progress regarding their contributions to awareness, knowledge, and understanding of climate-induced threats and adaptation responses. Projects such as Ethiopia's Coping with Drought and Climate Change (GEF ID 3154) dedicate a large proportion of project activities to the dissemination of information and education of local communities. Similarly, Ethiopia's counterpart project in Zimbabwe, while not successful in changing national policies, has been effective in generating a wealth of knowledge products, reports, and publications with the participation of local institutions in the pilot district. The Zimbabwe PIR states that "this knowledge can readily be shared nationally and internationally as evidenced by the number of invitations at national and regional climate change fora that the project is receiving" (UNDP 2011).

Figure 5.4

Contribution of SCCF Projects to Awareness, Knowledge, and Understanding of Climate-Induced Threats and Adaptation Responses



Note: n.a. = not applicable.

Another example of a project that has proven effective in raising the level of knowledge and awareness on adaptation among local communities is China's Mainstreaming Adaptation to Climate Change into Water Resources Management and Rural Development. The project features a comprehensive process of participation, information, and education at the local level facilitated through associations of farmers and local water users (as discussed in section 5.2). Furthermore, the project has strengthened these associations to such a degree that they themselves now act as catalysts for knowledge dissemination on adaptation—moving beyond the original reach of the project's pilot communities.

The positive experience of SCCF projects in facilitating the formulation of national adaptation policy highlights the fund's opportunity to become a catalyst for broader adaptation discussion at the international level. Thus far, the SCCF has not reached its full potential in terms of informing and facilitating global discussions on adaptation activities. The fund is not widely recognized as a source of information and experiences on adaptation, and its learning and knowledge management and dissemination system is still in the early stages of development. Expansion and improvement of this system is a prerequisite for the fund's making an effective contribution to the global discussion on adaptation (see section 6.3).

5.4 Contribution to National Development Priorities

Adaptation to climate change is most often closely linked to safeguarding socioeconomic development from the impacts of climate change. This relationship was anticipated by COP Decision 5/CP.9, which identifies socioeconomic development as an explicit objective of the SCCF, noting that "Activities to be funded should be…integrated

into national sustainable development and poverty-reduction strategies." This objective is reiterated by the GEF Secretariat, which states that "the SCCF may be called upon to support climate change adaptation activities that generate benefits by alleviating barriers to development caused by the effects of climate change" (GEF Secretariat 2004, p. 11).

The SCCF is responsive to the link between adaptation and development. The removal of barriers to development and the protection of livelihoods, especially in rural areas, is a primary goal of most SCCF adaptation activities (figure 5.5). The emphasis on climate change impacts on socioeconomic development is reflected in the SCCF portfolio composition. The large proportion of water management and agriculture projects in the portfolio underscores the fact that farmers in poor rural areas represent one of the population groups most exposed to the impacts of climate change on water flows. Accordingly, increasing resilience and adaptive capacity to floods and droughts is one of the most pronounced focus areas within the SCCF portfolio.

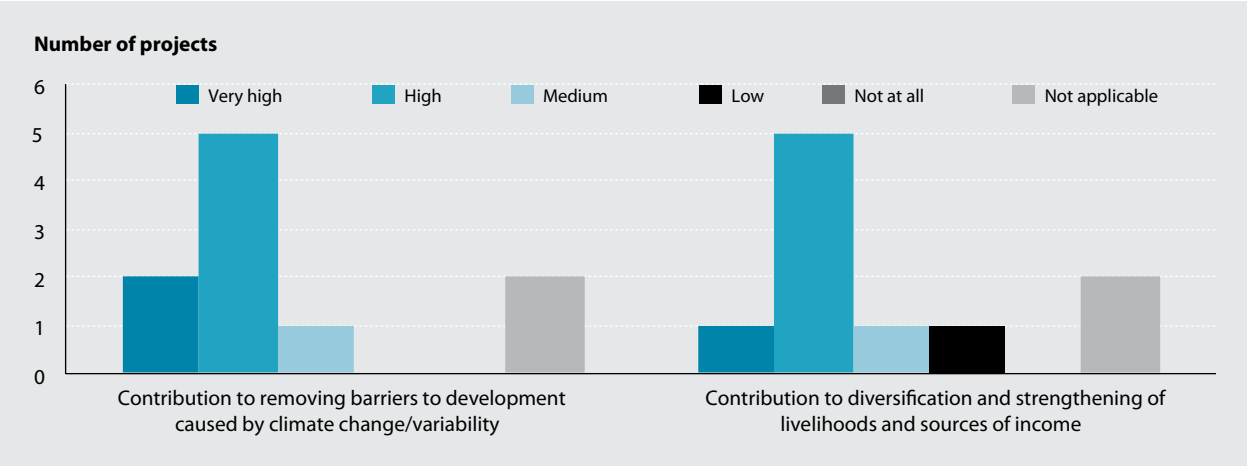
Projects under implementation show tangible achievements with regard to removing barriers to development and diversifying livelihoods of vulnerable communities. In the agricultural sector, adaptation activities currently under implementation range from measures to increase water availability through water saving, evaporation reduction, and water harvesting; diversification of crop and livestock structures; and the addition of resilient varieties; to education of local communities in advanced farming techniques and the inclusion of long-term climate projections into agricultural planning.

An example of progress toward results with regard to socioeconomic development in agriculture is Ethiopia's Coping with Drought and Climate Change project. Although the project had to address a few challenges described that resulted in delays in start-up, it has since achieved progress toward its objectives in a timely manner (box 5.1).

In the Mainstreaming Adaptation to Climate Change into Water Resources Management and Rural Development project in China, similar adap-

Figure 5.5

Contribution of SCCF Projects to Human Development



Box 5.1

Lessons from SCCF Projects: Contribution to Socioeconomic Development

Ethiopia's Coping with Drought and Climate Change project presents an example of how to protect and facilitate socioeconomic development. The project's objective is to develop coping mechanisms for reducing the vulnerability of farmers and pastoralists to future climate shocks, thereby protecting their livelihoods as well as strengthening overall food security in the country. To achieve this objective, the project combines different approaches aimed at counteracting climate change impacts:

- Protect water availability by complementing existing irrigation systems with water-harvesting installations
- Sustain crop yield by introducing eight drought-resistant crop varieties and three varieties of forage seeds
- Develop alternative sources of income through initial investments in honey production and fruit nurseries
- Improve farmers' and pastoralists' ability to react to drought by improving early warning systems and educating local communities in how to use this information
- Raising awareness among local communities about the spectrum of instruments and techniques at their disposal to increase the resilience of their livelihoods
- Embedding efforts into national legislation by adjusting policies and regulations

Taken together, these activities help protect continued socioeconomic advancement despite deteriorating conditions caused by climate change.

tation activities in 10 pilot communities across six provinces have progressed expediently. Most of these activities are already implemented and have produced higher incomes, heightened resilience, and improved livelihoods. For example, greenhouse installations in combination with a variety of water-saving activities have enabled local farmers to change from low-income crops such as maize to high-income products such as watermelons and grapes without creating additional strains on water availability—thus increasing income in comparison with the amount of water used in the project's pilot communities. Extensive interviews with farmers revealed a high level of satisfaction with project results. Furthermore, much of this work could not have been achieved without the successful participation of farmers (box 5.2).

A similar situation is found in Tanzania as a result of its successful SCCF project. Farmers employing conservation agriculture are seeing more productive crops and an increased level of income. Families who have switched their livestock from cows

Box 5.2

Lessons from SCCF Projects: Farmer Participation

China's SCCF project, Mainstreaming Adaptation to Climate Change into Water Resources Management and Rural Development, faced a significant challenge: farmers were reluctant to start growing different crops and to apply new farming techniques as proposed by the project. Faced with strong economic pressures caused by frequent flooding and droughts, farmers in vulnerable communities were hesitant to take the risk of experimenting with new approaches, given that a reduction in harvest yield and income would have disastrous consequences for their livelihoods. The project addressed this barrier through two instruments:

- An extensive effort was made to include farmers in the design of the adaptation activity through workshops and surveys addressing the farmers' needs and worries, taking farmers' experiences into account and explaining planned adaptation activities in the context of the community.
- A financial safety net was provided to participating farmers—for example, by offering a guaranteed purchasing price for new crop varieties.

Farmer participation and collaboration was thus ensured, and crop changes have already been successfully implemented in several pilot communities. In the context of the host country, this approach is particularly noteworthy, as it deviates from normal practices.

to chicken (another component of the project) have experienced a more solid source of income, as chickens require much less space, water, and money to raise. One woman reported that the annual income she is generating from raising chickens allows her to pay all the school fees for her children, which she was not able to do before the project.

5.5 Challenges to SCCF Effectiveness at the Project Level

Coping with the Lack of Available Data

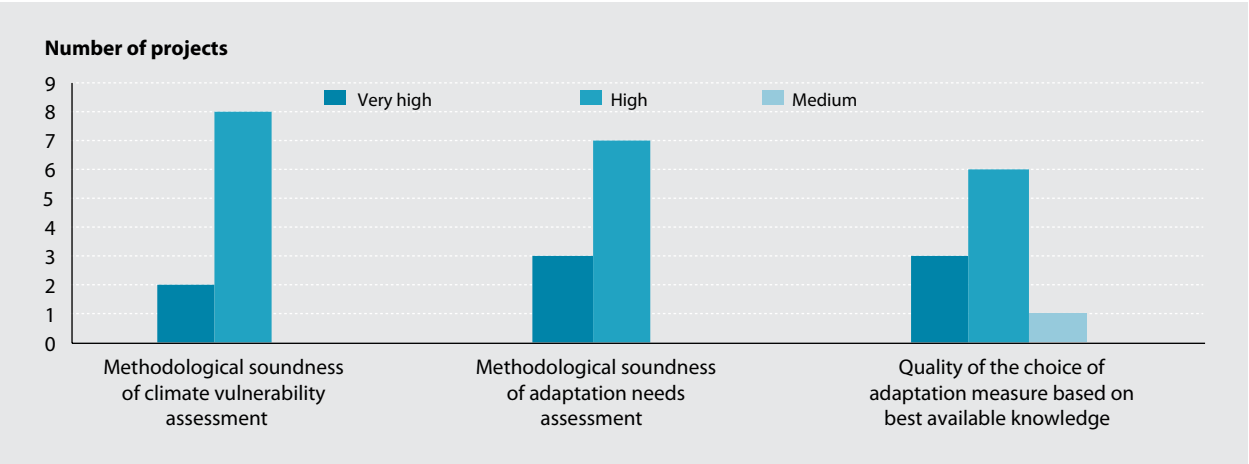
The limited availability of local climatic data, as well as inadequate ability to analyze the data to generate pertinent information, is a significant barrier when designing adaptation activities. While evolving climatic data and modeling techniques increasingly allow for predictions at global and regional scales, the ability to precisely project local climate change and variability as well as the associated impacts remains low. The down-scaling of climate modeling data as employed by several SCCF projects somewhat improves the data situation, but cannot provide precise information at the project level. This limitation reduces the ability to design and implement targeted and location-specific adaptation activities. Nevertheless, sensible adaptation activities are possible on the basis of currently available knowledge from a variety of sources if interpreted and applied correctly.

The SCCF portfolio features innovative ways, experiences, and lessons learned in coping with the limitations of climate data and modeling and making use of existing scientific knowledge to provide a basis for locally implemented adaptation activities (figure 5.6). SCCF projects primarily achieve this in two closely related ways:

- **Interpretation of existing knowledge with regard to specific, local context.** The majority of SCCF projects include comprehensive strategies for generating a scientific basis to adaptation activities by interpreting existing data for their significance in the project's geographic, social, and political context. Instruments employed by SCCF projects include meta-analyses of existing materials, available climate variability data, and climate change projections—when available—supplemented

Figure 5.6

Quality of SCCF Vulnerability Assessments and Choice of Adaptation Activities



by sector-specific data related to the project as well as the use of existing down-scaled climate modeling information (as was used in the SCCF projects in the Andean region, Mexico, and Zimbabwe).

- **Design of adaptation activities on the basis of available knowledge.** Tested options of effective adaptation activities are still limited. The SCCF portfolio adds new options to this menu and provides insights on how to design different adaptation activities in a given project context. Especially noteworthy are the extensive efforts of some projects—including those in China and Tanzania—to make use of participatory vulnerability assessment methods incorporating experiences from local communities into adaptation activity design. These approaches will have to prove their ultimate effectiveness over time, but show promising intermediate achievements toward objectives and can provide lessons learned for future adaptation efforts.

The review of the SCCF portfolio showed that projects that address and link both components achieve particularly high ratings with regard to their effectiveness and progress toward objectives (box 5.3). This highlights the importance of striking the right balance between abstract assessment and practical activity in project design; it also illustrates the potential for further improvements of the SCCF portfolio.

Box 5.3

Lessons from SCCF Projects: Combining Theory and Practice

The project Design and Implementation of Pilot Climate Change Adaptation Measures in the Andean Region in Bolivia, Ecuador, and Peru is a good example of a successful combination of theoretical assessments and practical application.

The project addresses the negative impact of Andean glacier retreat on the regional water supply, agriculture, and hydropower. Acknowledging the limited applicability of global modeling, which is "inadequate to resolve the steep topography of long and narrow mountain chains," to the design of effective adaptation activities, the project design attempted to bridge the gap by combining modeling results with an analysis of data from a wide variety of sources. In particular, it linked scientific research on climate change impacts in high-elevation mountain ecosystems with available regional data from field observations and historical records for the Andean region. These data are complemented with information from a regional network of glacier monitoring stations installed in the context of the project (with no SCCF contribution). The project design then applies the assessment to the specific challenges faced by the project's location sites.

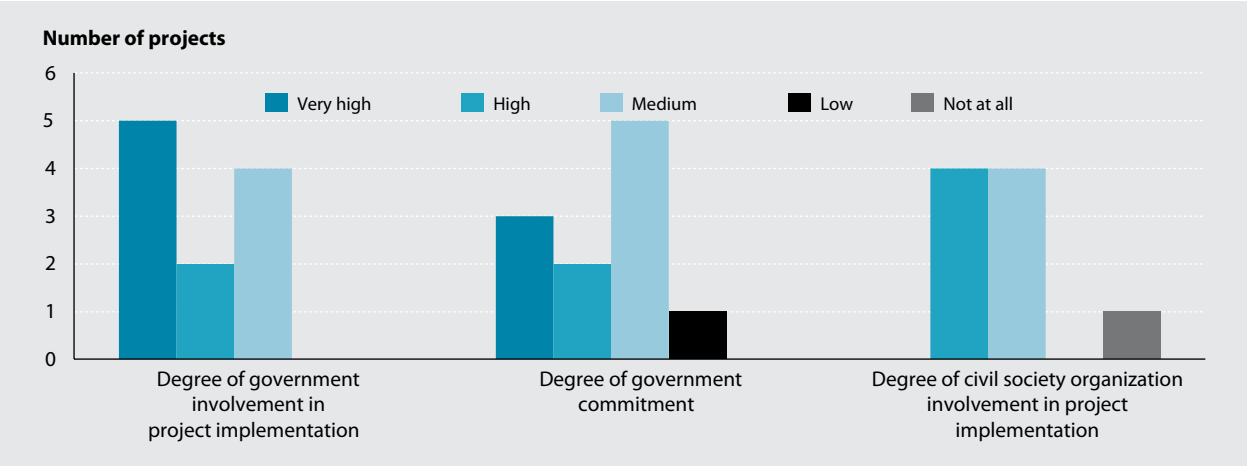
The project paid significant attention to the process of adaptation activity design. It dedicated a first project phase to the detailed definition of activities based on the vulnerability assessment and in close cooperation and consultation with local and regional stakeholders. In Peru, where the project is most advanced, the following activities have been designed and have begun implementation: location-specific and innovative activities in targeted reforestation, conservation of ground cover in high-altitude grasslands, irrigation in areas affected by the drop in glacier flows, and improvements in water distribution systems.

Stakeholder Involvement

The relevance of its projects to national policies is one of the key assets of the SCCF, enabling it to facilitate the formulation of national climate change adaptation policies. Nevertheless, stakeholder ownership and commitment to SCCF projects is ambivalent in several cases (figure 5.7). Almost all of the SCCF projects under implementation have experienced some degree of delay in their implementation. In some cases, as with the Pacific Adaptation to Climate Change project, these delays and implementation difficulties have been significant, putting the achievement of project objectives into jeopardy and leading to unsatisfactory PIR ratings.

Figure 5.7

Contribution of SCCF Projects to Level of Stakeholder Involvement



Obstructions to implementation are sometimes directly tied to problems within the beneficiary countries' political decision-making process or to administrative and institutional disputes.

Its project design successes notwithstanding (box 5.3), country commitment to the Andean region's adaptation measures initiative has varied across the three participating countries, which has had direct impacts on project implementation. While the project enjoys full support in Peru, with satisfactory progress toward expected results, a lesser degree of country commitment is apparent in Ecuador and especially Bolivia. This lack has lead to delays and, in Bolivia, to serious impediments to the implementation process as a whole.

On the other hand, the SCCF portfolio includes examples of high country commitment to its projects. Notably, China and Guyana demonstrate clear and sustained country ownership of their projects, using them as a starting point and basis for larger adaptation efforts.

The varying levels of participation by CSOs in SCCF projects underscore the issue of ambivalent stakeholder involvement. In some projects, CSOs play an important role in project implementation. For example, in Tanzania, the International Union for Conservation of Nature (IUCN) has been an active stakeholder throughout the project's life. The majority of active SCCF projects, however, has limited the role of CSOs to participation in consultation workshops. And in the Adaptation to Climate Change in the Nile Delta through Integrated Coastal Zone Management project, CSOs have no visible involvement. Overall, the direct involvement of CSOs in project design and implementation is weak across the active SCCF portfolio.

Replication and Up-Scaling

Connected to the issue of country commitment is the sustainability, replicability, and scalability of SCCF project results. In general, SCCF project designs feature an explicitly forward-looking character. Given the funding constraints and limited scope of most projects, they are consciously set up as pilot and demonstration projects providing a first step toward broader, long-term climate change adaptation efforts in the future.

Most projects include explicit provisions for replication and scale-up of results after project completion through the cofinancing made available; this strategy is realistic, as most SCCF projects are located in middle-income countries. For example, in the case of Egypt's adaptation project, the national authorities have agreed to replicate successful results and scale up soft adaptation measures in several other locations at risk in the coastal zone.

The theoretically high level of replicability and scalability of SCCF projects is, in some cases, undermined by political and administrative barriers (for example, the Pacific Adaptation to Climate Change and Andean region project), the lack of domestic capabilities, and/or the availability of funding. Tanzania's adaptation project is one example in which the sustainability of potential project results is threatened by funding limitations. Across the portfolio, financial uncertainties represent the most common barrier to project sustainability and replication. Ultimately, while all country-specific SCCF projects reviewed are well suited for replication, the portfolio's ability to facilitate long-term adaptation initiatives in beneficiary countries will depend on the availability of further funding.

6. Efficiency

6.1 Project Cycle

The SCCF follows GEF procedures, practices, and fiduciary standards, unless COP or LDCF/SCCF Council guidance indicates otherwise. Accordingly, the SCCF uses the standard GEF project cycle depicted in figure 6.1. However, while the regular GEF project cycle starts at concept development, the limited and unpredictable funding situation of the SCCF has necessitated the addition of an informal preselection process unique to the fund.

When the SCCF became operational with the first pledges of funding in 2006, the standard GEF project cycle was applied to the concepts received. Several projects that were later accepted into the work program had already been received in 2004 and 2005;[1] these thus spent an uncharacteristically long time in the concept development stage of the project cycle waiting for funding to become available. After the initial surge of SCCF funding pledges, these and three projects received in early 2006 were swiftly granted PIF clearance within two to three weeks. With funding availability matching project demand, the standard GEF project cycle could be efficiently applied in this initial phase of the SCCF.

[1] 2004: Piloting Climate Change Adaptation to Protect Human Health; 2005: projects in Tanzania, the Andean region, and Ecuador.

Difficulties in adhering to the project cycle began when the level of pledges abruptly flattened out in 2007. Because no new funding was available for eligible projects received in the second half of 2006, the project cycle standards could not be fulfilled; the pipeline was ultimately frozen in 2007, with no new projects being accepted into the project cycle. The seven projects that were received in late 2006 and eventually included in the work program took more than two years on average to receive PIF clearance.

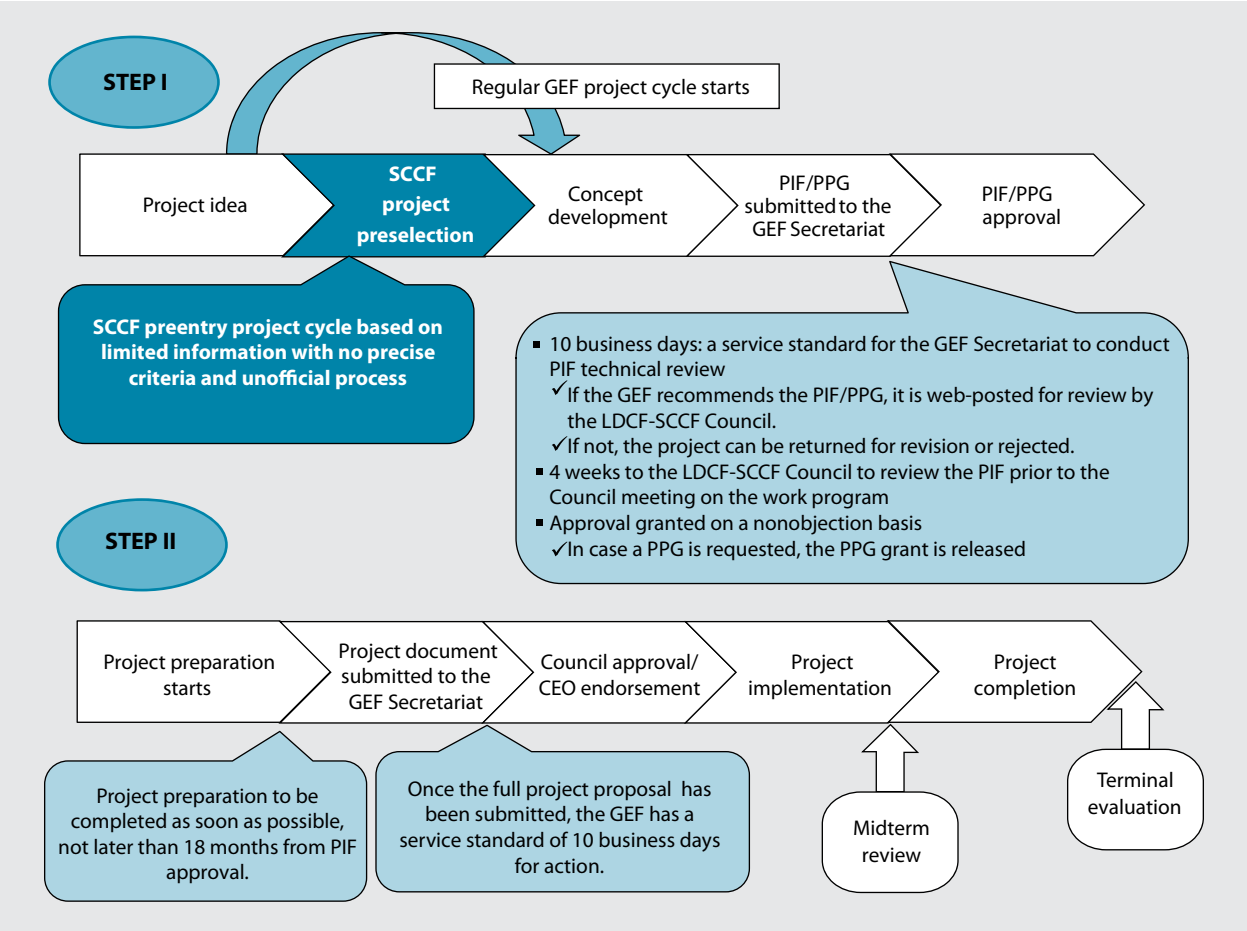
These inordinate delays and corresponding inefficiencies highlighted the necessity of introducing adjustments to the standard GEF procedure in order to avoid a situation where the submission of a large number of PIFs in the absence of corresponding funding would translate into

- high rejection rates creating high costs to the GEF Agencies preparing unsuccessful PIFs,
- raising expectations at the country level that might not be fulfilled, and
- burdens on the GEF Secretariat in processing the high volume of PIFs.

The GEF Secretariat introduced an informal SCCF preselection process aimed at adjusting the number of submitted PIFs to actual funding availability.

Figure 6.1

Elements of the SCCF/GEF Project Cycle



Source: Adapted from GEF Secretariat 2010b.

Note: PPG = project preparation grant. The cycle is significantly decreased for MSPs as Step I (of the regular GEF project cycle) is skipped if no PPG is requested. The Agencies are still asked to submit an ideas note for preselection to the Climate Change Adaptation Cluster at the GEF Secretariat.

The preselection process requires that the GEF Agency submit a brief and nonstandardized concept note of about a page in length to the GEF Secretariat. On the basis of this concept note, the pertaining funding situation, and several selection criteria (discussed below), the GEF Secretariat makes a decision on which projects should be further developed into a full PIF and thereby enter the formal project cycle. GEF Agencies are of course not prohibited from submitting a PIF without going through the preselection process, or from formally submitting a PIF even though the project has not been selected during preselection. The likelihood of such projects receiving funding is low.

The preselection process has achieved its goal in terms of improving the efficiency of the project cycle: the number of unsuccessfully submitted PIFs has been reduced, the burdens on the GEF Secretariat have been alleviated, and the formal project cycle has effectively been protected

against fluctuations in funding availability since the only PIFs encouraged for submission are those for which funding exists.

Data from the last preselection process in mid-2011 illustrate how preselection has taken the pressure off the formal project cycle. The available amount of SCCF funding at that point amounted to just over $22 million. However, the GEF Agencies had submitted concept notes requesting a total of $112.6 million in SCCF funding. The actual volume of potential adaptation projects is presumably even higher, since the Agencies submit an already narrowed list of prioritized projects. The preselection process has further reduced the number of projects encouraged to enter the formal project cycle to match the available funding. Without the preselection, the volume of submitted PIFs would have greatly exceeded the available funding, meaning that the vast majority of projects would have been rejected at later stages of the cycle or have stayed in the system indefinitely.

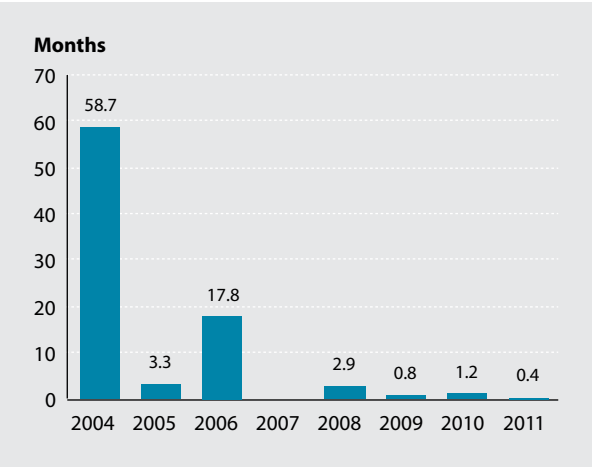
The formal SCCF project cycle has thus improved its efficiency since 2008 and shows a positive trend of further efficiency improvements during the last years.

The average period from project submission to PIF clearance dropped from 59 months in 2004 to three to four weeks in 2011 (figure 6.2). The two cleared projects received in 2011—South Eastern Europe & Caucasus Catastrophe Risk Insurance Facility (GEF ID 4515) and Nicaragua's Adaptation of Water Supplies to Climate Change (GEF ID 4492) were granted PIF clearance only 11 and 14 days, respectively, after submission.

Subsequent steps of the project cycle also show efficiency improvements. In comparison to the initial SCCF period, when projects received in 2005 and 2006 required, on average, three years

Figure 6.2

Average Number of Months from SCCF Project Submission to PIF Clearance

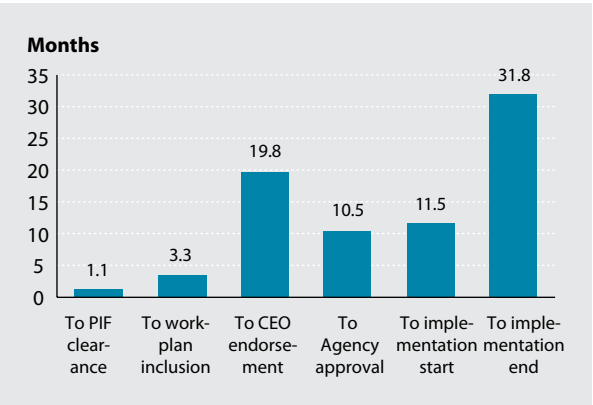


Note: No PIFs were submitted during 2007, as the Secretariat put a freeze on the portfolio because of an unavailability of funding.

until they received CEO endorsement, this duration has dropped to less than two years for the period beginning in 2008. The latest CEO endorsement, for a project received in 2009, took slightly more than a year and a half (figure 6.3). Efficiencies are also noted in the time needed until implementation start (figure 6.4). Given the early stage of most SCCF projects, project cycle

Figure 6.3

Average Number of Months from SCCF Project Submission to Various Project Cycle Stages 2008–11



data beyond the start of implementation cannot be conclusively analyzed at this point.

Overall, the formal parts of the SCCF project cycle are, after the adjustments made in 2008, being managed efficiently and in a timely manner. For the last three years, SCCF management has been in full accordance with the GEF's 10-day standard for GEF Secretariat response to PIF submissions. SCCF PIF clearance outperforms the average of 38 days for the GEF Trust Fund identified for FY 2009 by the Fourth Overall Performance Study (GEF EO 2010b).

6.2 Concerns Regarding SCCF Project Preselection

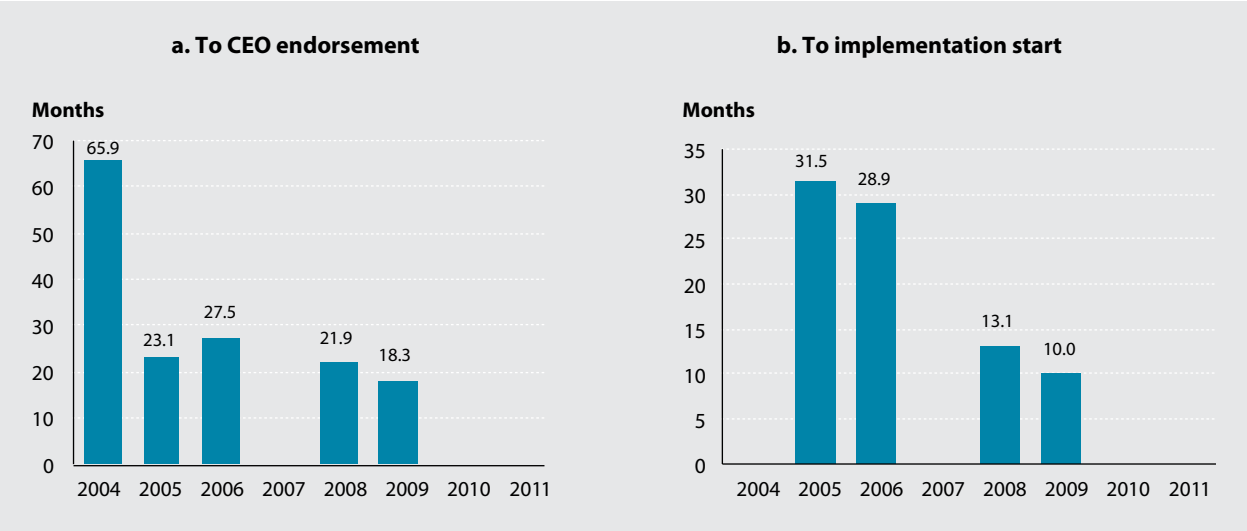
Despite its positive benefits to the overall project cycle, concerns regarding the informal process of preselection were expressed during interviews with Agencies and other stakeholders. While the formal part of the SCCF project cycle features the practices and safeguards ensuring documented and traceable transparency of the decision-making process, the informal preselection component was reported to lack transparency. Concerns about traceability and openness were consistently raised during interviews with GEF Agency representatives and beneficiaries.

Preselection is based on limited information about a project's focus and design as well as on a set of additional criteria aimed at creating a balanced SCCF portfolio with regard to geographic distribution, priority areas, and the involvement of different GEF Agencies. The limitation of available funding, combined with the need for a balanced portfolio, precludes larger projects in favor of numerous smaller projects that are able to make a greater contribution to the portfolio's diversity.

The precise criteria used for preselection are not formally determined or published. Moreover, the process of preselection and the application of selection criteria are not officially documented or traceable. This deficit stands in contrast to

Figure 6.4

Average Number of Months from SCCF Project Submission to CEO Endorsement and Implementation Start



Note: At the time of the evaluation, projects submitted in 2010 and 2011 had not been endorsed by the CEO or commenced implementation. No PIFs were submitted during 2007, as the Secretariat put a freeze on the portfolio because of an unavailability of funding.

the transparent process of documented feedback through review sheets employed during the formal project cycle. The preselection process therefore becomes unpredictable for the beneficiaries and the GEF Agencies, limiting their ability to develop targeted projects that fit the requirements of the SCCF portfolio and have a chance of entering the formal project cycle.

An additional concern raised by the GEF Agencies is the timing of the preselection decision, which in the past may have allowed only one to two weeks for the development of a PIF to enter the formal project cycle. This narrow time frame has prompted the Agencies to start developing PIFs before the preselection decision, counteracting the purpose of the preselection process in reducing the GEF Agency workload.

Direct communication and coordination between the GEF Secretariat and the GEF Agencies represent a partial remedy to transparency concerns without providing the full disclosure of a documented and traceable selection process as employed during the formal project cycle. Preselection is accompanied by a comprehensive effort on the part of the GEF Secretariat to communicate the issues pertaining to project selection to the Agencies through upstream consultations and informal as well as semiformal channels.

This communication usually occurs during the monthly meetings of the Adaptation Task Force, which includes the GEF Secretariat's adaptation cluster as well as representatives from all the GEF Agencies. These meetings serve as a forum in which the GEF Secretariat can provide guidance to the Agencies on geographic areas and thematic priorities that would complement the current SCCF portfolio and thus present opportunities for developing project ideas. Task force meetings also enable GEF Agencies to request further details about rejected concept notes. The ability of Agencies to develop targeted project concepts is thereby increased.

6.3 SCCF Results-Based Management

The GEF Trust Fund does not include projects focusing on climate change adaptation and thus does not provide an appropriate RBM framework with indicators for adaptation activities to be used as a basis for the operation of the SCCF-A funding window.[2]

The GEF Secretariat in collaboration with the GEF Agencies—and with special consideration of previous work by UNDP, the GEF Adaptation Task Force, and the GEF Evaluation Office—closed this gap by creating a specific RBM framework to be applied to all adaptation projects funded under the SCCF. The LDCF/SCCF RBM, as set forth in "Implementation of Results-Based Management under the Least Developed Countries Fund and the Special Climate Change Fund" (GEF Secretariat 2009) was approved by the LDCF/SCCF Council during its November 2009 meeting.

Given the relatively recent approval of the framework, it is at this point too early to conduct a comprehensive evaluation of the application of the RBM and its effect on the efficiency and effectiveness of the SCCF portfolio. Projects currently under implementation were largely designed before the framework took effect and cannot therefore be evaluated against its requirements.

[2] With regard to SCCF projects that primarily address issues of climate change mitigation receiving funds under the SCCF-B window, the RBM parameters used by the GEF Trust Fund's climate change mitigation focal area are suitable to measure SCCF activities. Consequently, the GEF Trust Fund RBM framework is applied to such projects (GEF Secretariat 2011a).

Nevertheless, it can be stated that the RBM framework in itself represents an important step toward further improvements in SCCF management aimed at increasing SCCF project efficiency and effectiveness.

Two crucial components included in the RBM framework should be highlighted to demonstrate its potential in the future development of SCCF management:

- The logframe and related adaptation indicators, particularly the systematic use of relevant outcome indicators, which represent an important innovation with regard to adaptation activities
- Provisions toward the improvement of SCCF learning and knowledge management

Logframe and Indicators

Measuring the success of results in adaptation is a particularly difficult task because of the long time horizons before impacts can be seen, and the potentially moving baselines during and following implementation of the adaptation activity. Real results may not be measurable for 20–30 years after project implementation; and, until results can be measured, political, socioeconomic, environmental, and economic circumstances may change. It is within this context that the efficiency of indicators was reviewed.

An analysis was completed to assess the efficient use of indicators in the project preparation stage and during project implementation (annex I). For the purpose of this evaluation, only projects that were Council approved and that included logframes with indicators were reviewed—a universe of 12 projects. The findings were compared to a GEF indicator analysis from 2008 covering 17 GEF projects of which 7 were SCCF projects. Indicators were assessed according to the level of their strength, usability, and efficiency in measuring potential success. The review of adaptation indicators found that they were, in general, specific to their project and suitable to show short-term results. However, they were often presented in an ambiguous manner, not relevant to measuring success in the long term, and not appropriate for aggregation at the fund level.

The weakness of the indicators largely lay in how they were formulated in the project documents. Project documents included a variety of outcome, output, qualitative, and quantitative indicators; some more prominent than others. These were all presented through a traditional logframe, which is an integrated part of the general RBM GEF framework and the GEF Monitoring and Evaluation Policy. In particular, indicator weaknesses were caused by the following:

- **Confusion among types of indicators.** Outcome and output indicators were both present in the project designs. However, often the two were confused for each other, with some output indicators listed as outcome indicators and vice versa (box 6.1). In the context of evaluations, the focus is primarily on outcome indicators, which signify a change in the level of performance, achievement, and behaviors and measure change over time. Output indicators feed into outcome indicators, but are more tangible and signify the short-term achievement of some product or service (for example, a report, infrastructure development).
- **Noncompliance with SMART criteria.** The robustness of indicators was analyzed taking into consideration compliance with SMART criteria—that is, Specific, Measurable, Achievable and Attributable, Relevant and Realistic, Time-bound, Timely, Trackable, and Targeted indicators (GEF EO 2010c). Most indicators complied with SMART criteria to varying

Box 6.1

Examples of SCCF Outcome and Output Indicators

In the SCCF projects, some output indicators wrongly listed under outcomes included the following:

- Document outlining financing options connected to specific case study lessons and comparison to current model in each case study at the end of the project
- Technical report on sustainability strategy for pilot adaptation measures
- Construction of a pilot stabilization barrier to buffer extreme weather events and future sea level rise

Following are examples of correct outcome indicators:

- Increased productivity in agriculture
- Number of adaptation measures implemented at the local, national, or regional level
- Use of climate information by farmers

Box 6.2

Examples of Lack of Measurability and Specificity in Indicators

- **Mix of livelihood strategies.** Is it an expanded mix? How many livelihood strategies are in the mix? Is it an increase in livelihood diversification? In the number of people who changed livelihood strategies?
- **Local awareness of international lessons.** Is it an increase in local awareness? A percentage increase? Is it a specific number in the increase? This indicator is also made vague by its use of the term "international lessons"—what defines and is understood as an international lesson?
- **Community drought mitigation activities.** This indicator lacks specificity—what activities are to be looked at? How can something be measured if it is not specified?

degrees, but two very important criteria were lacking: measurability and specificity. For example, many indicators had no means of measurement to indicate what evaluators should look for when assessing results (box 6.2).

- **Vague and wordy formulation.** The terminology used in the indicators was often vague, and many of the indicators were long and wordy, rendering them confusing and often including too many components within a single indicator. As noted above, they were particularly lacking in level of measurability. The use of terminology such as "references made," "acknowledgment," "reflection," and "existence" are not measurable and are not an indication of a change in attitudes and behavior. Stronger terminology used—such as "committed budgets," "implemented/mainstreamed/used [policies]," "practices adopted/mainstreamed"—shows defined changes in behavior as a result of the implemented activity.
- **Use of proxy indicators.** Proxy indicators are not necessarily directly linked to activities, but rather indicate some sort of improvement toward desired results. However, there is no certainty that the activity implemented is the one affecting the indicator: proxy indicators are often affected by external activities and changes. While these kinds of indicators provide good insights as to actual results and changes (box 6.3), they do not provide an actual measurement of the level of climate change adaptation achieved and could be affected by other external factors.

It is worth noting that some usable indicators were found in the SCCF project documents (box 6.4). These indicators were clear and to the point, satisfied the SMART criteria, and were closely related to the adaptation activities in the projects. They also showed a strong connection to and direct relation with the baselines, targets, and expected outcomes—which is highly important in gauging success in the long run. In essence, indicators are the glue that connects objective with outcome/impact

Box 6.3

Examples of Possible Proxy Indicators from SCCF Projects

- **Improvement in household income.** The improvements could be associated with short-term better weather conditions rather than the implemented activity.
- **Number of food-secure households.** While the number of food-secure households indeed indicates reduced vulnerability, it is uncertain whether the household is food secure due to the activity or to some external factor such as other unaccounted-for income.
- **Productivity in agriculture.** Assuming an increase in productivity is the desired result, this may also be caused by changes in weather; for example, less drought or more sun when needed.

and shows change over time. However, there were very few such strong and to-the-point indicators. Moreover, none of these indicators related to each other across projects, making it nearly impossible to aggregate data at the fund level.

Box 6.4

A Selection of the Most Relevant and Appropriate Indicators from SCCF Project Documents

- Number of adaptation measures implemented at local, national, or regional levels
- Number of adaptation measures implemented at the national and subnational levels
- Use of climate information by farmers, including women, in decision making
- Knowledge and capacity for up-scaling and replication is in place
- Protected area management plan strengthened, including climate change parameters
- Number of community-based adaptation measures evaluated for their effectiveness and long-term potential
- Number of national and local health workers trained to identify and manage climate-related diseases

The weakness found in the indicators used in SCCF project documents is not new information. As mentioned, measuring adaptation success is a challenge, and the climate change adaptation team at the GEF Secretariat has, in recognition of this, developed an Adaptation Monitoring and Assessment Tool. Though most projects were approved prior to the introduction of the AMAT (annex J), the SCCF project indicators reviewed were considered with the AMAT in mind to see if any indicators related to those proposed by the tool.

The AMAT is redefining the logframe by outlining suggested objectives, outcomes, and outputs, as well as outcome and output indicators specifically related to adaptation to climate change. It aims to simplify the process by suggesting indicators related to adaptation activities—that is, the key priority areas under the SCCF-A window. More so, it promotes two specific items that could significantly strengthen adaptation indicators in general: the use of binary indicators, and the use of scales and result chains.

- **Use of binary indicators.** Binary indicators—those for which the answer is either yes or no—were generally not used in the project documents. Binary indicators offer a very straightforward means of measuring whether an activity has been achieved or not. Binary indicators are suggested in the AMAT and could be used in the future development of project documents or revisions of current evaluation systems (table 6.1). Many of the indicators in the project documents could be recast as binary indicators—not only to make them easier to measure, but also to simplify their wordiness.
- **Scales and results chains.** The AMAT suggests the use of scales to better track and measure indicators in the monitoring and evaluation of adaptation. Scales are particularly good when using qualitative indicators, which are usually

Table 6.1

Chain of Results between Indicators in SCCF Adaptation Monitoring and Assessment Tool

Objective 1: Reduce vulnerability to the adverse impacts of climate change, including variability, at local, national, regional and global levels	
Outcome 1.1: Mainstreamed adaptation in broader development frameworks at country level and in targeted vulnerable areas	Indicator 1.1.1: Adaptation actions implemented in national/subregional development frameworks (number and type)
	Indicator 1.1.2: For each action listed under indicator 1.1.1, indicate which ones include adaptation budget allocation and targets (yes/no)
	Indicator 1.1.3: For each action listed under Indicators 1.1.1, indicate to what extent targets set out in plans have been met (score) 1 = Not significantly (< 49%) 2 = Significantly (50–79%) 3 = Principally (> 80%)

better for measuring adaptation success. Three of the project documents (UNDP 2009; UNEP 2009a, 2009b) reviewed focused on qualitative indicators only. Qualitative indicators are, however, particularly difficult to use for gauging success, as they are usually vaguely defined and not accompanied with good baselines, but instead based on perceptions. They are generally intended to measure degrees of improvement in the quality of an action. Several indicators—both qualitative and quantitative—in the project documents could be improved by using scales.

To measure success, the AMAT suggests a results chain, which is often developed by combining the two instruments described above. In other words, for each outcome, different indicators are used that are closely connected and that in the end will yield an answer indicating results (table 6.1). Most importantly, the AMAT presents a significant opportunity for aggregating results at the fund level, making it easier to assess the overall success of adaptation programs or funds.

To conclude, the indicators currently in use under the SCCF program are impossible to aggregate. Using the AMAT in project development should be strongly promoted to the Agencies and project teams. At present, the AMAT has been shared with the Agencies and is being used in project development, but it is not as prominently displayed and widely disseminated as it could be. It is one of the most innovative tools developed to assess adaptation, but the international development community does not seem to be well aware of it.

Learning and Knowledge Management

The second crucial aspect of the RBM framework is the SCCF's learning and knowledge management system. As shown throughout this evaluation, the knowledge and experiences garnered through SCCF projects are one of the greatest assets of the fund. In a field as new and complex as climate change adaptation, lessons learned through SCCF projects have the potential to enhance the understanding of designing effective adaptation activities. Previous chapters have illustrated the innovative nature of many SCCF projects. The learning experience of SCCF projects can benefit the efficiency and effectiveness of future adaptation projects within and beyond the context of the fund. In light of this, the systematic gathering of SCCF knowledge and the extraction of lessons learned to be employed in the project

design and implementation of future projects represents an important area for further improvement of the SCCF.

Some SCCF projects have already demonstrated how knowledge systematization and sharing can be implemented for adaptation activities. The China mainstreaming project features a particularly comprehensive effort to include knowledge management components in order to inform subsequent follow-up activities (box 6.5).

At the fund level, however, no comprehensive and proactive system exists to process and systemize the knowledge and experiences gathered during project implementation, make lessons learned and successful innovation readily available to future adaptation projects, and facilitate sharing of best practices and specific adaptation options for a given challenge among projects within and beyond the SCCF.

The RBM framework acknowledges the importance of enhancing learning and knowledge management for SCCF adaptation projects. The RBM includes an initial set of guidelines on how to provide these lessons and defines a set of objectives on which an emerging learning system should focus, such as understanding

- the factors that determine the effectiveness of adaptation activities in building resilience and increasing adaptive capacity,
- causal relationships between adaptation activities and local community welfare, and
- the catalytic effect of LDCF/SCCF financing and the effectiveness of community-based adaptation to climate change and variability.

A draft Knowledge Management Strategy for the LDCF/SCCF was submitted as an information document to the LDCF/SCCF Council at its 10th session in May 2011 (GEF Secretariat 2011b). This document refines the learning objectives and makes concrete suggestions for more coherent and systematic knowledge management across LDCF/SCCF operations and stakeholder interactions.

The creation and implementation of an SCCF learning and knowledge management system as envisioned by the GEF Secretariat is still in its infancy. But, given the potential of the SCCF as a resource of knowledge and experience on adaptation activities, the efforts to build a comprehensive knowledge management system promise significant improvements of the SCCF portfolio's efficiency and effectiveness—as well as the success of adaptation activities beyond the limits of the SCCF.

Box 6.5

Lessons from SCCF Projects: Knowledge Systematization and Sharing

The SCCF project on Mainstreaming Adaptation to Climate Change into Water Resources Management and Rural Development in China has created an online database that collects available climate data for specific regions. The database illustrates how the vulnerability assessment based on these data has been conducted for a number of pilot locations, and subsequently shows the spectrum of potential adaptation activities that correspond to the assessment and the reasoning behind the selection that has ultimately been made in this particular location.

In the future, the database will be enriched with available climate change data for other regions and locations. For a potential future project, it links the envisioned project with the experiences and knowledge gathered in prior adaptation activities in locations with similar climate conditions, project context, and project objective. The database is developing into a powerful tool to make prior experiences available for the design of future efforts.

6.4 SCCF Operating Costs

An advantage of placing the SCCF under GEF management is the efficiency gain that can be expected from using existing GEF structures to facilitate fund administration and governance. The obligations the GEF Secretariat assumes with regard to SCCF management entail the following:

- Overseeing formulation of operational policies and programming strategies
- Review and processing of project proposals for CEO or Council approval
- Management of the portfolio of projects and programs
- Coordination with the GEF Agencies, the GEF Trustee, and the UNFCCC Secretariat
- Reporting to the LDCF/SCCF Council and the UNFCCC

In order to fulfill these functions, the SCCF is managed by a group of professionals housed within the GEF Secretariat. As of June 30, 2011, these consisted of three full-time professionals and one part-time professional, as well as a support staff member working for both the SCCF and the LDCF. Several consultants also provide support to the SCCF.

The GEF Evaluation Office implements the GEF Monitoring and Evaluation Policy for the LDCF/SCCF Council (GEF EO 2010c). The Office provides about two weeks of a senior professional's time each year and several consultants, according to the extent of the work program.

Comparing the operating costs of the SCCF to those of three other funds in which the GEF is involved (the main GEF Trust Fund and the LDCF, which are managed by the GEF; and the Adaptation Fund, for which the GEF serves as the secretariat) provides an indicator of the efficiency of SCCF management.

Table 6.2 provides the comparison for FY 2011 of the operating costs of these four funds. The

Table 6.2

Comparison of FY 2011 Operating Costs for the SCCF, the LDCF, the Adaptation Fund, and the GEF Trust Fund

million $

Operating cost	SCCF	LDCF	Adaptation Fund	GEF Trust Fund
Staff (salaries and benefits)	0.28	0.36	0.42	11.89
Consultants	0.03	0.03	0.32	1.16
Travel	0.05	0.12	1.04	1.44
Publications and outreach	0.05	0.05	0.04	0.90
General operations	0.05	0.09	0.17	2.42
Meetings	0.007	0.006	0.50	0.71
Subtotal	**0.40**	**0.66**	**2.49**	**18.52**
GEF Evaluation Office	0.11	0.003	n.a.	3.75
GEF Scientific and Technical Advisory Panel	n.a.	n.a.	n.a.	2.17
Trustee	n.a.	n.a.	1.11	2.72
Total	**0.53**	**0.68**	**3.66**	**27.16**
Number of projects approved in FY 2011	29.10	26.95	60.60	325.10
Ratio of costs/approved projects (%)	2	3	6	8

Note: n.a. = not applicable.

LDCF/SCCF Council approved a budget for FY 2011 of $415,742 for the GEF Secretariat and $112,000 for the GEF Evaluation Office to cover the costs of these two entities to administer, manage, and evaluate the SCCF. The SCCF has the lowest absolute cost of administration among the four funds. This conclusion also holds true when the operating cost is compared to the total amount of projects approved in FY 2011. The SCCF features the lowest ratio—2 percent—compared with LDCF, which is at 3 percent, the Adaptation Fund at 6 percent, and the GEF Trust Fund at 8 percent. The operating cost does not include GEF Agency fees or project management costs. The LCDF/SCCF Council recently approved the addition of a GEF Scientific and Technical Advisory Panel member for adaptation; this cost will be charged to the LDCF/SCCF and is not provided here.

The main reason for the lower costs associated with the SCCF and the LDCF versus the Adaptation Fund and the GEF Trust Fund is the costs for the governing bodies. For example, because the LDCF/SCCF Council meets at the same time as the GEF Council and largely consists of the same representatives, the costs of bringing the Council members to the meeting is pro-rated. In comparison, the GEF Trust Fund and the Adaptation Fund assume the major costs of the meetings of their governing bodies.

Overall, the operating cost comparison shows efficiency gains from using existing GEF structures for SCCF management and governance.

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