

Danish Organisation Strategy for the Global Environment Facility, Least Developed Countries Fund and Special Climate Change Fund (2022-2026)

Introduction:

The Global Environment Facility was established in 1992 with a mandate to safeguard the global environment. The GEF provides support to developing countries to address the world's most pressing environmental issues and in meeting their commitments to the Multilateral Environmental Agreements. The GEF also administers the Least Developed Countries Fund and Special Climate Change Fund, that targets the adaptation needs of LDCs and SIDS that are especially vulnerable to the impacts of climate change.

GEF & LDCF/SCCF key results (to date):

- GEF: \$20 billion in grants for more than 5000 projects in 170 countries and over \$1 billion allocated for integrated approach programming in 56 countries.
- LDCF: US\$1.7 billion for 360 projects, strengthening the climate resilience of more than 50 million people and 6 million hectares of land in LDCs.
- SCCF: US\$364 million for 88 projects, directly reducing the climate vulnerability of nearly 7 million people

Justification for support:

- Fully aligned with the government's strategy for development cooperation "The World We Share".
- GEF is the largest and most experienced multilateral fund dedicated to addressing environmental threats and has a crucial role in serving multiple MEAs as catalysing integrator.
- LDCF is the only adaptation fund exclusively available to LDCs and a strong engagement with LDCF serves as a critical element for Denmark's ambition to take a lead on global climate action.
- SCCF provides targeted support to address the adaptation needs of SIDS and is an opportunity for Denmark to channel dedicated finance to climate-vulnerable island nations.

How will we ensure results and monitor progress:

- Active engagement in Council meetings, monitor Danish priority areas and the implementation of the GEF-8 Programming Directions and the LDCF/SCCF Programming Strategy.
- Undertake a mid-term review of this Organisation Strategy.

| | | | | | |
|-----------------------------|----------------------------------|------|------|------|------|
| File No. | 2022-4683; 2022-6379; 2022-36046 | | | | |
| Responsible Unit | GDK | | | | |
| <i>Mill. DKK</i> | 2022 | 2023 | 2024 | 2025 | 2026 |
| GEF Commitment | - | 100 | 250 | 250 | 200 |
| LDCF Commitment | 30 | 270 | TBD | TBD | TBD |
| SCCF Commitment | 35 | 0 | 40 | TBC | TBC |
| Duration of strategy | 2022-2026 | | | | |
| Finance Act code. | 06.34.01.60; 06.34.01.75 | | | | |
| Desk officer | Emilie Wieben | | | | |
| Financial officer | Rasmus Tvorup Ewald | | | | |

| SDGs relevant for Programme | | | | | |
|--|---|---|---|--|---|
|  No Poverty |  No Hunger |  Good Health, Wellbeing |  Quality Education |  Gender Equality |  Clean Water, Sanitation |
|  Affordable Clean Energy |  Decent Jobs, Econ. Growth |  Industry, Innovation, Infrastructure |  Reduced Inequalities |  Sustainable Cities, Communities |  Responsible Consumption & Production |
|  Climate Action |  Life below Water |  Life on Land |  Peace & Justice, strong Inst. |  Partnerships for Goals | |

Risks and Challenges

- Insufficient impact of integrated programmes, insufficient engagement of private sector and gender integration.
- Insufficient resources to meet the funding demand and increased competition for donor funding among financing mechanisms and priority areas.

Strategic objective

The aim of Denmark's support to the GEF is to prioritize environmental action that delivers global environmental benefits. For the LDCF/SCCF, the aim is to prioritize LDCs and SIDS in accessing climate finance to support their adaptation needs. The GEF and LDCF/SCCF provide strong platforms for supporting priorities related to biodiversity, nature-based solutions and food systems, along with adaptation in the most vulnerable countries. The GEF and LDCF/SCCF therefore serve as critical elements of Denmark's ambition to increase mobilization of climate finance and take a lead on environmental and climate action internationally.

Strategic priorities

- Gender equality
- Private sector engagement
- Results-based management
- Food System Impact Program (GEF)
- Agriculture, food security and health (LDCF/SCCF)

Core information

| | |
|--|---|
| Established | GEF established in 1992, LDCF/SCCF established in 2001 |
| Headquarter | Washington DC, USA |
| Executive Director | Carlos Manuel Rodriguez (since 2020) |
| Partner Countries | 184 |
| Human Resources | 75 staff |
| Danish involvement in governance structure | Shares a seat in the GEF Council with Norway, Latvia and Lithuania Holds a single seat at the LDCF/SCCF Council |
| Funding amount by target | GEF-8: 36% biodiversity, 16% Climate Change Mitigation, 11.6% Land Degradation, 15% Chemicals & Waste 10,6% International Water. LDCF/SCCF: 100% Climate Change Adaptation |



Danish Organisation Strategy for the Global Environment Facility, the Least Developed Countries Fund and the Special Climate Change Fund

2022 - 2026

November 2022

ABBREVIATIONS

| | |
|--------|---|
| CBD | Convention on Biological Diversity |
| CBO | Community-based Organization |
| COP | Conference of Parties |
| CSO | Civil Society Organization |
| DAC | Development Assistance Committee (OECD) |
| DANIDA | Danish International Development Cooperation |
| DKK | Danish Kroner |
| GCF | Green Climate Fund |
| GEBs | Global Environmental Benefits |
| GEF | Global Environment Facility |
| IA | Implementing Agencies |
| IEO | Independent Evaluation Office |
| IP | Integrated Program |
| LDCs | Least Developed Countries |
| LDCF | Least Developed Countries Fund |
| MEAs | Multilateral Environmental Agreements |
| MFA | Ministry of Foreign Affairs of Denmark |
| MOPAN | Multilateral Organisation Performance Network |
| MTR | Mid Term Review |
| NAP | National Adaptation Plan |
| NAPA | National Adaptation Programs of Action |
| M&E | Monitoring & Evaluation |
| NGI | Non-Grant Instruments |
| OPS7 | Overall Performance Study/the seventh comprehensive evaluation of the GEF |
| OS | Organisation Strategy |
| PIF | Project Idea Form (GEF/LDCF concept note) |
| SCCF | Special Climate Change Fund |
| SDGs | Sustainable Development Goals |
| SGP | Small Grants Programme |
| SIDS | Small Island Developing States |
| MSME | Micro, Small and Medium-sized Enterprises |
| STAR | System for Transparent Allocation of Resources |
| UNCCD | United Nations Convention to Combat Desertification |
| UNFCCC | United Nations Framework Convention on Climate Change |
| USD | United States dollar |

Table of contents

| | |
|--|----|
| 1. Objective..... | 4 |
| 2. The Organization..... | 4 |
| 3. Key strategic challenges and opportunities..... | 6 |
| 4. Justification for support, priority areas and results to be achieved..... | 10 |
| 5. Budget..... | 18 |
| 6. Risks and assumptions..... | 19 |

Annexes

- I. List of GEF Implementing Agencies
- II. GEF-8 core indicators and sub-indicators
- III. LDCF/SCCF core indicators and sub-indicators (2022-2026)
- IV. GEF-8 replenishment of resources
- V. GEF-8 Integrated Programs and funding allocations

1. Objective

This Organization Strategy (OS) provides the strategic considerations for the cooperation between Denmark and the Global Environment Facility (GEF) including the Least Developed Countries Fund (LDCF) and Special Climate Change Fund (SCCF), which are administered by the GEF. The OS forms the basis for the Danish contribution to the GEF and LDCF/SCCF, and it is the central platform for Denmark's dialogue and partnership with the three funds, including the GEF Secretariat. It sets up the Danish priorities for the GEF's and LDCF's/SCCF's performance within the overall framework established by the GEF's 8th replenishment (2022-2026). In addition, it outlines specific goals and results vis-à-vis the GEF and LDCF/SCCF that Denmark will pursue in its cooperation with the organization. Denmark will work closely with like-minded countries, especially Norway in the joint GEF council seat, towards the achievement of results through its efforts to pursue specific goals and priorities.

2. The Organization

The GEF is the largest multilateral fund dedicated to address environmental threats and pressures to the planet by investing in Global Environmental Benefits (GEBs). Established at the Rio Earth Summit in 1992, the GEF serves as the financial mechanism for several Multilateral Environmental Agreements (MEAs) including the Convention on Biological Diversity (CBD), the United Nations Framework Convention on Climate Change (UNFCCC) and the United Nations Convention to Combat Desertification (UNCCD). With a mandate to preserve global environmental benefits, the GEF's mission is to safeguard the global environment by supporting developing countries in meeting their commitments to the MEAs and by creating and enhancing partnerships at national, regional and global scales. Since its establishment, the GEF has provided nearly \$20 billion in grants and mobilized an additional \$119 billion in co-financing for more than 5000 projects and programmes in 170 countries.

By preserving global environmental benefits, the GEF plays an important role in achieving the aims of several Sustainable Development Goals (SDGs), in particular SDG 13 on climate action, SDG 14 regarding life below water, and SDG 15 regarding life on land. With a strong focus on gender through the promotion of gender equality and the empowerment of women and girls in support of the GEF's mandate to achieve global environmental benefits, the GEF also directly contributes to SDG5 on gender equality. Through GEF's investments aimed at transforming key economic systems, the GEF also contributes to the achievement of SDG 2 on zero hunger, SDG 7 on access to energy, as well as SDG 12 on sustainable production and consumption. In addition to this, with primary objectives of fighting land degradation, mitigating the effects from climate change and rebuilding natural resource-based livelihoods, the GEF also contributes to reduce some of the underlining causes of fragility and conflict.

The GEF has 184 member countries, which are represented in the GEF Council by 32 constituencies. The GEF is governed by an Assembly held every fourth year, and the Council that meets twice a year. In the Council, Denmark is in a constituency with Latvia, Lithuania and Norway, and shares the seat as Council Member and Alternate Council Member with Norway. The GEF Council is the main governing body of the GEF comprising 18 constituencies from recipient countries (16 from developing countries and 2 from economies in transition) and 14 constituencies from developed countries. The decision on the council are made by consensus. In absence of consensus decision are made by a double weighted majority. Affirmative vote representing both a 60% majority of the number of participants and a 60% majority of the contributions. The World Bank acts a trustee for the fund, including the trust funds

managed by the GEF. The Trustee helps mobilize GEF resources; disburses funds to GEF Agencies; prepares financial reports on investments and use of resources; and monitors application of budgetary and project funds. The Trustee creates periodic reports that contain an array of fund-specific financial information.

The GEF secretariat is located in the World Bank in Washington, D.C. The Secretariat, which coordinates overall implementation of GEF activities, is led by a Chief Executive Officer (CEO)-Chairperson, who is appointed for a four-year term by the Council. The Secretariat consist of around 75 staff and implements decisions of the Assembly and the Council, coordinates and oversees programs and ensures policies are implemented. GEF projects and programmes are implemented by 18 Implementing Agencies (IAs) consisting of mainly UN agencies and multilateral development banks (MDB) and a few NGOs such as WWF and Conservation International (see annex I for a full list of IAs). Projects and programmes are generated by the IAs in cooperation with developing countries, which are provided with an envelope of funding according to the System for Transparent Allocation of Resources (STAR). STAR aims to allocate resources to countries in a transparent and consistent manner based on global environmental priorities and country capacity, policies and practices relevant to successful implementation of GEF projects and programs. The STAR indices consist of a global benefit index, country performance index, and gross domestic product index.

LDCF/SCCF

The GEF administers several trust funds, including the **Least Developed Countries Fund (LDCF)** and the **Special Climate Change Fund (SCCF)**, which are the GEF's dedicated funds for supporting urgent, medium and long-term adaptation needs under a joint strategy. Established in 2001 at UNFCCC COP 7, the two funds also support implementation of the Paris Agreement. The LDCF is the only dedicated adaptation fund that exclusively targets the special needs of the world's 46 Least Developed Countries (LDCs) that are especially vulnerable to the adverse impacts of climate change. 23 of the world's LDCs are currently also classified as fragile and conflict-affected states. The LDCF aims to reduce the vulnerability of sectors and resources that are central to development and livelihoods, such as water, agriculture and food security, health, disaster risk management and prevention, infrastructure, and fragile ecosystems. The LDCF also supports the preparation and implementation of National Adaptation Programs of Action (NAPAs) and the National Adaptation Plan (NAP). The LDCF plays an important role in the climate finance architecture by: a) piloting and demonstrating technologies, techniques, and business models for adaptation; b) supporting policy and strategy frameworks that enable and enhance adaptation and resilience mainstreaming; and c) identifying opportunities for scale-up through other sources of climate and development finance. Since 2001, the LDCF has provided around US\$1.7 billion for 360 projects and programs that have reduced the climate vulnerability of more than 50 million people and strengthened the climate resilient management of 6 million hectares of land.

The SCCF, on the other hand, has been designed to finance activities, programs and measures related to climate change adaptation and technology transfer in all eligible developing countries. The SCCF portfolio comprises of 88 projects for adaptation and technology transfer, for a total of US\$364 million that have directly reduced the vulnerability of nearly 7 million people.

The GEF is the managing body of the LDCF and SCCF. As such, the GEF's operational policies (e.g. fiduciary, gender and safeguards), procedures and governance structure are applied to the LDCF and SCCF. The LDCF/SCCF Council is the main governing body of the two funds and takes specific decisions on e.g. LDCF and SCCF Programming Strategy and funding proposals. The LDCF/SCCF Council meets two times a year in the margins of the GEF Council and functions as an independent board of directors, with primary responsibility for developing, adopting, and evaluating LDCF/SCCF policies and programs. Members in the GEF Council and the LDCF/SCCF Council are almost identical. However, Denmark is a single seat member of the LDCF/SCCF Council and Norway does not support LDCF nor SCCF (instead Norway to the Adaptation Fund). Denmark has been supporting the LDCF since the Fund's establishment in 2001 but has, until now, not contributed to the SCCF. Matters related to the LDCF are closely coordinated with Sweden whereas those pertaining the SCCF will be coordinated with like-minded donor countries.

In 2018, the LDCF/SCCF updated its approval procedures for full alignment with the GEF work program cycle and the LDCF introduced country allocations (capped at USD 10 million in the GEF-7 period) to ensure equitable access to the Fund by all LDCs. To ensure sound financial management, the LDCF/SCCF follows the GEF's fiduciary standards, result-based frameworks, and monitoring and evaluation practices. The LDCF/SCCF follows GEF operational policies only with a few exceptions.

3. Key strategic challenges and opportunities

Ahead of the 8th GEF replenishment, the seventh comprehensive evaluation of the GEF (OPS7) was conducted by the GEF's Independent Evaluation Office (IEO), The OPS7, which was framed within the context of a greener global recovery, provided the foundation for the GEF-8 Programming Directions. The evaluation concludes that the GEF continues to occupy a unique niche in the finance landscape with its formalized multifaceted environmental mandate, enabling integrated solutions to the challenges at hand. With a strong record of performance, the GEF also continues to play a critical role in convening different stakeholders and has made important improvements with regards private sector engagement. Furthermore, while GEF resources are relatively modest compared to other climate funds, the GEF is the only financing mechanism to serve five global conventions and multilateral environmental agreements, providing the GEF with an important competitive advantage in enabling programmatic approaches across complex systems. Developing countries and countries with economies in transition are all recipients of GEF support. Through its' System for Transparent Allocation of Resources (STAR), the GEF provides predictable access and equitable distribution of biodiversity, climate and land degradation funds to countries toward addressing environmental issues of national priority and meeting their obligations under the various conventions. This means that in terms of accessibility, the GEF operates through a more equitable allocation system compared to other funds in the climate and environmental finance landscape. The STAR ensures that all recipient countries receive funds every four years to implement projects according to national priorities and commitments under the Rio conventions.

In GEF-8, 45.7 percent of total funding envelope will be programmed for country activities through the STAR. As part of the adjustments to the STAR in GEF-8, the support to LDCs will increase and minimum allocations to both SIDS and LDCs have been raised while also recognizing the support to Middle Income Countries (MIC's) remains critical in relation to the environmental challenges they face, particularly in a post-COVID recovery. In addition, it is important to note that a 2020 IEO evaluation

found that more than one-third of the GEF's portfolio is invested in countries affected by major armed conflict. Although the GEF does not yet have specific conflict-sensitive policies in place, the Inclusion Agenda of GEF-8 Programming Directions aims to address the GEF's approach and guidance for investments in fragile, conflict and violence-affected states. This will include a gap analysis of work in terms of conflict sensitivity and engagement in fragile states and strengthening the integration of fragility and conflict considerations in the Environmental and Social Safeguards Policy.

Overall, the GEF's project and programme performance is good and eighty percent of completed projects are in the satisfactory range for outcomes. This is based on the OPS7 assessment of adaptive management, the quality of project design and implementation, country context, and timely materialization of co-financing in supporting project outcomes, which are important factors for performance. The quality of monitoring and evaluation design and implementation has also improved over time, with more than two-thirds of projects rated in the satisfactory range. Furthermore, the evaluation found that 68 percent of projects approved from GEF-4 onward are more likely to be sustainable at completion, an improvement over earlier GEF periods. In efforts to improve efficiency in the approval process in GEF-7 and onwards, the project preparation phase has been shortened from 18 months to a maximum of 12 months for the endorsement of full-size projects. Not surprisingly however, the COVID-19 pandemic has affected the implementation and performance of 88 percent of GEF projects, according to a recent review conducted by the IEO. The evaluation concludes that the GEF continues to be a relevant financing mechanism to multiple MEAs and in advancing integrated programming on priority environmental issues and systemic transformation. In this regard, an evaluation of the GEF's integrated programming found that projects under programmatic approaches outperformed stand-alone projects while early results indicate clear improvements in the design of integrated programs between GEF-6 and GEF-7. Nevertheless, the GEF has yet to address fragmentation in the delivery of its integrated approach programs and to demonstrate the additionality of integration. In terms of broader-scale impact, focal area and impact program-related integration in GEF programming and project development has not been robustly translated into country-level action across ministries and sectors and there is scope for the programs to be more inclusive. There is also room for improving on the ability and effectiveness in promoting policy coherence and institutional synergy, which will require substantial efforts by the GEF at country-level, together with complementary efforts in enforcement within countries. In addition, The GEF still has an unrealized potential for mobilizing additional resources in strategic and complementary ways. Possibilities include partnering with financing institutions—such as the Green Climate Fund (GCF), multilateral development banks, bilateral donors, foundations with complementary visions, and the private sector—to pursue synergies.

A Mid Term Review (MTR) of the previous OS was undertaken by the MFA in the 4th Quarter of 2021 to assess progress on the priorities for Denmark's engagement with the two funds during the GEF-7 period. The MTR concluded that the cross-cutting priority themes (gender, private sector and results-based monitoring) remain relevant and recommended to continue focus on these but with specific measurable time-bound results identified for each fund. The report also recommended that two thematic priorities should be identified for both the GEF and LDCF. In this regard, the MFA annual stock-taking reports will play a key role in tracking progress on priority areas. Furthermore, the MTR noted that the justification for engagement with the LDCF was absent and recommended to enhance this argument while also considering opportunities for more predictable LDCF funding including through multiyear

commitments as well strengthening coordination with Sweden on LDCF matters. The MTR findings and recommendations have been integrated into the 2022-2026 OS.

Since the last OS was published, The Multilateral Organisation Performance Network (MOPAN) undertook an evaluation of the GEF, which was published in 2019. The results of the assessment highlights similar recommendations as the OPS7 and the MOPAN assessment concludes that overall, GEF is a relevant, capably managed and effective facility. The report notes that the GEF has strong operational management processes and financial controls that benefit from the underlying World Bank infrastructure. At the same time, areas for improvement remain. Particularly with regards to the resources available to the GEF, which do not correspond to the scale of the global environmental challenges. As responses, the GEF is attempting to maximize the impact of its resources to influence transformational change by engaging better with the private sector, and shifting its programming towards addressing the drivers of environmental degradation in addition to responding to environmental pressures. This ambitious and complex agenda does not come without risks and will require appropriate management and skills to succeed. Nonetheless, this trajectory is supported by recent findings of the IEO, which indicate that projects involving the private sector tend to deliver greater value added and are also most likely to lead to transformational change. As such, the GEF's early experience with private sector engagement and blended finance can serve as a springboard for expanded work in GEF-8 with the private sector and the financial sector.

This is even more critical following the recovery from the COVID-19 pandemic as it has been emphasized in the GEF-8 Strategic Positioning Framework. It is increasingly recognized that global funds for environmental purposes will likely remain insufficient to close the Nature Funding Gap. Beyond traditional ODA assistance, there are several private and public sources of funds that must be further mobilized, including national governments, private sector, conservation NGOs, and philanthropic organizations. Particularly, engagement with the private sector will need to be further scaled up in GEF-8 such as through expansion of the non-grant instruments (NGI) window, designed to unlock and scale-up private financing. This area of work will be guided by the Private Sector Engagement Strategy (PSES), approved by the GEF Council in December 2020.

While private sector engagement has progressed during GEF-7, the full potential for mobilization of private sector finance has not been fully utilized and the GEF will need to further improve private sector involvement. The GEF has progressed in terms on integration of gender and equality and results-based management, though there is still room for improvement in the operations. GEF-8 will use and build upon the 11 integrated Core Indicators set out in GEF-7, with updated targets to reflect the high level of ambition required for the next four years toward a nature positive, carbon neutral and pollution free future. This has been in line with Danish interventions at the biannual council meetings. The GEF-8 Results Measurement Framework maintains the set of Core Indicators introduced in GEF-7, as minor changes are introduced. The specific GEF-8 core indicators and sub-indicators are presented in annex II.

Reflecting on the areas where further improvements are needed while building on successful approaches from GEF-7, integration is placed at the core of the GEF-8 architecture. Underpinned by the *Healthy Planet, Healthy People* framework, the GEF-8 Programming Directions explicitly recognizes the

interdependency between human wellbeing and a healthy environment. This interdependency is key to ensuring that GEF investments are targeted toward tackling the breakdown in food, energy, urban, health, and natural systems that are central human development. By investing in integrated actions to maximize potential for more impactful outcomes, GEF-8 funding intends to encourage countries to move more of their programming through eleven Integrated Programs (IPs) that address the major environmental needs of the planet for which the GEF has a mandate.

During the replenishment negotiations the main issues included resource allocation and optimization, increased funding for vulnerable countries such as LDCs and SIDS, introduction of a competitive window for the 5 largest recipient countries, distribution of funds across the focal areas, and the level of flexibility. As an outcome of the GEF-8 replenishment negotiations, biodiversity will receive the largest share of the GEF allocation of focal areas with 36% of total allocation (compared to 31.9% in GEF-7) whereas climate change will receive 16% of the total allocation (compared to 19.8% in GEF-7). The total amount for the climate change focal area, however, has not been reduced between GEF-7 (USD 802 mil.) and GEF-8 (USD 852 mil.) due to the significant increase in the GEF-8 funding envelope.

LDCF/SCCF

Lack of LDCF resources available for new projects in GEF-6, partly due to the operationalization of the GCF and donor diversion of funds, resulted in a pipeline of projects and reduced the efficiency of the approval process for the Fund. However, operational improvements, sharpened strategic prioritization and a renewed donor interest in the LDCF during 2018-2022 contributed to important progress and more predictability, and a clearance of the GEF-6 pipeline projects. During this period, Denmark contributed with a total of DKK 460 million, a significant increase from previous years and substantial part of the LDCF envelope in GEF-7. This enabled the LDCF to provide support to all LDCs during the four-year period, living up to its commitment to leave no LDC behind. In 2020, the IEO conducted the Program Evaluation of the LDCF noting the Fund's catalytic effects in introducing new technologies or approaches and in building foundations for larger-scale projects. The evaluation also found that while the overall gender performance has improved across the LDCF portfolio, information regarding gender-related results are generally lacking and recommended building on the progress made on mainstreaming gender while further decreasing the knowledge gap on gender-focused assessments. Similarly, the evaluation recommended to continue enhancing the likelihood of the sustainability of outcomes.

Unlike the LDCF, the SCCF continued to suffer from lack of funding during the GEF-7 period. As a result, the SCCF programming focused its limited resources to support innovation and technology transfer, and on integrating climate adaptation elements into regional/global GEF Trust Fund projects. Despite its funding constraints, the 2021 IEO Program Evaluation of the SCCF concluded that the SCCF portfolio has been effective and performed very well including in terms of overall gender performance. This is reflected in the key performance indicators, which exceeds those of the well-performing overall GEF portfolio. The evaluation noted that the SCCF has a unique role to play, if refocused and adequately funded.

Building upon this, the 2022-2026 GEF Programming Strategy on Adaptation and Operational Improvements for the LDCF and SCCF aims to facilitate transformational adaptation in vulnerable countries, towards achieving the Paris Agreement's global goal on adaptation. The Strategy identifies four

thematic areas that are fully aligned with Danish priorities for adaptation support: i) Agriculture, Food Security, and Health; ii) Water; iii) Nature-based solutions; and iv) Early Warning and Climate Information Systems. As with the GEF-8 programming directions, the strategy promotes integrated, systems approaches, through spatial and value chain interventions. Responding to COP guidance, the strategy outlines three priority areas with the following entry points: 1) Scaling up finance for adaptation; 2) Strengthening innovation and private sector engagement; and 3) Fostering partnership for inclusion and whole-of society approach. Gender equality and youth employment are integrated as cross-cutting considerations. The specific LDCF/SCCF core indicators and sub-indicators for the GEF-8 period are presented in annex III. The strategy also emphasizes collaboration with the GCF to ensure enhanced complementary of efforts as laid out and guided by the GEF-GCF Long Term Vision published in 2021. Furthermore, as part of its operational improvements for the GEF-8 period, the LDCF/SCCF portfolio will expand its capture and reporting of the OECD-DAC Rio Markers on Climate Change, Biodiversity, and Desertification, and will report to Council on the relevant shares of financing related to these thematic areas.

In order to ensure more predictably funding to the LDCF and thereby more efficiency, the Fund is introducing a move to multi-year pledging with built-in flexibility for voluntary contributions. This is aligned with the Glasgow Climate Pact and will also allow for a doubling of country allocations in GEF-8 capped at USD 20 million per LDC. Danish financial support will have substantial and significant importance for the LDCF operations and in raising the ambitions for adaptation finance, in line with the commitments under the Glasgow Climate Pact to double finance for adaptation actions by 2025, compared to 2019 levels.

As a measure to revive the SCCF from its semi-dormant state, the fund will repurpose its focus to target priority adaptation areas in the climate finance landscape. The new strategy presents two priority areas with a dedicated window to provide targeted support to SIDS that are not LDCs along with continued support to promote technology transfer through innovation and private sector engagement. The strategic focus on SIDS will enable the SCCF to channel its adaptation support to some of the world's most climate vulnerable nations, whose priorities and needs have not been adequately met by other sources of climate finance. Paralleling the successful “leave no LDC behind” approach of the LDCF, the SCCF priority area in GEF-8 will seek to leave no SIDS behind through equitable access to adaptation funding for SIDS, subject to SCCF resource availability.

4. Justification for support, priority areas and results to be achieved

The aim of Danish support to the GEF is to address pressures and drivers of environmental degradation, toward ensuring the conservation and sustainable use of the world's ecosystems, biomes and processes that regulate the stability and resilience of the Earth system. The GEF is largest and most experienced multilateral fund dedicated to responding to environmental threats and occupies a unique space in the global environmental financing architecture.

The GEF's mandate is more relevant than ever. The GEF-8 Programming Directions set out an ambitious strategic and operational vision for the GEF-8 period, aiming to maximize the GEF's impact by placing it at the core of integration. This strategic focus is solidified by a widespread consensus that the environmental, biodiversity and climate challenges are tightly interlinked and that the associated risks

are existential. Responding to these crises require scaled-up and interconnected interventions that are systemic in design and can address the core drivers of harmful economic and social practices and unsustainability. Integration has been central to the GEF's mission and the fund makes a critical and distinctive contribution by increasingly investing in systemic transitions that can lead to transformation of productive practices, value chains, and consumption patterns. Since GEF-6, the emphasis on integration to address the main drivers of global environmental degradation has been consolidated through integrated approaches, with three pilot programmes focusing on food systems, commodity-driven deforestation, and cities. Continuing and building on the integrated pilot approaches, 18 percent of GEF-7 funding was invested in impact programs on food systems and sustainable cities along with the inclusion of sustainable forest management in key forest ecosystems.

Widely considered a strategic innovation of the GEF, the share of integrated programming is increasing and is justified. Integrated programs are key features of GEF-8, with 11 programs covering all GEF focal areas with different degrees of integration. Furthermore, the integrated programming in GEF-8 also aim to enhance the participation of LDCs, and in particular SIDS who, with the exception of one, have not yet been involved in previous IPs. As requested during the GEF-8 negotiations, expressions of interest from LDCs and SIDS are expected to be prioritized in the selection of participating countries to the various integrated programs.

The ambitious GEF-8 architecture and the expansion of integrated programming to match the urgency of the climate and nature crisis, require increased funding from contributors, if system transformation is to be achieved. Increased financial support from Denmark to the GEF compared with previous funding cycles is therefore justified and in line with the approach of most other non-recipient donor countries to GEF-8.

There are other areas of the GEF-8 programming that justify the substantial increase to the GEF. Raising the share of funding allocated to the biodiversity focal area, was a priority for Denmark in the GEF-8 replenishment negotiations. The increase in the biodiversity share of 4.1 percent from GEF-7 to GEF-8 amounts to a total increase of USD 627 million in biodiversity funding compared to the GEF-7 level. This represents a significant boost towards addressing the biodiversity financing gap and an important signal of the GEF's central role in reversing global biodiversity loss. This trust is founded in the GEF-8 architecture, which provide a solid framework for address the driving forces behind loss of biodiversity towards ensuring the conservation and sustainable use of biodiversity.

The increase in the biodiversity share did occur at the expense of all other focal areas, with the largest reduction incurred to climate change. While still being the second largest focal area in terms of resource allocation, funding to climate change was significantly reduced in GEF-7 due to the operationalization of the GCF. Further reductions in GEF-8 beyond those agreed upon in the replenishment negotiations would have compromised the ambitions for the climate change focal area, which still remains of critical importance, including in the context of piloting and testing innovative approaches. However, while the focal area allocation was reduced by 3.8 percent, the overall funding amount to climate change increased slightly compared with GEF-7 due to the increase in the total GEF-8 funding envelope.

The improvements to the GEF's Small Grants Programme (SGP) in GEF-8 is another area that justifies an increase in Denmark's financial contribution. The SGP is a GEF Corporate Program that provides

financial, technical and capacity building support to civil society organizations (CSOs) and community-based organizations (CBOs), complementing other core investments to CSOs and CBOs through the GEF project and programme portfolio. The SGP is a dedicated, demand-driven grant mechanism for local actions and support to CSO, CBOs, indigenous peoples and local communities, and marginalized groups. For the past 30 years, the SGP has played an important role supporting local actions and civil society actors to influence and deliver on national and global sustainable development and environmental goals and commitments. In GEF-8, the GEF is seeking to increase the scale and scope of financing for civil society and elevate the SGP as the premier GEF grant mechanism and platform for civil society and local communities for the global environment. This includes the launch of the SGP 2.0 to further catalyze and mobilize civil society actors and local actions needed to address major drivers of environmental degradation and help deliver multiple benefits across the GEF focal areas, while promoting sustainable development and improved livelihoods. Of particular relevance to the Danish priority areas, the SGP 2.0 counts the establishment of two new competitive CSO Initiatives: a MSME Pilot and a CSO Challenge Program to provide complementary models and broaden engagement with micro-enterprises, youth and women-led civil society organizations.

Finally, measures to further enhance the engagement the private sector in GEF-8, through the Integrated Programs, blended finance and other entry points to the GEF portfolio provide a strong argument for augmenting Danish support. As a cross-cutting theme in the GEF-8 architecture, programming will seek to promote engagement with private sector actors at all scales, to tackle the key drivers of environmental degradation, to reverse unsustainable global trends, and to extend the delivery of global environmental benefits so that they occur faster and at a broader scale; are delivered more efficiently; and are more durable than could otherwise be achieved.

LDCF/SCCF

Renewed donor support meant a remarkable comeback of the LDCF in the GEF-7 period and cemented the fund's unique position in the climate finance architecture as an exclusive caterer to the adaptation needs of world's poorest and often most vulnerable communities. The increased and more predictable contributions to the LDCF came at a critical time when the adaptation finance flowing to LDCs continues to lack behind on aspirational targets set by funds such as the GCF. As part of the operational improvements in GEF-7, the LDCF introduced a measure for equitable access where each LDC could access up to USD 10 million during the 2018-2022 funding cycle. Without having to compete for funding and proving their absorptive capacities, the LDCF achieved its' goal of leaving no LDC behind as all LDCs accessed their funding allocation for adaptation initiatives in GEF-7.

Denmark made significant contributions to the LDCF during 2019-2021, which mounted to Denmark being one of the top contributors to the fund in the GEF-7 period. However, current flows of finance do not match the needs of LDCs and SIDS, whom many are at the forefront of the increasing impacts of climate change and extremes. This is recognized in the Glasgow Climate Pact, which urges to at least double the collective provision of adaptation finance to developing countries by 2025, compared to 2019 levels.

For the SCCF, despite its merits, value propositions, and high performance, resources were limited in the GEF-7 period, with only one donor providing financial support during 2018-2022. Without additional

and sustained donor support, the SCCF will render unable to deliver targeted support to SIDS along with prioritizing technology transfer, innovation and private sector engagement as well as responding to new COP guidance and relevant decisions that may emerge.

The LDCF and SCCF, together, are responsible for the longest track record of support to address the climate change adaptation needs of vulnerable countries and on innovation in this field among all existing financing mechanisms. Drawing upon this experience, the new LDCF/SCCF Strategy sets out an ambitious programming and operational vision for the 2022-2026 period, underlining the two funds' catalytic role in supporting transformational adaptation towards achieving the Paris Agreement's global goal on adaptation. Responding to the continued high demand for adaptation support, the LDCF/SCCF Strategy presents an ambitious funding outlook. In recognition of the Glasgow Climate Pact decision, the resources made available through the LDCF will be doubled, including with initial access cap set at USD 20 million per LDC. For the SCCF, an indicative distribution of resources across the dedicated SIDS window sets initial cap of USD 3 million per SIDS. However, for the SCCF modality to be viable, the strategy aspires new donor support, with the opportunity to earmark contributions to the SIDS window.

An increase in Denmark's contribution to the LDCF is aligned with commitments made to the Glasgow Climate Pact. The increase is also justified by recent targets aiming to ensure that 60 percent of Danish climate finance is allocated to adaptation. A scaling of the contribution to the LDCF provides a clear signal of Denmark's ambitions to prioritize support for LDCs and their adaptation needs. A new contribution to the SCCF is equally in line with Danish commitments and targets for adaptation finance to the most climate-vulnerable countries, with targeted support to SIDS. The repurposing of the SCCF, with SIDS as a strategic priority, provides a timely opportunity for Denmark to channel dedicated adaptation finance to the new SIDS window. Contributions from Denmark and other donors will be critical to ensure the viability of the SCCF and delivering on the Programming Strategy.

There are clear benefits from an enhanced Danish engagement with the LDCF and SCCF in relation to sustaining and building cooperative relationships with Parties to the UNFCCC and the Paris Agreement, serving to benefit Danish and EU priorities and positions in the climate negotiations. The LDCF/SCCF provide a unique platform for supporting LDCs and SIDS by providing adaptation finance, thereby also helping to advance dialogue and build trust between Parties, particularly those from LDCs and SIDS, to the UNFCCC and Paris Agreement. Furthermore, Danish efforts in the LDCF/SCCF are important in support of reaching the developed countries' collective goals and ambitions for adaptation finance. The LDCF/SCCF also constitute important financial mechanisms under the UNFCCC for implementation of the new, collective goal on climate finance that will be effective post-2025 while also in the context of supporting efforts to minimize and avert climate-induced loss and damage.

Danish priorities for the GEF and LDCF/SCCF

The Organization Strategy remains in line with the Danish key priorities from earlier GEF organization strategies as well as those set forth in Danish Government's Strategy for Development Cooperation, 'The World We Share'. These priority areas are likewise aligned with the priorities in the formal Danish mandate for the GEF-8 replenishment negotiations, where Denmark succeeded in influencing the GEF-8 package, including the GEF-8 strategy and its Programming Directions along with the LDCF/SCCF

Programming Strategy. Denmark will actively participate in the biannually GEF and LDCF/SCCF Council meetings towards the delivery of the priority areas. Prior to the GEF Council meetings, the Danish council member will work closely with the Norwegian counterpart to decide on meeting objectives and priorities, and prepare instructions. Likewise, Denmark will coordinate closely with Sweden on matters and priorities related to the LDCF. Main outcomes from council meetings including technical and financial reporting and progress made on the GEF-8 and LDCF/SCCF results framework will be subsequently circulated to relevant units in MFA. Denmark will also seek to strengthen complementarity between country-level GEF/LDCF/SCCF projects and Danish bilateral development cooperation initiatives, through close coordination with relevant embassies. Such efforts will focus on identifying co-financing opportunities along with enhancing coordination to harness synergies and avoid duplication of activities in countries where Denmark is actively engaged through bilateral programmes.

A strong Danish partnership with the GEF and LDCF/SCCF is a key strategic priority. Denmark fully supports the mandates of the GEF and LDCF/SCCF and will seek to increase the overall performance and impact of the funds through three cross-cutting priorities and one thematic priority, all pertinent for both the GEF and LDCF/SCCF as outlined in the table below. These cross-cutting priorities for Denmark’s engagement with the GEF and LDCF/SCCF build upon the priority areas of the Danish GEF OS 2018-2022 as well as the recommendations of the MTR. Both the cross-cutting and thematic priority areas were part of the priorities for the Danish mandate for the GEF-8 replenishment negotiations. The priority areas consist of cross-cutting considerations for private sector engagement, gender equality and results-based management whereas food systems and food security aspects have been selected as a thematic priority. As part of the cross-cutting priorities, Denmark will follow closely the implementation of the GEF Private Sector Engagement Strategy and will also engage with informal private sector advisory network, to be established in GEF-8. In order to draw from Danish experience on private sector engagement and attracting private investments, the Danish representative in the Council will coordinate closely with relevant units in the Danish Ministry of Foreign Affairs (MFA) along with relevant embassies, the Trade Council as well as the Finance Team in the Department for Green Diplomacy and Climate (GDK). Denmark will also closely follow the implementation of the GEF gender equality action plan as well as other relevant policies for enhancing portfolio performance. With regard to the Danish thematic priorities, the food system IP is selected for the GEF given its key relevance in GEF-8 architecture while also being able to draw upon emerging lessons from GEF-6 and GEF-7. Similarly, the agriculture, food security and health theme under the LDCF/SCCF is prioritized as a thematic area, given its critical importance for adaptation and climate resilience while at the same time mitigating risks of conflict, fragility and migration. Denmark will closely follow the design and implementation of the Food System IP, including emerging results from GF-6 and GEF-7, and LDCF/SCCF projects and programmes within the agriculture and food security theme. In addition, the Danish Ministry of Environment will engage on GEF-8 priorities related to circular solutions to plastic pollution.

The priorities and results to be achieved are presented below.

| Cross-cutting priorities | | | | |
|--------------------------|-----------|------------------------|-----------|------------|
| Priority | Rationale | Results to be achieved | Relevance | Monitoring |
| GEF | | | | |

| | | | | |
|---------------------------|--|--|--|---|
| Private Sector Engagement | Private sector entities are considered as essential agents of systemic transformation. The need to effectively engage with the private sector is therefore of high priority, as this will help accelerate and scale up actions that deliver lasting global environmental benefits. | Continued implementation of the strategy on private sector engagement, particularly through the Integrated Programs. Expansion of the use of the Non-Grant Instrument window and increase emphasis on multi-stakeholder platforms as well as expand and streamline blended finance to support innovation and attract private sector investment at scale. Increased engagement of private sector (from multinationals down to, and emphasizing MSMEs) in scaling up adaptation finance and actions including through the SGP 2.0. | Recent findings of the IEO indicate that projects involving the private sector tend to deliver greater value added and are also most likely to lead to transformational change. As the GEF has shifted into more integrated approaches, it has also increasingly engaged the private sector not only as a source of financing or innovative technologies, but more important as a critical partner in scaling up the generation of global environmental benefits. While private sector engagement has improved, operational constraints still limit the GEF from fully realizing the potential for successful private sector engagement. | Through progress reports and IEO's evaluations (of completed projects) as well as through the review of private sector engagement in the food system IP. |
| Gender Equality | Women do not have the same control over natural resources as men, they own less than 20% of the world's land and often lack equal rights to own land. Women also commonly face more barriers in accessing markets, capital, training, and technologies, and remain unrepresented in natural resource governance and decision-making at all levels. GEF-8 investments need to further integrate gender equality and gender transformative approaches in order to deliver better outcomes. | Continued implementation of the policy on gender equality, building on progress and lessons learnt in GEF-7. Further improvements can be made in terms of the percentage (towards 100%/mandatory requirement) of projects that have conducted a gender analysis or equivalent socio-economic assessment in GEF projects as well as better gender data and evidence collection. | Significant progress on gender has been made over the course of GEF-7, including more frequent use of a gender analysis methodology and formulation of a gender action plan as well as higher utilization of gender disaggregated and gender specific indicators. Nonetheless there is still room for further integration of a gender transformative approach in GEF programming. | Through follow-ups with the newly appointed gender specialist at the GEF Secretariat, by reviewing GEF score card and through IEO's evaluations (of completed projects) as well as terminal evaluations (this would apply to projects approved in earlier cycles) . |
| Results Based Management | The GEF effectiveness in fulfilling its mandate is ultimately determined by the global | Improvements in the GEFs ability to in a timely and accurate manner capture and report on specific | The GEFs M&E system should be further strengthened to enable the GEF to demonstrate | Through progress reports, GEF score card and |

| | | | | |
|---------------------------|--|--|--|---|
| | environmental benefits delivered through the investments in the GEF project and program portfolio. | results at the project, program and portfolio levels. | its results and serve as input to council decisions. | through IEO's evaluations (of completed projects) |
| LDCF/SCCF | | | | |
| Private Sector Engagement | Harnessing the potential of the private sector actors is considered essential to achieve the global goal for adaptation. The LDCF/SCCF seek to promote innovation and private sector engagement to increase climate resilience in vulnerable developing countries, and support their efforts to build adaptive capacity. | Encouraging private sector involvement has been a strategic principle for the LDCF/SCCF, and the weight placed on it increased significantly during the GEF-7 period including with the new GEF strategy on private sector engagement. Building of this, the LDCF/SCCF will continue to strengthen the engagement of private sector (from multinationals down to, and emphasizing MSMEs) in scaling up adaptation finance and actions, including through an expansion of the LDCF/SCCF Adaptation Challenge Program. | Despite increased focus on private sector actors in GEF-7 LDCF projects, private sector engagement remains less clear. Furthermore, in completed projects the private sector is more involved as a participant or target of LDCF projects, while engagement as an investor or executing partner has been limited. Recent findings of IEO indicate that the distinguishing characteristics of the LDCF—a focus on adaptation and on LDCs—pose challenges for private sector engagement. On the other hand, the SCCF has a stronger emphasis on private sector engagement, reflected in the portfolio of recently approved projects. | Through progress reports and IEO's evaluations (of completed projects). A core indicator on private sector engagement has been introduced for the LDCF/SCCF (see Annex III) and progress on the LDCF/SCCF Challenge Program will monitored. |
| Gender Equality | Women and girls tend to be disproportionately vulnerable to the effects of climate change. Their exposure to climate hazards and capacities to cope with risks are influenced by gender norms and power dynamics, impacting their access to and use of natural resources and economic assets. LDCF/SCCF interventions need to integrate gender equality and gender transformative approaches in climate resilience building. | Ensure consistent application of the policy on gender equality and continue improving on gender mainstreaming in the LDCF/SCCF portfolio. For the LDCF, gender-focused assessments (discussions of gender impacts and gender action plans) should be further included in terminal evaluations. | Gender mainstreaming ratings have improved across the LDCF portfolio, however, the knowledge gap on gender-related results should be addressed. The overall gender performance of the SCCF portfolio has also continued to improve. | Primarily through IEO evaluations and by reviewing GEF score cards. |
| Results Based Management | The LDCF/SCCF effectiveness in fulfilling its mandate is ultimately | Improvements in LDCF/SCCF's ability to in a timely and accurate | The M&E systems should be further strengthened to enable | Through progress reports, GEF |

| | determined by the adaptation and resilience benefits delivered through the activities supported by the funds. | manner capture and report on specific results at the project, program and portfolio levels. | the LDCF/SCCF to demonstrate results and serve as input to the council's decisions. | score card and through IEO's evaluations (of completed projects). |
|--|---|---|--|---|
| Thematic priorities | | | | |
| Priority | Rationale | Results to be achieved | Relevance | Monitoring |
| GEF | | | | |
| Food System Integrated Program (IP) | The Food System IP will focus on broadening the sustainable production and reduced deforestation goals of previous GEF food systems-related programs and seek to steer food production systems towards practices that restore habitat, sequester carbon and protect biodiversity. | Full programming of the allocated resources under this IP with LDCs and SIDS prioritized in the selection of child (country) projects. While emphasis continues to be on production systems, improvements and interventions targeting the value chains/ supply side will be instrumental in transforming food systems and this should be reflected in child projects. Ability to address other pressing issues related to the food and energy (fertilizers, etc.) crisis, COVID-19 recovery should also be considered projects. | The GEF continues to play a catalytic role by investing in integrated approaches to address inefficiencies in the world's key economic systems. The food system IP builds upon lessons learnt from GEF-6 and GEF-7, with the GEF increasingly maturing within the food system space. The IP is highly relevant in the global context, shaped by the climate and biodiversity crisis, recovery from a zoonotic pandemic along with the current food security situation and spiking energy prices. | Through the IP lead agency selection report, selection of child projects (participation of LDCs and SIDS) and commodity focus, etc. Progress reports and evaluations for the GEF-6 and GEF-7 IPs. |
| LDCF/SCCF | | | | |
| Agriculture, food security and health priority theme | Agriculture, food - security, and health continues to be a top priority for adaptation action, particularly in LDCs, and in GEF-8 this will have a heightened focus on community wellbeing. Programs and projects will support adaptation in the context of food security and health, aligned with the concept of agro-ecological transformation, such as through improvements in ecosystem management, food value chains, and livelihoods. | Approval of solid projects that address food system inefficiencies and food security challenges in an integrated manner. This includes building resilience and strengthening adaptation, not only at production level but throughout the value chain, in ways that create livelihood opportunities, foster entrepreneurship and local MSME development. Generating value from adaptation actions to reduce vulnerability as well as social, economic and environmental fragility will be key, particularly in the LDCs. Concrete examples of LDCF-GCF complementary projects approved as part of the implementation of the Long-term Vision on Complementarity, | Agriculture and food security remain a top sector/theme for adaptation and the increasing impacts from climate change along with ecosystem degradation underlines the urgency to scale up investments in resilient food systems. Further, the implications of COVID-19 pandemic and the war in Ukraine on the world's poorest countries who depend on food and fertilizer import along with increasing energy prices have heightened the need for investing in local food systems and build resilience among those most vulnerable to climate change and other shocks and stressors. | Through approved concepts (PIFs), progress reports and the LDCF/SCCF Core Indicator Framework. |

| | | | | |
|--|--|--|--|--|
| | | Coherence and Collaboration between the GEF and GCF. | | |
|--|--|--|--|--|

A review of the GEF/LDCF/SCCF organization strategy, including a review of results achieved for the cross-cutting and thematic priority areas, will be conducted half way through the period of implementation (Mid Term Review). Decision on the specific format (purely Danish or joint review) will be decided at a later stage but will include findings from progress reports, annual monitoring reviews as well as GEF Corporate Scorecards.

5. Budget

The total global budget for the GEF-8 package is \$5.33 billion compared to \$4.1 billion for GEF-7. This historic replenishment represents a significant increase of more than 30 percent and signals an important commitment from the international community, following the COVID-19 pandemic as well as the war in Ukraine. The Danish pledge to the GEF-8 replenishment is DKK 800 million (2.80 % of the total contribution to GEF-8). See annex V for a table of contributions among contributing partners to GEF-8. The Danish contribution and timing of the appropriations are shown in the table below. Please note, that the disbursement plan may be changed before submission to the Council for Development Policy. The contribution is given in the form of core support. For GEF-7 (2018-2022) Denmark's contribution amounted to DKK 450 million. With GEF-8, Denmark has contributed with a total of USD 465 million since the GEF was established.

Denmark also plans to make a multi-year contribution of DKK 300 million to the LDCF for 2022-2023 along with additional pledges during the GEF-8 period. The total Danish contribution from 2001 and up to now (excluding planned contributions) amounts to DKK 780 million making Denmark the 6th biggest financial contributor to LDCF since its establishment. In addition, Denmark plans to support the SCCF with an initial pledge of DKK 75 million for 2023-2024.

| Year of appropriation | 2022 | 2023 | 2024 | 2025 | 2026 | Total |
|----------------------------|-------------|--------------|--------------|--------------|--------------|--------------|
| Core contribution to GEF-8 | 0 mill DKK | 100 mill DKK | 250 mill DKK | 250 mill DKK | 200 mill DKK | 800 mill DKK |
| Timing of Appropriation | 0 mill DKK | 100 mill DKK | 250 mill DKK | 250 mill DKK | 200 mill DKK | 800 mill DKK |
| Contribution to the LDCF | 30 mill DKK | 270 mill DKK | TBD | TBD | TBD | |
| Contribution to the SCCF | 35 mill DKK | mill DKK | 40 mill DKK | TBD | TBD | |

The MFA will communicate GEF and LDCF/SCCF results through relevant media and use of SoMe. GDK will likewise communicate with and inform relevant Danish embassies about the GEF and LDCF projects and programmes in their respective countries, both before they are approved (with invitation to comment), and when implementation commence. This will enable communication in-countries about

GEF, LDCF/SCCF and Danish contributions. For programmes and projects particularly relevant to Danish bilateral support targeted engagement with relevant Danish embassies will be done with a view to identify potential overlaps and synergies.

6. Risks and assumptions

Risk identification and management are delegated to the project or program level where the responsibility lies with the implementing agencies (IA). Each IA that implements GEF/LDCF projects must have sufficient systems and capabilities in place to ensure robust efforts to combat fraud and corruption. The IAs have to meet GEF minimum fiduciary standards, as well as the minimum standards on environmental and social safeguards, in terms of their ability to systematically identify, monitor, and manage risks. IAs compliance with those standards is assessed every four years, or at any time the standards are raised. Risks and their management are documented at all stages of the project cycle: concept (PIF stage), CEO Endorsement/Approval of a fully developed project, annual project implementation reports, mid-term reviews, and terminal evaluations. The Secretariat and the Scientific and Technical Advisory Panel (STAP) reviews the information provided at concept stage and CEO Endorsement/Approval, and seeks clarification where needed.

The World Bank's Multilateral Trusteeship and Innovative Financing (DFPIF) department is at the forefront of the World Bank's engagement in global funds and innovative financing initiatives. The World Bank is currently Trustee for 22 Financial Intermediary Funds (FIFs), including the GEF, LDCF and SCCF. The World Bank, as trustee to the GEF and the trust funds it administers, provides a set of agreed financial services for the GEF that involve receiving, holding and investing contributed funds, and transferring them when instructed by the GEF. The following matrix provides an overview of the most significant risks identified.

| Risk factor | Likelihood | Risk response | Impact |
|---|-------------|---|--------|
| GEF | | | |
| Insufficient capacity in the GEF Secretariat to manage the increase in programming resources and number of IPs within a reasonable timeframe implementation | Less likely | Continued focus on addressing the agency concentration issue is likely to contribute to more agency diversity, both within and outside the IPs, and programming distribution. Increasing Secretariat staff will also address the review and approval process of the increased volume in investments. | Low |
| LDCF/SCCF | | | |
| Insufficient resource adequacy and predictability to the LDCF leads to delay in the programming whereas inadequate contributions to the SCCF may result in the non-viability of the SIDS window | Less likely | Efforts to ensure increased support and predictability to the LDCF have been expressed by the Council and the dedicated SIDS window has generated interest from new donors to the SCCF. Denmark will through its council seat advocate for raising ambitions among donors to ensure funding adequacy to deliver on the LDCF/SCCF strategy | High |
| GEF/LDCF/SCCF | | | |

| | | | |
|--|--------------------|--|---------------|
| <p>Too little focus on impacts in the GEF results-based management system and inadequate sustainability of project and program outcomes. Insufficient impact of integrated programmes, insufficient engagement of private sector and gender integration.</p> | <p>Less likely</p> | <p>Implementation of an updated policy on M&E and continued focus on sustainability of results after project closure (e.g. in IEO evaluation). Continued focus on improving gender and private sector integration as well as the impact of integrated programmes. Denmark will through its council seat keep the Secretariat accountable to improve on these issues.</p> | <p>Medium</p> |
| <p>Insufficient resources to meet the funding demand, increased competition from other finance mechanisms along with a request for new facilities to support priority areas such as biodiversity as well as loss and damage.</p> | <p>Likely</p> | <p>Since GEF-7, funding allocated to the climate change mitigation focal area has been reduced though impacts have been mitigated by the increase in the GEF-8 funding envelope. The GEF-GCF Long-Term Vision has also been launched to ensure enhanced complementarity between the funds. Through its council seat Denmark will seek to ensure that the comparative advantage of the GEF and LDCF/SCCF is fully utilized in both project/programmes as well as in the UNFCCC and CBD negotiations on financial mechanisms along with other relevant donor fora.</p> | <p>Medium</p> |

Annex I – List of GEF Implementing Agencies

1. Asian Development Bank (ADB)
2. African Development Bank (AfDB)
3. European Bank for Reconstruction and Development (EBRD)
4. Food and Agriculture Organization of the United Nations (FAO)
5. Inter-American Development Bank (IADB)
6. International Fund for Agricultural Development (IFAD)
7. United Nations Development Programme (UNDP)
8. United Nations Environment Programme (UNEP)
9. United Nations Industrial Development Organization (UNIDO)
10. The World Bank Group (WBG)
11. Conservation International (CI)
12. Development Bank of Latin America (CAF)
13. Development Bank of Southern Africa (DBSA)
14. Foreign Economic Cooperation Office, Ministry of Environmental Protection of China (FECO)
15. Brazilian Biodiversity Fund (FUNBIO)
16. International Union for Conservation of Nature (IUCN)
17. West African Development Bank (BOAD)
18. World Wildlife Fund (WWF-US)

Annex II - GEF-8 core indicators and sub-indicators

| Indicator | GEF-7 Indicator Number ²⁸ | New or retired | Sex disaggregation |
|--|--------------------------------------|----------------|--------------------|
| CONSERVING & SUSTAINABLY USING BIODIVERSITY | | | |
| Terrestrial protected areas created or under improved management for conservation and sustainable use (hectares) | 1 | | |
| – of which terrestrial protected areas newly created (hectares) | 1.1 | | |
| – of which terrestrial protected areas under improved management effectiveness (hectares) | 1.2 | | |
| Marine protected areas created or under improved management for conservation and sustainable use (hectares) | 2 | | |
| – of which marine protected areas newly created (hectares) | 2.1 | | |
| – of which marine protected areas under improved management effectiveness (hectares) | 2.2 | | |
| Area of landscapes under improved practices (hectares; excluding protected areas) | 4 | | |
| – of which area of landscapes under improved management to benefit biodiversity (qualitative assessment, non-certified) | 4.1 | | |
| – of which area of landscapes that meet national or international third-party certification and that incorporates biodiversity considerations (hectares) | 4.2 | | |
| – of which area of High Conservation Value forest loss avoided (hectares) | 4.4 | | |
| Area of marine habitat under improved practices to benefit biodiversity (excluding protected areas) (million hectares) | 5 | | |
| Number of fisheries that meet national or international third-party certification that incorporates biodiversity considerations | 5.1 | | |
| People benefitting from the conservation, sustainable use, and/or restoration of biodiversity (hectares) | Subset of 11 | ✓ | ✓ |

| Indicator | GEF-7 Indicator Number ²⁸ | New or retired | Sex disaggregation |
|---|--------------------------------------|----------------|--------------------|
| – of which solid and liquid Persistent Organic Pollutants (POPs) removed or disposed (POPs type) (metric tons) | 9.1 | | |
| – of which quantity of mercury reduced (metric tons) | 9.2 | | |
| – of which hydrochlorofluorocarbons reduced/phased out (metric tons) | 9.3 | | |
| – of which Highly Hazardous Pesticides eliminated (metric tons) | | ✓ | |
| Number of countries with legislation and policy implemented to control chemicals and waste (number) | 9.4 | | |
| Number of low-chemical/non-chemical systems implemented, particularly in food production, manufacturing, and cities (number) | 9.5 | | |
| Quantity of products/materials containing POPs/Mercury directly avoided (metric tons) | 9.6 | | |
| Reduction, avoidance of emissions of POPS to air from point and non-point sources (grams of toxic equivalent gTEQ) | 10 | | |
| Number of countries with legislation and policies implemented to control emissions of POPs to air (number) | 10.1 | | |
| Number of emission control technologies/practices implemented (number) | 10.2 | | |
| Amount of avoided plastic entering the non-recycled waste stream (metric tons) [Replacing 5.3 Amount of marine litter avoided (metric tons)] | 5.3 | ✓ | |
| People benefiting from reduced exposure to hazardous chemicals (number) | Subset of 11 | ✓ | ✓ |

| Indicator | GEF-7 Indicator Number ²⁸ | New or retired | Sex disaggregation |
|---|--------------------------------------|----------------|--------------------|
| SUSTAINABLY MANAGING AND RESTORING LAND | | | |
| Area of land under restoration (hectares) | 3 | | |
| – of which area of degraded agricultural lands under restoration (hectares) | 3.1 | | |
| – of which area of forest and forest land under restoration (hectares) | 3.2 | | |
| – of which area of natural grass and shrublands restored (hectares) | 3.3 | | |
| – of which area of degraded ecosystem types under restoration for global biodiversity benefits | 3.4 | | |
| Area of landscapes under sustainable land management in production systems (hectares) | 4.3 | | |
| People benefiting from sustainable land management and restoration investments (number) | Subset of 11 | ✓ | ✓ |
| REDUCING GHG EMISSIONS | | | |
| Greenhouse gas emissions mitigated (metric tons of carbon dioxide equivalent) | 6 | | |
| – of which carbon sequestered, or emissions avoided in the sector of Agriculture, Forestry and Other Land Use (AFOLU) (metric tons of carbon dioxide equivalent) | 6.1 | | |
| – of which emissions avoided outside Agriculture, Forestry and Other Land Use (AFOLU) sector (metric tons of carbon dioxide equivalent) | 6.2 | | |
| Energy saved (megajoules) | 6.3 | | |
| Increase in installed renewable energy capacity per technology (megawatt) | 6.4 | | |
| People benefiting from climate change mitigation support (number) | Subset of 11 | ✓ | ✓ |
| STRENGTHENING TRANSBOUNDARY WATER MANAGEMENT | | | |
| Number of fisheries that meet national or international third-party certification that incorporates biodiversity considerations | 5.1 | | |
| Number of Large Marine Ecosystems with reduced pollution and hypoxia | 5.2 | | |
| Number of shared water ecosystems (fresh or marine) under new or improved cooperative management (number) | 7 | | |
| Level of Transboundary Diagnostic Analysis and Strategic Action Program formulation and implementation (rating) | 7.1 | | |
| Level of regional legal agreements and regional management institution(s) to support its implementation (rating) | 7.2 | | |
| Level of national/local reforms and active participation of Inter-Ministerial Committees (rating) | 7.3 | | |
| Level of engagement in IW:LEARN through participation and delivery of key products (rating) | 7.4 | | |
| Globally over-exploited fisheries moved to more sustainable levels (metric tons) | 8 | | |
| People benefiting from transboundary water management (number) | Subset of 11 | ✓ | ✓ |
| REDUCING CHEMICALS AND WASTE | | | |
| Reduction, disposal/destruction, phase out, elimination and avoidance of chemicals of global concern and their waste in the environment and in processes, materials, and products (metric tons) | 9 | | |

Annex III - LDCF /SCCF core indicators and sub-indicators (2022-2026)

| Core Indicator | | Sex-disaggregated? |
|----------------|---|--------------------|
| 1. | Number of direct beneficiaries | Yes |
| 2. | (a) Area of land managed for climate resilience (ha) | n/a |
| | (b) Coastal or marine area managed for climate resilience (ha) | n/a |
| 3. | Total number of policies, plans, and frameworks that will mainstream climate resilience | n/a |
| 4. | Number of people trained or with awareness raised | Yes |
| 5. | Number of private sector enterprises engaged in climate change adaptation and resilience action | n/a |

| Core Indicators (used at PIF, CER, MTR, TE stages) | Sub-Indicators (to be used as relevant for each project at CER, MTR, TE stages) |
|--|--|
| 1. Number of direct beneficiaries (sex disaggregated) | 1.1 Number of direct beneficiaries from more resilient physical and natural assets (sex disaggregated) |
| | 1.2 Number of direct beneficiaries with diversified and strengthened livelihoods and sources of income (sex disaggregated) |
| | 1.3 Number of direct beneficiaries from the new or improved climate information services including early warning systems (sex disaggregated) |
| | 1.4 Number of youth (15 to 24 years of age) benefiting from the project (sex disaggregated) |
| | 1.5 Number of elderly (over 60 years of age) benefiting from the project (sex disaggregated) |
| | 1.6 Increased income, or avoided decrease in income (per capita in \$ across all relevant beneficiaries) |
| 2. (a) Area of land managed for climate resilience (hectares) (b) Coastal and marine area managed for climate resilience (hectares) | 2.1 Hectares of agricultural land |
| | 2.2 Hectares of urban landscape |
| | 2.3 Hectares of rural landscape |
| | 2.4 Hectares of forests |
| | 2.5 Hectares of marine area |
| | 2.6 Hectares of freshwater area |
| | 2.7 Number of residential houses |
| | 2.8 Number of public buildings |
| | 2.9 Number of irrigation or water structures |
| | 2.10 Number of fishery or aquaculture ponds or cages |
| | 2.11 Number of ports or landing sites |
| | 2.12 Km of road |
| | 2.13 Km of riverbank |
| | 2.14 Km of coast |
| | 2.15 Km of stormwater drainage |
| | 2.16 Number of new adaptation technologies supported |

| Core Indicators (used at PIF, CER, MTR, TE stages) | Sub-Indicators (to be used as relevant for each project at CER, MTR, TE stages) |
|--|--|
| 3. Number of policies/plans/frameworks/institutions for to strengthen climate adaptation | 3.1 Number of policies/plans developed and strengthened that will mainstream climate resilience (regional, national, sub-national) 3.2 Number of systems and frameworks established for continuous monitoring, reporting and review of climate adaptation impacts 3.3 Number of national climate policies and plans enabled, including national adaptation planning processes 3.4 Number of institutional partnerships or coordination mechanisms established or strengthened 3.5 Number of institutions with increased capacity to plan, implement, monitor, and report for climate adaptation 3.6 Number of institutions with increased capacity to attract, and manage climate adaptation finance 3.7 Number of local community organizations benefitting from and/or engaged in institution strengthening, partnerships, or financing 3.8. Number of climate risk and vulnerability assessments conducted |
| 4. Number of people trained or with awareness raised (sex disaggregated) | 4.1 Number of people trained or made aware of climate change impacts and appropriate adaptation responses (sex disaggregated) at: <ul style="list-style-type: none"> • National government (sex disaggregated) • Local government (sex disaggregated) • Local community organizations (sex disaggregated) • Extension services (sex disaggregated) • Hydromet and disaster risk management agencies (sex disaggregated) • School children, university students, and teachers (sex disaggregated) • Youth (15 to 24 years of age) |
| 5. Number of private sector enterprises engaged in climate change adaptation and resilience action | 5.1 Amount of investment mobilized (US\$) from private sector sources 5.2 Number of entrepreneurs supported for climate adaptation and resilience (sex disaggregated) 5.3 Total financial value of lines of credit and/or investment funds 5.4 Number of MSMEs incubated/accelerated with technical assistance, financial matchmaking, and/or direct financing |

Annex IV – GEF-8 replenishment of resources

TABLE OF CONTRIBUTIONS**

| Contributing Participants | CONTRIBUTIONS (in millions) | | | | | | |
|---|--------------------------------------|----------|----------------------------|---------------------|---------------------|-------------|----------|
| | GEF-8 Shares and Basic Contributions | | Supplemental Contributions | GEF-8 Actual Shares | Total Contributions | | |
| | (%) | SDR | SDR | (%) | SDR | Currency a/ | Currency |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Australia | 0.85% | 41.41 | - | 1.26% | 41.41 | 80.00 | AUD |
| Austria | 0.99% | 48.28 | - | 1.47% | 48.28 | 58.76 | EUR |
| Belgium | 1.63% | 79.40 | b/ d/ | 2.42% | 79.40 | 92.50 | EUR |
| Brazil | - | 4.00 | c/ | 0.13% | 4.25 | 6.00 | b/ USD |
| Canada | 2.65% | 128.94 | b/ | 3.93% | 128.94 | 219.00 | CAD |
| China | - | 4.00 | c/ | 0.69% | 22.57 | 205.17 | CNY |
| Côte d'Ivoire | - | 4.00 | c/ | 0.12% | 4.00 | 5.65 | USD |
| Czech Republic | - | 4.00 | c/ | 0.12% | 4.00 | 123.87 | CZK |
| Denmark | 1.89% | 92.05 | b/ | 2.80% | 92.05 | 800.00 | DKK |
| Finland | 0.85% | 41.25 | b/ | 1.26% | 41.25 | 48.00 | EUR |
| France | 5.23% | 254.75 | - | 7.76% | 254.75 | 310.05 | b/ EUR |
| Germany | 11.81% | 575.15 | - | 17.52% | 575.15 | 700.00 | EUR |
| India | - | 4.00 | c/ | 0.40% | 13.27 | 18.75 | USD |
| Ireland | 0.18% | 8.56 | b/ | 0.26% | 8.56 | 10.00 | EUR |
| Italy | 1.77% | 86.27 | - | 2.63% | 86.27 | 105.00 | EUR |
| Japan | 9.27% | 451.46 | - | 13.75% | 451.46 | 71,377.34 | JPY |
| Korea | 0.11% | 5.31 | - | 0.16% | 5.31 | 7.50 | USD |
| Luxembourg | 0.08% | 4.00 | 0.26 | 0.13% | 4.26 | 4.87 | EUR |
| Mexico | - | 4.00 | c/ | 0.21% | 6.93 | 199.61 | b/ MXN |
| Netherlands | 2.09% | 101.88 | - | 3.10% | 101.88 | 124.00 | b/ EUR |
| New Zealand | 0.12% | 5.85 | 5.75 | 0.35% | 11.60 | 23.50 | NZD |
| Norway | 1.35% | 65.74 | b/ | 2.00% | 65.74 | 780.00 | NOK |
| Slovenia | 0.10% | 5.00 | - | 0.15% | 5.00 | 6.09 | EUR |
| South Africa | - | 4.00 | c/ | 0.14% | 4.64 | 98.40 | b/ ZAR |
| Spain | 0.52% | 25.31 | - | 0.77% | 25.31 | 30.81 | b/ EUR |
| Sweden | 6.85% | 333.77 | - | 10.17% | 333.77 | 4,128.00 | SEK |
| Switzerland | 2.45% | 119.50 | - | 3.64% | 119.50 | 155.40 | CHF |
| United Kingdom | 6.53% | 318.30 | - | 9.70% | 318.30 | 330.00 | GBP |
| United States | 8.73% | 425.09 | - | 12.95% | 425.09 | 600.80 | b/ USD |
| 1 New Funding from Contributing Participants | 66.04% | 3,245.28 | 37.66 | 100.00% | 3,282.93 | | |
| 2 Projected Investment Income | | | | | 139.26 | e/ | |
| 3 Projected Carryover of GEF Resources | | | | | 329.73 | | |
| Paid-in Unallocated Resources | | | | | 230.50 | f/ | |
| Unpaid Resources | | | | | 99.24 | g/ | |
| 4 Reflows from Non-Grant Instruments | | | | | 19.28 | h/ | |
| 5 Total Projected Resources to Cover GEF-8 Work Program | | | | | 3,771.21 | i/ | |

** All pledges are subject to Parliamentary/Congressional approval.

a/ As agreed by the Contributing Participants at the April 23-24, 2021 GEF-8 replenishment meeting, the reference exchange rates to convert between the SDR amounts and the national currency amounts will be the average daily exchange rates over the period from July 1, 2021 to December 31, 2021 (reference exchange rates).

b/ Contributing Participants have the option of taking a discount or credit for acceleration of encashment and: (i) including such credit as part of their basic share; (ii) counting such credit as a supplemental contribution; or (iii) taking such discount against the national currency contribution. Belgium, Canada, Denmark, Finland, Ireland and Norway have opted to include such credit as part of their basic share. Luxembourg has opted to take the credit for accelerated encashment as a supplemental contribution. Brazil, France, Mexico, the Netherlands, South Africa, Spain, and the United States have opted to take a discount against the contribution currency.

c/ For those Contributing Participants that do not have a basic share, this represents the agreed minimum contribution of SDR 4 million.

d/ The Government of Belgium wish to note that their contribution amounts include EUR 12.5 million to support financing of Climate change activities, projects or programmes.

e/ Investment income is projected using a USD 4.18 billion average cash balance and estimated investment return of 1.14% per annum.

f/ This amount represents paid-in but unallocated resources in the GEF Trust Fund (excluding amounts for which commitment by the Trustee is deferred under any prior replenishment of the GEF Trust Fund) and investment income.

g/ This amount comprises Instruments of Commitments not yet deposited plus arrears (late payments under deposited Instruments of Commitments or Qualified Instruments of Commitments).

h/ This amount represents reflows under the Non-Grant Instruments which are expected to be received during the GEF-8 Replenishment period up to June 30, 2026.

i/ This SDR amount is equivalent to USD 5,330 million using the agreed GEF-8 reference exchange rates.

Annex V – GEF-8 Integrated Programs and funding allocations (in million USD)

| | <i>Incentive</i> | <i>STAR</i> | <i>Non-STAR Focal Area Contributions</i> | <i>Coordination Platform</i> | <i>Projected IP Totals</i> |
|--|------------------|-------------|--|------------------------------|----------------------------|
| GEF-8 Integrated Programs | | | | | |
| <i>Food Systems</i> | 55 | 164 | 11 | 21 | 252 |
| <i>Ecosystem Restoration</i> | 26 | 77 | 0 | 14 | 117 |
| <i>Sustainable Cities</i> | 42 | 127 | 0 | 22 | 191 |
| <i>Amazon, Congo, and Critical Forest Biomes</i> | 76 | 229 | 7 | 44 | 357 |
| <i>Circular Solutions to Plastic Pollution</i> | 7 | 20 | 47 | 17 | 91 |
| <i>Blue and Green Islands</i> | 22 | 67 | 0 | 12 | 101 |
| <i>Clean and Healthy Ocean</i> | 13 | 38 | 47 | 17 | 115 |
| <i>Greening Transportation Infrastructure Development</i> | 30 | 89 | 0 | 11 | 129 |
| <i>Net-Zero Accelerator</i> | 30 | 89 | 0 | 11 | 130 |
| <i>Wildlife Conservation for Development</i> | 29 | 88 | 0 | 16 | 134 |
| <i>Elimination of Hazardous Chemicals from Supply Chains</i> | 5 | 15 | 38 | 11 | 68 |
| Indicative Totals | 335 | 1004 | 151 | 194 | 1683 |

GEF-8 Programming Architecture and the contribution of Integrated Programs to Global Environmental Benefits (GEBs).

| Focal Areas | Biodiversity | Climate Change | Land Degradation | International Waters | Chemicals and Waste |
|--|---|--|---|---|---|
| CROSS-CUTTING THEMES | Circular Economy; Nature -based Solutions; Transboundary and Freshwater Environmental security; Gender Responsive Approaches; Behavior Change; Resilience; Private sector Engagement | | | | |
| GLOBAL PROGRAMS | Mobilizing the Financial Sector for Environmental Goals through Blended Finance Community Action for Global Transformation - Small Grants Program and Beyond | | | | |
| INTEGRATED PROGRAMMING | Tackling drivers and advancing the integrated approach to transform systems and generate global environmental benefits across multiple focal areas | | | | |
| Food Systems | | | | | |
| Sustainable Cities | | | | | |
| Amazon, Congo, and Critical Forest Biomes | | | | | |
| Wildlife Conservation for Development | | | | | |
| Net-zero Nature-Positive Accelerator | | | | | |
| Greening Transportation Infrastructure Development | | | | | |
| Ecosystem Restoration | | | | | |
| Clean and Healthy Ocean | | | | | |
| Circular Solutions to Plastic Pollution | | | | | |
| Blue and Green Islands | | | | | |
| Elimination of Hazardous Chemicals from Supply Chains | | | | | |
| GEBs AND INDICATORS | Biodiversity Conserved (Landscapes and Seascapes) • Area protected in landscapes / seascapes (hectares) • Protected area under effective management in landscapes / seascapes (hectares) | Greenhouse Gas Mitigation • Emissions avoided or reduced (Tons of CO2e) • Forest C stocks conserved (Tons of CO2e) • Land-based C sequestered (Tons of CO2e) | Sustainable Land Management / LDN • Area under sustainable land management (hectares) • Area restored (hectares) • Area with deforestation reduced (hectares) | Healthy Oceans / Globally over-exploited fisheries restored • Proportion of Fisheries Managed Sustainably (%) • Freshwater Resources Managed Sustainably (%) • Basins with Enhanced WaterFood-energy Ecosystem Security (M, ha) | Chemicals, POPs, and Mercury reduced / eliminated • Quantity of POPs, mercury, Waste Reduced or Eliminated (Tons) |
| Color shading indicates degree of contribution of the IPs to Focal Areas Major Moderate Minor | | | | | |