



Global Environment Facility

GEF/LDCF.SCCF/IS/1

August 2, 2007

INTERSESSIONAL WORK PROGRAM
SUBMITTED FOR THE LDCF/SCCF COUNCIL APPROVAL

Executive Summary

This is the second work program presented by the CEO for LDCF/SCCF Council review and approval in GEF-4 and the third work program proposed for financing under the SCCF. The first two SCCF work programs were approved by the LDCF/SCCF Council in December 2006 and June 2007 respectively.

This work program contains one full-sized project (FSP) proposal for approval under the SCCF Adaptation Program. The SCCF project grant amounts to \$5.00 million. The total SCCF financing requested through this work program is \$5.532 million.¹ Total co-financing amounts to \$50 million which, when added to the total SCCF project grant, including a project preparation grant of \$0.32 million that was approved previously by the CEO, results in a total project value of \$55.32 million – each dollar of SCCF grant is matched by \$9.40 in co-financing.

The last SCCF work program approved by LDCF/SCCF Council contained two full-sized projects. When combined with the projects proposed for approval under this work program and the medium-sized projects approved to-date, the total quantity of resources committed to projects under the SCCF Adaptation Program comes to \$33.49 million.

The pipeline for SCCF Adaptation Program (see the paper Status Report of the Climate Change Funds GEF/LDCF.SCCF.2/ Inf. 2) contains an additional eight projects which are expected to be submitted to the LDCF/SCCF Council as part of work programs at the next two Council meetings: in November 2007 and April 2008. Together, these projects are expected to request approximately \$41.99 million of funding from the SCCF Program for Adaptation.

Funding for the project proposal in this work program and the current pipeline would require \$75.48 million from the Adaptation Program under the SCCF. As total pledges to the Adaptation Program of the SCCF amounts to \$67.28 million, programming under this program will be unable to continue funding new projects beyond June 2008. Donors are therefore urgently requested to make further contributions to the Adaptation Program of the SCCF.

This work program does not contain any proposals for approval under the SCCF Technology Transfer Program. The evolution of the SCCF Technology Transfer Program and its resources are described in some detail in the paper Status Report of the Climate Change Funds (GEF/LDCF/SCCF.2/Inf. 2).

¹ \$5.00 million in new funding for the FSP proposal plus \$0.532 million in Agency fees.

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Where to send technical comments:

Council members are urged to send their technical comments electronically (in Word file) to the GEF Secretariat's program coordination registry at: gcoordination@TheGEF.org

Background

1. This is the second work program presented by the CEO for LDCF/SCCF Council review and approval in GEF-4 and the third work program proposed for financing under the SCCF. The first two SCCF work programs were approved by the LDCF/SCCF Council in December 2006 and June 2007.
2. This work program contains one full-sized project (FSP) proposal for approval under the SCCF Adaptation Program. The SCCF project grant amounts to \$5.00 million. The total SCCF financing requested through this work program is \$5.532 million² (see “Work Program Project Summary” for details on this project and Annex A for its financial breakdown). Total co-financing amounts to \$50 million which, when added to the total SCCF project grant results in a total project value of \$55.32 million – each dollar of SCCF grant is matched by \$9.40 in co-financing.

Table 1. Proposed Grant for July 2007 SCCF Work Program
(in \$ million)

	SCCF Project Grant	Agency Fee	Total SCCF Resource Requested
China: Mainstreaming Adaptation to Climate Change Into Water Resources Management and Rural Development	5.00	0.532	5.532
Total	5.00	0.532	5.532

Co-financing

3. Table 2 shows the distribution of co-financing levels in the project proposed in this work program by co-financiers. The Government of China provides 63 percent of the co-financing, while the implementing agency brings in 37 percent. Total co-financing for the project amounts to \$50.00 million which, when added to the total SCCF project grant brings the total project value to \$55.32 million. The total SCCF project grant also included a project development facility grant in the amount of \$316,000 which was previously approved by the CEO. As shown in the table, each dollar that the SCCF provides is matched by \$9.40 in co-financing. Ninety percent of the project cost is financed by co-financing sources.

² \$5.00 million in new funding for the FSP proposal plus \$532,000 in Agency fees.

Table 2: Proposed Co-financing in the July 2007 SCCF Work Program
(in \$ million)

Type	China: Mainstreaming Adaptation to Climate Change Into Water Resources Management and Rural Development	Total
SCCF Project Grant	5.00	5.00
PDF/PPG*	0.32	0.32
Total SCCF Project Grant	5.32	5.32
Co-financier		
Project Government	31.70	31.70
World Bank	18.30	18.30
Total Co-financing	50.00	50.00
Total Project Cost	55.32	55.32
SCCF: Co-financing Ratio		9.40
Co-financing percentage		90%

* PDF = Project Development Facility is project preparation funding approved under GEF-3.
PPG = Project Preparation Grant is project preparation funding approved under GEF-4.

Agency Fees for the Current Work Program

4. Total Agency fee requested in this work program amounts to \$0.532 million, based on the latest fee policy approved by the Council in December 2006.

Projects Approved under Expedited Procedures (April 2007 – July 2007)

5. There were no projects approved by the CEO under the expedited procedures during this period.

The Project in the proposed SCCF work program

1. **China:** Mainstreaming Adaptation to Climate Change Into Water Resources Management and Rural Development (**World Bank**) (SCCF Grant : \$5.0 m)

SCCF Work Program Project Summary

1. **China:** Mainstreaming Adaptation to Climate Change Into Water Resources Management and Rural Development (**World Bank**)

Focal Area/Climate Change Program: Climate Change/Special Climate Change Fund

Local Executing Agency: Chinese Ministry of Finance

Total Cost of the Project: \$55.32 million

GEF Funding Request: \$5.00 million (+ \$316,000 PPG previously approved)

Key Indicators:

1. Increased water and agricultural productivity (kg/m³).
2. Increased irrigation efficiency (%).
3. Relevant CC adaptation measures/techniques implemented in selected demonstration areas (ha.).
4. Policies, mechanisms and instruments for adaptation to climate change formulated and integrated into the national Comprehensive Agricultural Development (CAD) operation system. Climate change impact scenarios identified, adaptation options identified, specific adaptation measures and approaches developed, implemented and tested in demonstration areas.

Project Rationale and Objective:

Overall, China ranks at the bottom 25 percent of countries in water availability per capita. Within China, the per capita availability of water in the North China Plain or Huang-Huai-Hai Basin (3H Basin) is only about one-third of the national average and about half the amount specified in the United Nations as the standard for maintaining socioeconomic and environmental development. At the same time, the 3H Basin is China's prime agricultural area and breadbasket, producing some 50 percent of national grain output and accounting for about 35 percent of national industrial output. The basin also has a population of 425 million people, which, if it were not in China, would be the third largest country in the world. Water demand in the region is already high and is growing. However, available water resources generally are fully allocated and often overexploited. In many locations, increasing water quality degradation is exacerbating water shortage problems.

The projected changes in climate could further decrease water stream flows and groundwater recharges in the Basin, while increasing irrigation water demand and withdrawals due to higher temperatures and consequent higher crop evapo-transpiration (ET) and evaporation from the soil. The project development objective is, therefore, to enhance the resilience of agricultural and water development to climate change in the 3H Basin.

Toward this objective three outcomes will be realized including:

1. Identification and prioritization of adaptation options
2. Demonstration and implementation of adaptation measures, and
3. Mainstreaming adaptation in the national Comprehensive Agricultural Development (CAD) Program and institutional strengthening.