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EXECUTIVE SUMMARY

1. Each year, the GEF Secretariat, in cooperation with the Implementing Agencies (IAs) and the Scientific and Technical Advisory Panel (STAP), conducts a review of the GEF portfolio. This current review highlights the portfolio changes in FY00 and covers the twelve Operational Programs (OPs) – including the two introduced in the past year – OP#11 on sustainable transport and OP#12 on integrated ecosystem management.
2. The GEF has allocated \$3.0 billion to support projects in the four focal areas – biological diversity, climate change, international waters, and ozone layer depletion – during the period FY92 to FY00. In FY00, 122 new projects were approved, with an allocation of \$478.8 million. Of GEF allocations to date, about 40 percent (or \$1.1 billion) funds 395 biodiversity conservation and sustainable use projects in 123 countries. Some 37 percent goes to 272 climate change projects, with an allocation of \$1.0 billion. There are 48 international waters projects, accounting for 14 percent of the portfolio (\$399.3 million). In reaching about 90 percent of their programmed targets, ozone layer depletion projects, which are carried out in countries with economies in transition, claim nearly complete coverage. Fourteen projects are classified as multi-focal with an allocation of \$130.2 million, but this category of projects will be gradually phased out.
3. The *GEF Corporate Business Plan* is based on planned growth in the portfolio of about 15 percent per year overall, consistent with country demand, convention guidance, and GEF delivery capacity. In FY00, the actual overall allocation was close to the planned amounts. This growth was accompanied by an even more rapid increase in co-financing. In FY00, co-financing of two-and-a-half times the amount of GEF allocation was mobilized. The World Bank, which is responsible for the largest share of the GEF allocation (60 percent), committed the largest share of co-financing. UNDP, however, had the largest number of projects (339, or 53 percent of the total number).
4. Projects have incorporated lessons from past performance as demonstrated in improved design and implementation. Work done by the GEF's Monitoring and Evaluation (M&E) team and STAP has fed back into the refinement of project review criteria and project indicators.
5. These lessons continue to pose challenges to developing creative applications of multi-sector and integrated approaches, effective stakeholder participation and government commitment, and programmatic strategies for advancing the portfolio. OP#12 projects will have multiple objectives and cross-sectoral linkages and involve existing GEF initiatives on integrated ecosystem management, land degradation, and integrated land and water projects. They will also involve programmatic approaches, capacity development, and country dialogue workshops.

I. INTRODUCTION

6. The *Program Status Review - FY00* follows up the information document presented to Council at its December 8-9, 1999, meeting and covers the period FY92 up to FY00. It presents progress in advancing the portfolio of GEF-financed projects in ten Operational Programs (OPs), and the two new OPs on sustainable transport (OP#11) and integrated ecosystem management (OP#12).

Portfolio Highlights

7. Using the criteria for project and program review defined in the *Operational Strategy*, the following are the portfolio highlights for the period FY99 to FY00:

- (a) *Responsiveness to Convention guidance:* The GEF responds to Convention guidance through such activities as development of projects, policy work, and program reviews. The results of these activities are incorporated into GEF reports to the Conferences of Parties (COPs) of the Convention on Biological Diversity (CBD) and the U.N. Framework Convention on Climate Change (UNFCCC).
- (b) *Co-financing and cost-effectiveness:* The level of co-financing, as a whole, grew substantially in the past year, from \$7.1 billion in FY99 to over \$8.4 billion at the end of FY00. With total GEF allocation of \$3.0 billion, projects have mobilized more than two and one-half times that amount in co-financing. Among climate change projects, the typical ratio is even higher, namely five times.
- (c) *Country-drivenness and national priorities:* As of FY00, 327 enabling activity (EA) and clearing house mechanism (CHM) projects were approved. GEF's M&E Team reviewed a sample of these projects and lessons from these reviews are being incorporated into the design of future projects.
- (d) *Public involvement:* The number of non-governmental stakeholder groups directly involved in project activities has increased from about 540 groups between FY92 and FY99, to over 680 groups by FY00. Of these, more than 67 percent, or 458 groups, are registered as "in-country" or "local," coming from non-governmental or civil society organizations, academic institutions, and the private sector.

8. Among the cross-cutting developments affecting the portfolio are the following:

- (a) *New Operational Programs (OPs):* The two new OPs – in transport and integrated ecosystem management – became operational in the past year with two projects in transport and one project in integrated ecosystem management, with a GEF allocations exceeding \$14.4 million \$6.3 million, respectively.

- (b) *Land degradation:* As of FY00, there were 28 projects with components addressing the cross-cutting theme of land degradation, with a total GEF allocation of over \$180.0 million.¹
- (c) *Private sector involvement:* Private sector involvement in GEF-financed projects continues to be significant, especially in climate change.

II. STATUS OF THE GEF PORTFOLIO

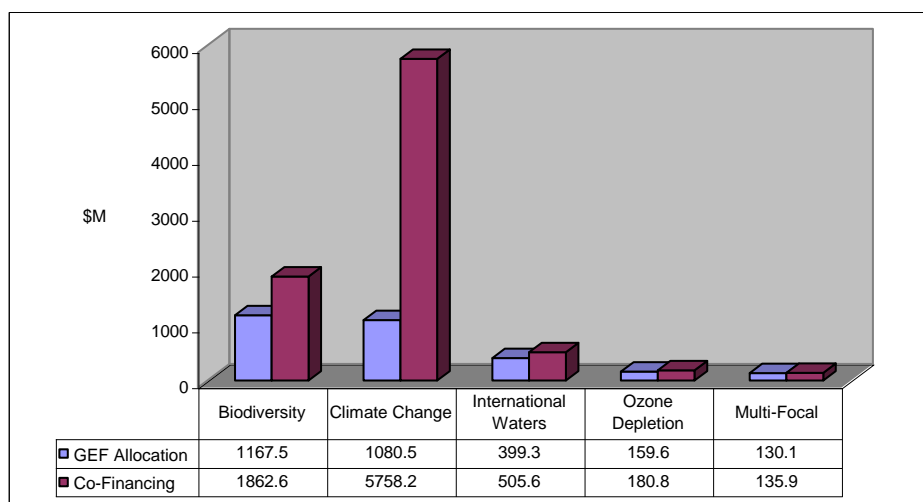
9. The GEF has allocated \$3.0 billion to support projects in four focal areas – biological diversity, climate change, international waters, and ozone layer depletion – from June 1992 to June 2000. About 40 percent of this amount (or \$1.1 billion) funded activities in 395 biodiversity conservation and sustainable use projects in 123 countries. Some 37 percent of GEF funding went to 272 projects in climate change, at a total allocation of \$1.0 billion. Forty-eight international waters projects, with an allocation of \$399.3 million, account for 14 percent of the portfolio. The remaining projects are in ozone depletion, with \$159.6 million for 22 countries with economies in transition, and multi-focal areas, with an allocation of \$130.1 million for 14 projects.

Co-Financing

10. As shown in Figure 1, the total co-financing mobilized by these projects reached over \$8.4 billion, more than 2.5 times the amount allocated by GEF. Co-financing comes mainly from government counterparts, bilateral and other multilateral donors (including the IAs' own funding), non-governmental groups, and local communities. As noted previously, climate change projects generated five times the amount of the GEF allocation in co-financing, primarily through private sector investments.

¹ These are projects with “strong land degradation components” and activities that help prevent land degradation, such as habitat rehabilitation, reforestation, changes in farming practices or herding patterns, soil conservation, and bush or forest fire control. In addition to these projects, there are 31 projects featuring “potential land degradation effects,” in which the projects do not have explicit land degradation mitigation components but include activities that restrict further land degradation through, for example, land use intensity or improved land management in protected areas. These 31 projects have a total GEF allocation of \$263.0 million.

Figure 1. GEF Allocation and Co-Financing By Focal Area FY92 to FY00



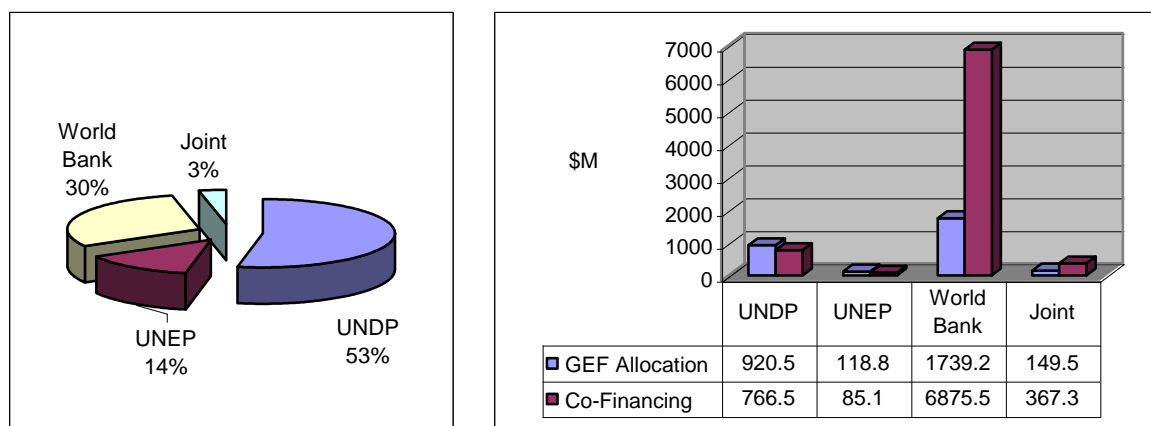
GEF Allocation by Implementing Agency

11. Among the GEF's IAs, the World Bank implemented the largest allocation of GEF funds, accounting for close to 60 percent (or \$1739.0 million). UNDP, which implements the highest number of projects (399), has a lower allocation of \$920.5 million. UNEP follows with 102 projects and a GEF allocation of \$118.8 million. There are a significant number of jointly implemented projects, including two projects that are implemented with regional development banks (RDBs).²

12. In terms of co-financing mobilized through the IAs, the World Bank generated over \$6875.5 million, more than eight times the combined amount of the other IAs. UNDP's co-financing reached \$766.5 million, and UNEP mobilized \$85.0 million (see Figure 2).

² The projects are implemented through the World Bank by the Asian Development Bank (ADB) and Inter-American Development Bank (IDB).

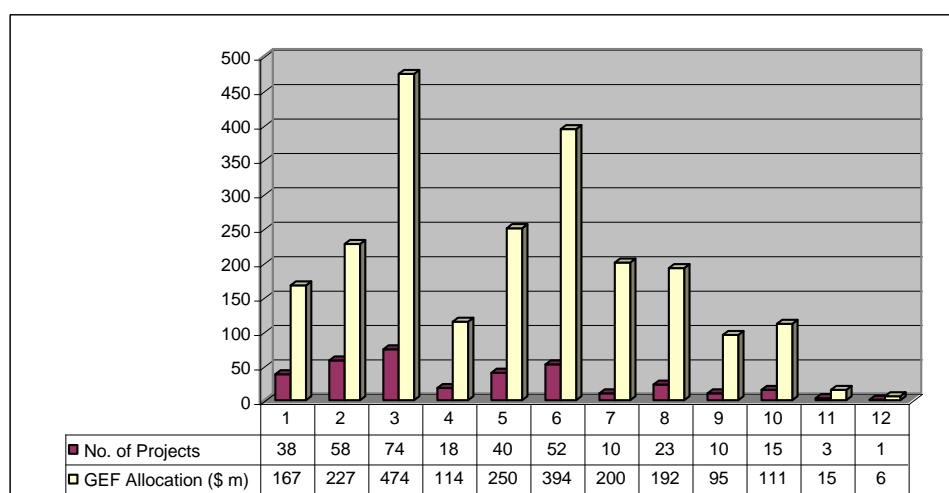
Figure 2. Number of Projects, GEF Allocation and Co-Financing by Implementing Agency FY92 to FY00



GEF Allocation by Operational Programs

13. There are twelve Operational Programs (OPs) to which projects contribute. As shown in Figure 3, there is an uneven distribution of projects across the OPs.

Figure 3. Number of Projects and GEF Allocation by Operational Program, FY92 to FY00

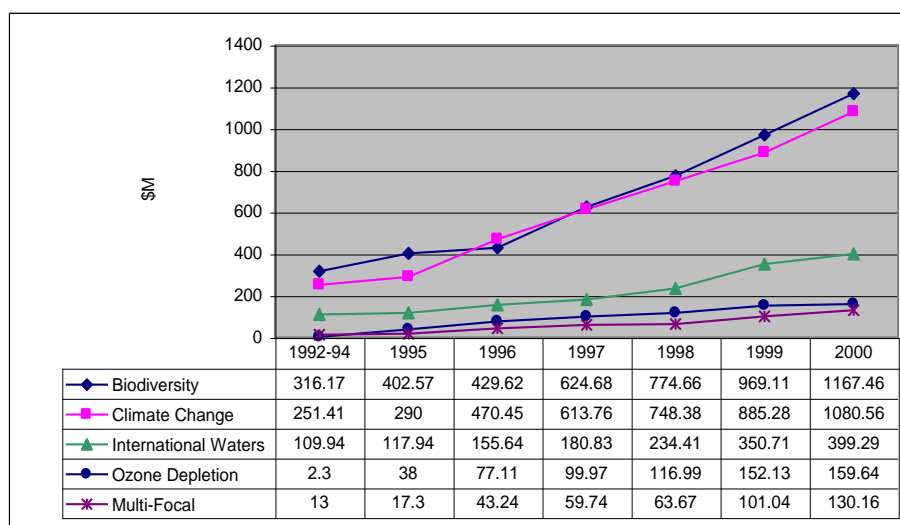


14. For example, in terms of GEF allocation, OP#3 (forests), has the largest allocation – over \$474.0 million. In climate change, the largest allocation – more than \$394.0 million – is found in OP#6 (renewable energy). Among projects in international waters, more than \$192.0 million of GEF allocation is in OP#8 (waterbody-based). However, in biodiversity, there are projects that are located within more than one type of ecosystem (e.g., forests in mountains), which does not cause any operational difficulty as the biodiversity OPs all have the same structure.

Growth of GEF Portfolio of Projects

15. The growth in number of projects and GEF allocation shown in Figure 4 indicates that the portfolio has increased substantially since FY92, except for ozone depletion projects, in which the portfolio was almost complete by FY99. The cumulative increase in number of projects in biodiversity and climate change occurred in the latter part of FY98 due to approvals of 327 EAs and CHMs. In terms of GEF allocation, the largest increases were from new biodiversity conservation projects. The growth in allocation in international waters projects in FY99 can be attributed to the maturation of strategic action programs (SAPs). The number and allocation of climate change projects grew significantly in FY00, largely due to the increased allocations for renewable energy projects.

Figure 4. Growth of the GEF Portfolio by Focal Area FY92 to FY00



16. The pattern of portfolio development varies across OPs. In the biodiversity focal area, only OP#3, forests, has seen a large rise in both the numbers of projects and the GEF allocation. In the other ecosystem types, these figures are increasing but at a slower rate. In the climate change focal area, it is in renewable energy (OP#6) that the portfolio has increased substantially, especially recently – from FY98-FY00. Energy efficiency projects (OP#5) also grew in number and allocation, but the rate of increase was much lower than in OP#6. Activities in the ozone depletion focal area are short-term response measures to help economies in transition phase out ozone depleting substances (ODS). Since almost all countries that meet GEF criteria for ODS phase-out are already receiving support, the total GEF allocation in this focal area will not increase significantly in the future.

Planned Allocations

17. The *GEF Corporate Business Plan FY02-FY04* (GEF/C.16/8) plans for growth of about 15 percent per year overall in the GEF portfolio, consistent with the expansion in country demand, convention guidance, and GEF delivery capacity. As noted earlier, the number of ozone depletion projects is expected to decline considerably as the coverage in countries with economies in transition is nearing completion, and string interested is emerging in the multi-focal area as a result of OP#12 (See Table 2 of the Corporate Business Plan.)

18. GEF expects a steady increase in medium-sized projects (MSPs) as well as expansion in the small grants program. Additionally, EAs and CHMs will be growing in size (GEF allocation) and number as the requests for additional assistance, including capacity building initiatives, increase. The decline in EA and CHM allocations in the past year is due to almost full coverage by countries. As of FY00, a total of 123 countries received GEF funding to assist them in developing their national action plans and in submitting their reports to the conventions.

19. In summary, the portfolio is developing as follows:

- (a) *Substantial Growth.* The portfolio has grown significantly since FY92 but this was accompanied by an even more rapid increase in co-financing, specifically from government counterparts. However allocations in five OPs fall short of the planned amounts set out in the *GEF Corporate Business Plan*. There is also a slow response to developing projects in certain OPs, such as the new OPs on transport (OP#11) and integrated ecosystems management (OP#12).
- (b) *Increasing Levels of Co-Financing.* Creative financing modalities have been applied, especially in climate change projects – where co-financing has been mobilized at a rate of five times the GEF allocation. Increasingly, contingent financing modalities (such as loans and guarantees) address the perceived investment risks of clean energy alternatives. In biodiversity, several projects use trust funds, revolving funds, and small grants schemes. However, these tools' potential is underutilized in the IAs' mainstream energy and biodiversity portfolios.
- (c) *Differences in IA/GEF Portfolio Development.* The World Bank is the implementing agency for more than 60 percent of projects in the portfolio. However, for projects in international waters, UNDP has the largest share of GEF allocation.

III. LESSONS FROM IMPLEMENTATION PERFORMANCE

20. Each year, the GEF and its Implementing Agencies jointly conduct a comprehensive Project Performance Review (PPR) for projects that have been under implementation for at least one year. In 1998, the PPR process was revised to cover not only projects but also crosscutting themes. In addition, STAP selectively reviews projects to identify scientific and technical issues.

21. The 1999 PPR includes 135 projects. About half of these projects (67) are in biodiversity, 45 in climate change, and 12 in international waters. In addition, the review covered 10 ozone projects and one multi-focal project. Sixty-three projects were implemented by UNDP, 57 by the World Bank, and 15 by UNEP.

Incorporating Lessons from Implementation Performance

22. The implementation review highlighted five key lessons that apply to all focal areas:

- (a) address the broader socio-economic and political context and enabling environments;
- (b) integrate activities with national development priorities and programs;
- (c) involve key stakeholder groups for building commitment and ownership;
- (d) ensure flexibility in project implementation, especially in complex and regional projects; and
- (e) improve implementation capacities within country.³

23. A separate review was completed for ozone depletion projects. With the support of UNEP's Division of Technology, Industry, and Economics, the GEF undertook a review of ozone depletion (ODS) projects in 19 countries with economies in transition. This represented close to 90 percent of the portfolio. The study compared the actual trends in ODS production and consumption with implementation schedules for ODS phase-out. The study's conclusion was that GEF played a key role in the phase-out process, which occurred at a scale of 20 percent to 60 percent of total ODS consumption in these countries. Two lessons were emphasized in the review. One was the importance of measuring project effectiveness not only in terms of tons phased out but also in apparent support for suitable policy frameworks within countries. The second lesson focused on expanding country support to cover a broader base of stakeholders through awareness raising, public campaigns, development of recovery and recycling schemes, and legislative reforms.

³ Global Environment Facility, *Project Performance Report 1999*. Washington D.C., p. 37-41.

24. A number of project cycle issues were common to all focal areas: (a) portfolio-wide disbursement and procurement delays; (b) long preparation time, especially for regional projects and international waters projects; (c) delays in getting country endorsements and government commitments (including reductions in counterpart government funding); and (d) delays in the project approval process.⁴

25. These lessons have been incorporated into the GEF's project review criteria, which were developed in cooperation with the IAs.⁵ These lessons were also discussed at special STAP meetings. In the past year, STAP completed a selective review of biodiversity projects in order to inform the GEF of key issues related to land degradation and agricultural biodiversity. Similar reviews were completed by GEF's M&E unit for climate change issues such as photovoltaics, clean energy objectives in energy sector restructuring, and technology transfer. In international waters, the STAP reviews focused on small island developing states (or SIDS) and persistent organic pollutants (POPs).

IV. OPERATIONAL CHALLENGES AND CURRENT APPROACHES

26. A review of portfolio development and implementation experience has highlighted the need to develop (a) long-term programmatic approaches to supplement conventional project-by-project approaches, and (b) integrated cross-focal approaches to take advantage of synergies in addressing issues in more than one focal area in the same activity. For example, OP#12, with its focus on integrated ecosystems management, supports projects with multiple objectives (such as forest management and carbon sequestration) and cross-sectoral linkages (such as to agriculture, natural resources, and energy). Integrating different goals and sectors requires a holistic and programmatic approach to project development and evaluation.

27. Other challenges associated with incorporating lessons learned from portfolio development and implementation experience are common to all focal areas. These include:

- (a) improving understanding of root causes and enabling environments;
- (b) using monitoring indicators more effectively;
- (c) developing more relevant capacity building initiatives;
- (d) involving a broad range of stakeholder groups, communities and the private sector more fully; and
- (e) improving mainstreaming of global environment concerns into IAs' and countries' sustainable development programs.

Biodiversity Conservation: Linking Conservation and Sustainable Use

28. The conventional approach to biodiversity conservation has been to support protected areas, where sustainable use is often best addressed at the community level. However the shift to

⁴ *Ibid.*, p. 7-9.

⁵ GEF Project Cycle, GEF/C.16/Inf.7

a more programmatic approach requires: (a) shifting from protected areas to broader landscapes and seascapes; (b) moving from limited treatment of sectoral issues to application of ecosystem management principles and cross-sectoral planning; and (c) actively engaging local partners in government and civil society to address the root causes of biodiversity loss and habitat degradation.

29. There are several ongoing initiatives in biodiversity conservation and sustainable use that are expected to influence development of the portfolio. A draft OP on agricultural biodiversity will be finalized this year, complementing the focus on genetic resources, taxonomy, and alien and invasive species in COP/CBD guidance. GEF projects implemented by UNEP have produced significant results in global assessments of biodiversity (*Global Biodiversity Assessment* and *Millennium Assessment* projects) and enhanced cooperation with non-government organizations (NGOs) (*Global Biodiversity Forum Phase II* project). The ongoing initiatives with UNDP in capacity development, country dialogue workshops, and the GEF Small Grants Program facilitate implementation. The *Critical Ecosystems Partnership Fund* -- a partnership with Conservation International and the World Bank -- supports the integrated ecosystems approach. In addition, the methodological work and case studies on the root causes of biodiversity loss, undertaken jointly with WWF, have been completed. These findings will feed into project development as well as national biodiversity plans and strategies. The programmatic approach to biodiversity projects will be used in a pilot country, following the basic principles presented in the paper.⁶ Operational approaches to productive landscapes generally (and to forests in particular) and to addressing local needs and poverty alleviation will be developed in consultation with the IAs, STAP, and in-country partners.

30. The main operational challenges to portfolio development are (a) designing projects for sustainability and replicability, (b) facilitating replication, (c) supporting integrated ecosystems management, (d) assisting countries in capacity development and aligning projects with national biodiversity priorities and action plans, and (d) improving community-based approaches to biodiversity conservation and sustainable use. Meeting these challenges will mean filling the gaps in the portfolio by responding to COP/CBD guidance and intensifying efforts to expand the portfolio with catalytic projects in taxonomy, alien and invasive species, and public awareness. These will complement existing initiatives on forests and the productive landscape and agricultural biodiversity.

Climate Change: Expanding Clean Energy Development

31. The majority of climate change projects focus on specific technologies and barriers for their application within individual country contexts. The main operational challenges to portfolio development are: (a) designing projects for sustainability and replicability, (b) facilitating replication, (c) recognizing the commonality of key market development barriers for almost all types of clean energy alternatives, (d) promoting energy sector reform and governance frameworks as these affect technology markets, (e) removing scale and risk barriers that hinder

⁶ *Programmatic Approach for the GEF: Criteria and Processes for its Implementation*, GEF, December 1999.

commercialization of technology alternatives by not only introducing national technology demonstration schemes but integrating these with global markets and partnerships, and (f) using technology transfer and trade networks more effectively, including public-private partnerships and market development approaches.

32. The GEF is exploring a variety of programmatic approaches to address these issues, including a strategic partnership on renewable energy with the World Bank as a basis for portfolio growth and increased impact. This partnership has been under discussion for two years and is progressing more slowly than had been anticipated. (One renewable energy program – for Uganda – was approved in April 2000 and another – for China – is under preparation.) It is hoped that this partnership will facilitate fundamental commitments to renewable energy technologies within the Bank's regular program. The partnership aims to commit \$200.0 million in GEF resources for incremental cost support for specific country programs while seeking \$600.0 million in Bank commitments. GEF is also exploring options to expand this partnership to RDBs and to integrate a geothermal component. IADB has already presented a concept for a programmatic approach to geothermal investments in Latin America. Similarly, GEF has entered discussions with the global solar-thermal industry and RDBs to determine potentials for a jointly financed market development partnership. Such strategic public-private sector alliances also appear to be essential to making a difference in emerging photovoltaic (PV) markets. Annual GEF allocations for programmatic interventions in PV markets could grow to about \$100.0 million by the year 2004 if the private sector and key public PV technology sponsors can be mobilized for a global PV market development initiative. GEF efforts in such an undertaking would focus on facilitation and provision of resources to share market development risks. A STAP workshop, conducted in June 2000, has identified options to promote integration of clean energy objectives in energy restructuring efforts, and commercialization and carbon abatement potentials of technologies in the global market through strategic alliances with the private sector. Along these lines, GEF has asked UNEP to commission a comprehensive assessment of fuel cell commercialization prospects and to explore opportunities for a private sector led market development program that would build on substantive financial contributions from the industry. Based on final market assessment results, which are expected by March 2001, GEF will engage in a dialogue with key public and private stakeholders to determine the potential for a jointly financed market initiative. Current estimates suggest that annual GEF allocations could grow to \$50.0 million by 2004.

International Waters: Driving for Results

33. The strategic phase of those international waters projects comprising a transboundary diagnostic analysis (TDA) and development of a detailed strategic action program (SAP) often takes up to five years to complete. This is because of the challenge of reconciling and addressing in detail the complex management needs and priorities of more than one country. To accelerate the needed follow-on investment to the completed SAPs and those in advanced stages of preparation, GEF and the IAs will make greater efforts – e.g., through donors' meetings – to mobilize financial resources for implementation from non-GEF sources. Such sources include the IAs themselves, bilateral donors, and the private sector.

34. To accelerate project implementation and impacts, future projects with strategic planning activities would adopt one of the following design options:

- (a) When strategic planning activities are expected to be part of the project preparation phase, it would involve diagnostic analysis of transboundary issues, prioritization of environmental concerns, and the design of a site-specific capacity building and investment project to address priority issues. The full project would then focus on implementing the capacity building and investment package; and
- (b) When strategic planning activities are expected to be part of the project implementation phase, it would focus on developing broad strategic guidelines for an incremental approach to address priority transboundary issues. Implementation of multi-country demonstration projects on transboundary priority issues, for example, at “hotspots.”

35. Having assisted countries to successfully demonstrate viable management approaches, the GEF, consistent with its role as a catalyst, would have a clearly delimited financial role in the subsequent investment phases of any long-term transboundary waters program. It will, however, assist countries to mobilize funding from appropriate sources for future activities.

36. The GEF has been addressing the issue of persistent organic pollutants (POPs), through OP#10 (contaminant-based program), by assisting countries in developing and implementing essential interventions. Key among these is overcoming barriers to the use of best practices that limit the release of contaminants into international water bodies. The GEF is presently exploring the possibility of expanding its role in addressing POPs-related issues beyond water as an exposure pathway to include other pathways such as air and land. As a first step, a paper on *Elements of a GEF Operational Program on the Phasing Out of Persistent Organic Pollutants* has been prepared for consideration by the GEF Council at its meeting in November 2000. The GEF has also expressed its readiness to serve as the financial mechanism for an international convention on POPs if decided by the governments currently negotiating this agreement.

Integrated Ecosystems Management

37. To facilitate the development of projects under OP#12 (integrated ecosystems management), which was introduced in March 2000:

- (a) GEF, with the assistance and advice of STAP, will prepare a handbook on integrated ecosystem management. The handbook will help to clarify the principles underlying integrated ecosystem management and provide operational guidelines on the use of this approach in conservation planning and implementation, based on good practice.

- (b) The IAs will accelerate the implementation of the Africa Land and Water Initiative, which was launched with the heads of UNDP, UNEP, and the World Bank in March 1999 to assist African countries in developing and implementing coordinated actions to address land and water management issues in an integrated manner.

Cross-Cutting Issues

38. *Land Degradation.* The number of projects with components directly addressing land degradation prevention and control, in relation to the GEF focal areas, is relatively small. Having recognized this situation, the GEF Council approved in December 1999 an action plan to enhance GEF support for land degradation-related activities.

39. As the implementation of the action plan proceeds, both the Secretariat and the IAs recognize the need for operational guidelines for the identification and development of GEF-financed projects with significant land degradation prevention and control components. Consequently, the Secretariat will collaborate with the IAs to prepare operational guidelines.

40. *Private Sector Involvement.* In May 1999, the Secretariat submitted to Council the paper *Engaging the Private Sector in GEF Activities* (GEF/C.13/Inf.5), which describes how GEF plans to pursue greater collaboration with the private sector, including the modalities to be used.

41. GEF will demonstrate a number of ways to engage the private sector. In international waters, greater efforts will be made to leverage private sector co-financing for project activities following the completion of diagnostic analysis and/or strategic work.

42. In climate change, efforts will be made to involve the private sector in technology transfer and market development for energy efficient and renewable energy technologies.⁷ Several IFC projects build on the potential benefits of innovative financing strategies as a key to promoting environmental enterprises. The development of technology projects, including fuel cells and solar thermal power plants, now encourages dialogue and collaborative planning with major energy companies. Several meetings have been organized with extensive private sector involvement to review the impact and direction of GEF interventions, such as the transport meeting sponsored by the Government of France and a review of solar PV projects sponsored by the Government of Switzerland. In partnership with UNEP, the GEF is also supporting a Sustainable Technology Alternatives Network focused on building alliances with business groups to foster clean technology market development.

43. Private-public partnerships are promoted in GEF-financed biodiversity projects. Two examples indicate how the partnership can be improved. In the first example, two of the largest private firms in Brazil, Peugeot and Banco Axial, contributed matching funds to the GEF allocation. In the second example, industry associations were used not only for co-financing but

⁷ These efforts are described in the information note presented at the June 2000 Subsidiary Body on Scientific and Technical and Technological Advice (SBSTA) meeting in Bonn.

also for co-executing a project in Morocco. In addition, increasing awareness of GEF in the private sector in developing countries is one objective of the GEF's Country Dialogue Workshops. Additional targeted efforts, including presentations to business, engineering, and technical societies, are also being planned together with STAP.

Operational Approaches

44. As the portfolio of projects is developed further, the Secretariat, IAs, STAP, and other partners will continue to collaborate on these short-term and long-term operational approaches (summarized in Table 1).

Table 1. Current Approaches to Implementing the Operational Programs (FY00)

Operations	Current Approaches
Biodiversity Conservation and Sustainable Use: Responding to COP/CBD guidance	<p>Work is being intensified on ongoing initiatives, including portfolio reviews, policy work, project development, etc. -- in cooperation with partners in the IAs, STAP and others -- in the following areas:</p> <ul style="list-style-type: none"> • Taxonomy • Alien and invasive species • Incentive measures • Benefit sharing • Public awareness <p>The following initiatives are ongoing:</p> <ul style="list-style-type: none"> • Agricultural biodiversity • Biosafety • Ecosystem approach • Education and communication • Indigenous and local communities
Mobilizing resources and strengthening partnerships	<ul style="list-style-type: none"> • Efforts to mobilize co-financing and national support for project activities will be redoubled. • Work will continue on a number of projects that have strategic significance for the GEF (e.g., Millennium Assessment, Global Biodiversity Forum, Critical Ecosystems Fund). • Private sector initiatives in such areas as ecotourism, investments in sustainable livelihoods are being further developed. • Stakeholder and community participation and natural resources management will remain major project design criteria.
Developing initiatives in forests and productive landscapes	<ul style="list-style-type: none"> • Projects that support activities in the productive landscapes will be very carefully designed to ensure mainstream commitment and sustainability. • The portfolio of these projects will be reviewed in coordination with M&E special studies.
Applying the programmatic approach	<ul style="list-style-type: none"> • The approach is being piloted in selected countries. • Initial programs will be submitted to Council for approval.
Finalizing biodiversity indicators	<ul style="list-style-type: none"> • The indicators will be finalized and applied to reviews of project designs and of impacts in future PSRs. • M&E is conducting a biodiversity impact study.
Strengthening community-based approaches to biodiversity conservation and sustainable use	<ul style="list-style-type: none"> • The lessons learned from implementation of GEF/UNDP Small Grants Programme (SGP) will be incorporated wherever relevant. • New approaches for sustainable use, including participatory and community-based alternative livelihood programs, are being developed.

	<ul style="list-style-type: none"> • Stakeholder participation and social issues will be included in the M&E program review. • The GEF Secretariat has been identifying good practices for addressing local needs and poverty alleviation in the design and implementation of projects.
Climate Change: Developing approaches that respond to existing COP guidance on adaptation	<ul style="list-style-type: none"> • UNEP is implementing a project to assess the impacts of, and adaptation to, climate change in multiple regions and sectors in coordination with IPCC. • UNDP is implementing a project on capacity building for Stage II Adaptation to climate change.
Developing programmatic approaches to address cross-cutting barriers in a broader sector reform and market development context	<ul style="list-style-type: none"> • Efforts are underway to coordinate activities with the World Bank on the renewable energy partnership. • The GEF is increasing efforts towards scaling up PV markets. • In consultation with the private sector, market development for solar thermal technology is being fostered. • Improvements to initiatives towards fuel cell commercialization are being made.
Applying climate change indicators	<ul style="list-style-type: none"> • The indicators that have been developed will be used to review project design and to review program impacts in future PSRs. • M&E is conducting a climate change impact study.
Expanding the scope of renewable energy interventions to include grid-connected technologies	<ul style="list-style-type: none"> • IAs will help develop projects using grid-connected renewable energy. • GEF will discuss with the private sector ways to increase their investments in renewable energy and grid-connected renewable energy systems. • GEF promotes dialogue with governments on integrating renewable energy programs into national rural energy schemes and energy sector planning (e.g., through the renewable energy partnership with the World Bank). • Projects are being designed to integrate rural energy with concerns for addressing local needs and alleviating poverty through delivery of basic energy services.
Promoting energy efficiency by removing barriers and reducing implementation and long-term technology costs	<ul style="list-style-type: none"> • Energy efficiency approaches (e.g., building sustainable commercial markets, leveraging private and public sources, and facilitating technology diffusion) are being reviewed. • The effectiveness of energy service companies (ESCOs) in the industrial and energy sectors, including rural energy service concessions and utility-based demand side management programs, is being reviewed. • Project designs will be strengthened to facilitate market transformation and to assist manufacturing firms to develop and market energy-efficient products through such activities as providing technical and financial assistance to producers,

	promoting standards and certification, and enhancing public awareness.
Supporting power sector reform	<ul style="list-style-type: none"> • STAP organized a workshop to review scientific and technical issues and facilitate planning and design, and these conclusions will be used in project design. • Projects to support reform are being implemented (e.g., in Uganda).
International Waters Driving for results in international waters projects	<ul style="list-style-type: none"> • For the completed SAPs or those in advanced stages of preparation, greater efforts are being made, through such activities as donors' meetings, to mobilize financial resources for implementation from non-GEF sources (IAs, donors, private sector, etc.) to complement GEF funds. • When project preparation includes strategic planning, the key activities would include transboundary diagnostic analysis and detailed feasibility studies on the most critical institutional reforms, capacity building, and investments. The full project would then be implemented based on the outcomes of these activities. • In cases where the strategic planning phase is part of project implementation, it would focus on developing broad strategic directions for a long-term and incremental management approach, followed by the implementation of multi-country demonstration projects on transboundary priority issues, for example, at "hotspots" in a basin.
Increasing private sector involvement	<ul style="list-style-type: none"> • Efforts to leverage private sector co-financing for project activities, through IFC, RDBs, following the completion of diagnostic analysis and/or strategic work, are being increased.
Expanding GEF support for POPs-related issues beyond water as an exposure pathway to include air and land	<ul style="list-style-type: none"> • An operational program is being developed. The <i>Elements of a GEF Operational Program on the Phasing Out of Persistent Organic Pollutants</i> has been prepared for the November 2000 Council meeting.
Integrated Ecosystem Management Facilitating the development of projects in integrated ecosystem management (OP#12)	<ul style="list-style-type: none"> • GEF is preparing a handbook to clarify the principles underlying integrated ecosystem management and operational guidelines on the use of this approach in conservation planning and implementation, based on good practice. • The implementation of the Africa Land and Water Initiative is being accelerated.
In the cross-cutting area of land degradation, enhancing GEF support for eligible land degradation prevention and control activities	<ul style="list-style-type: none"> • Operational guidelines for the identification and development of projects with significant land degradation prevention and control components will be developed.

