



Global Environment Facility

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GEF Council
November 19-21, 2003

PROGRESS IN OPERATIONS UNDER THE LEAST DEVELOPED COUNTRIES TRUST FUND FOR CLIMATE CHANGE

I. BACKGROUND

1. In May 2003, the Council took note of the arrangements that had been finalized for operation of the Least Developed Countries Trust Fund for Climate Change (LDC fund) established by the GEF in accordance with the decisions of the United Nations Framework Convention on Climate Change (UNFCCC). The Council also approved the corporate budget and Implementing Agency fee proposed for the two year period 2003 – 2004.

2. This paper reports on the status of the Fund and operations under it. The LDC fund is kept separate from the GEF Trust Fund both for purposes of operations and for the purposes of charging administrative costs incurred in connection with managing the fund.

Legal and Administrative Arrangements

3. The Trustee has consolidated the legal and administrative arrangements necessary for the operation of the LDC fund as a separate trust fund. As of October 27, 2003, agreements have been concluded between Canada, Denmark, Finland, France, Ireland, Italy, Norway, Spain and Sweden and the International Bank for Reconstruction and Development, as Trustee of the LDC Fund, with respect to administration of their contributions to the LDC Fund (the Trust Administration Agreements).

4. Discussions are ongoing between the Trustee and the Implementing Agencies with respect to finalizing procedures for the transfer and disbursement of the LDC Fund funds and appropriate reporting requirements to ensure that activities and administrative costs under the LDC Trust Fund are kept separate from activities and costs under the GEF Trust Fund. The Trustee anticipates finalizing these agreements shortly.

Resource Mobilization

5. As of October 27, 2003, total contributions received amounted to US\$9,698,184. Pledges in the further amount of US\$6,368,350 are outstanding from Denmark, France, Italy and the Netherlands. The funding status of the LDC Fund as of October 27, 2003, is set out in Annex I, and the details of pledges and payments by each donor are set out in Annex II.

6. Currently under discussion are a contribution by Switzerland and a further contribution by Spain to the LDC Fund.

Operations under the LDC Fund

7. As of October 27, 2003, projects for the preparation of National Adaptation Programs of Action (NAPAs) have been approved for 26 countries and one additional project is at an advanced stage of consideration. A list of all such projects is set out in Annex III.

8. Further to guidance approved by COP 8 on the need for regional workshops to advance the preparation of NAPAs, a medium sized project was approved for the organization of three workshops. The three workshops, organized by UNDP in collaboration with UNITAR have been successfully completed¹. Funding for a medium size project for a fourth workshop for Francophone African LDCs was approved, and the workshop is scheduled to be held in Ougadougou, Burkina Faso, October 28-31, 2003.

Further COP Decisions/Guidance

9. COP 9, which will be convened in Milan in December 2003, is expected to take further decisions with regard to activities to be supported by the LDC fund. Those decisions and consequent action proposed by the GEF will be brought to the Council's attention for its consideration at its meeting in May 2004.

¹ (1) LDC Expert Group Workshop on NAPA Preparation by LDC SIDS, Apia, Samoa, March 5-7, 2003,
(2) LEG (LDC Expert Group) Regional Workshop on NAPA, Addis Ababa, Ethiopia, June 25-27, 2003, and
(3) LEG Regional Workshop on NAPA, Thimphu, Bhutan, September 9-11, 2003

ANNEX I: STATEMENT OF FUNDING STATUS AS OF OCTOBER 27, 2003

		<u>Amount in US\$</u>
1.	Amount received by the LDC Fund	9,698,184
	<i>Cash contribution received</i>	9,698,184
	<i>Promisory notes received</i>	-
2.	Investment Income Earned	203,838
3.	Funds available for Allocation (1+2)	9,902,022
4.	Allocations made	7,492,719
	<i>Allocations made for projects</i>	6,022,719
	<i>Allocations made for IA fees</i>	1,163,000 a/
	<i>Allocations made for administrative budgets</i>	307,000 a/
5.	Net Funds available for Allocation (3 - 4)	2,409,303 b/
<hr/> <p>a/ IA fees and administrative budgets include amounts for both FY03 and FY04 which were approved by the GEF Council in May 2003 (GEF/C.21/5/Rev.1).</p> <p>b/ Net Funds available for allocation does not include Pledges outstanding from Denmark, France and Netherlands as shown in AnnexII</p>		

ANNEX II: STATUS OF PLEDGES AS OF OCTOBER 27, 2003

Donor	Currency	Contributions Pledged in Currency		Contributions Paid in Currency	Contributions Paid Converted to US\$	Outstanding Pledges in Currency		Outstanding Pledges in US\$ <i>c/</i>
Canada	CAD	10,000,000		9,999,980	6,518,366	20		15
Finland	EUR	500,000		500,000	552,850	-		-
Ireland	EUR	634,869		634,869	647,894	-		-
Italy	USD	1,000,000		1,000,000	1,000,000			-
Norway	NOK	4,000,000		4,000,000	579,248	-		-
Spain	EUR	60,000		60,000	61,550	-		-
Sweden	SEK	3,000,000		3,000,000	338,276	-		-
Denmark	DKK	10,400,000	<i>a/</i>	-		10,400,000	<i>b/</i>	1,606,649
France	EUR	850,000				850,000		975,285
Netherlands	EUR	3,300,000		-		3,300,000		3,786,401
Total donor contributions paid in US\$					9,698,184			
Total outstanding pledges in US\$ equivalent								6,368,350
<p><i>a/</i> Reflects pledged amount reported at the May 2003 Council Meeting, less estimated interest on pledged amount which must be deducted from pledged amount as a requirement of Denmark's policies and procedures.</p> <p><i>b/</i> As of the date of this report, Denmark has notified the Trustee that steps have been taken to transfer DKK10,400,000.</p> <p>The Trustee is in the process of confirming the receipt of such funds.</p> <p><i>c/</i> Valued on the basis of September 30, 2003 exchange rates.</p>								

ANNEX III: PROJECTS APPROVED BY CEO AS OF OCTOBER 27, 2003

COUNTRY	AMOUNT APPROVED	DATE OF CEO APPROVAL
Bangladesh	\$200,000	4/17/2003
Bhutan	\$199,000	10/14/2003
Burkina Faso	\$200,000	7/17/2003
Cambodia	\$199,500	12/17/2002
Cape Verde	\$200,000	10/10/2003
Comoros	\$200,000	6/27/2003
Djibouti	\$200,000	8/11/2003
Eritrea	\$200,000	12/18/2002
Ethiopia	\$200,000	4/7/2003
Gambia	\$198,100	7/25/2003
Haiti	\$198,665	1/27/2003
Kiribati	\$200,000	10/27/2003
Lao PDR	\$200,000	7/30/2003
Lesotho	\$190,000	2/19/2003
Malawi	\$200,000	5/21/2003
Maldives	\$200,000	10/22/2003
Mauritania	\$198,000	1/23/2003
Mozambique	\$200,000	4/23/2003
Samoa	\$200,000	12/17/2002
Senegal	\$195,000	10/22/2003
Sudan	\$200,000	4/17/2003
Tanzania	\$200,000	3/21/2003
Tuvalu	\$200,000	2/12/2003
Uganda	\$199,790	7/25/2003
Vanuatu	\$200,000	4/7/2003
Yemen, Rep.	\$200,000	1/16/2003
Global	\$211,126	9/2/2003
Global	\$633,538	4/16/2003
Total	\$6,022,719	