



## **Civil Society Expectations for the Fifth Replenishment of GEF**

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**[www.gefngo.org](http://www.gefngo.org)**

### **Summary**

**The Fifth Replenishment of GEF is a critical process and a large replenishment combined with further reforms in governance and programme delivery is essential to addressing the major global environment challenges of climate change, land degradation, biodiversity loss, degradation of international waters and pollution. Civil society has always been both a key target as well as partner in delivery of GEF resources.**

**There are two major problems – first the Current GEF 4 resources (\$0.8 billion/year divided by 140 recipients) are inadequate to meet the current and growing needs to safeguard the global environment – therefore increased funding to at least \$2,5 billion per year ( or \$10 billion for GEF5) is needed .**

**Secondly, although progress has recently been made in simplifying the GEF programming cycle and enhancing the engagements of countries in decision making, – there are still further reforms required to ensure that enhanced levels of GEF resources can be effectively disbursed and key stakeholders are adequately consulted in programme design and implementation.**

**Finally due to changes in the GEF4 mechanisms, in particular the Resource Allocation Framework (RAF), the opportunities for engagement and partnership of civil society organizations civil society organizations were seriously reduced with CSOs receiving 30% less funding in the first two years of GEF5 compared to the same period in GEF4. National NGOs in recipient countries have been particularly impacted. In addition the level of consultation in project planning and approval has been reduced.**

**The GEF NGO network therefore calls for**

- a) A high GEF 5 replenishment of at least \$10 billion**
- b) Further reforms in the GEF governance to ensure that civil society is adequately engaged in GEF planning and implementation.**
- c) Special mechanisms are established to ensure that Civil society at least receive the same proportion of support in GEF 5 compared to GEF2 and GEF 3.**

## Introduction

This paper on civil society expectations for the Fifth Replenishment of GEF has been prepared by a task force of members of the GEF NGO Network. This Network has comprises 600 organisations which are working on issues related to GEF and have been formally accredited by the GEF Secretariat to attend GEF council and other meetings. The Network has been formally recognized by the GEF Council as a key mechanism for civil society input to GEF processes. The paper draws on experience of the Network members over more than 15 years in GEF implementation as well as a review of the impact of the current GEF Resource Allocation Framework on civil society organizations (CSOs) which is made available as an information paper to the June 2009 GEF Council meeting<sup>1</sup>. It is planned that further position papers will be issued periodically by the network depending on the evolving replenishment process.

## Background

The over-exploitation of natural resources, intensified pollution and the impacts climate change are increasingly affecting environmental quality and reducing ecosystem goods and services. This in turn produces negative impacts on millions of people around the world. Despite international recognition of this growing global environmental crisis, inadequate resources have been channeled to the main financing mechanism for action on the global environment - the Global Environment Facility (GEF). It is internationally agreed that in order to address climate change alone, an investment of at least \$100 billion per annum is required. The GEF's mandate covers climate change and five other focal areas but the funding level is currently less than \$0.8 billion per annum or \$0.006 billion per recipient country.

Resources made available by the global community for the Fourth Replenishment of GEF (GEF4) in 2006 (\$3.1 billion) were less in real terms compared to GEF3 and wholly inadequate to meet the needs of recipient countries. Additionally, changes in governance intended to enhance efficiency and country ownership (such as the Resource Allocation framework - RAF) had the unintended consequence of reducing the engagement and support to civil society.

The GEF Council has consistently highlighted the importance of civil society as a GEF<sup>2</sup> partner and in November 2008, the council reiterated the key role of civil society as a key partner in safeguarding the global environment.

In the current Fifth Replenishment of GEF (GEF5) to be completed in early 2010, it is essential that:

- a) Resource allocation for GEF is increased at a minimum to US\$2.5 billion per annum (\$10 billion overall);
- b) Governance is reformed to further enhance efficiency of resource disbursement and country ownership and
- c) Partnership with civil society is further strengthened.

<sup>1</sup> Liliana Hisas (2009) – available on [www.gefngo.org](http://www.gefngo.org)

<sup>2</sup> See list of Council decisions since 1992 on [www.gefngo.org](http://www.gefngo.org)

As the conclusion of the GEF 5th replenishment coincides with the meeting of the UNFCCC parties in Copenhagen, a high GEF replenishment will be a key signal of commitment by developed countries to seriously address global environment problems and meet their obligations to finance convention implementation.

In a time of massive global funding to support investment banks and to enhance global security, it should be recognized that the poorest citizens of the world depend on the natural environment for their financial survival and that environmental degradation is the greatest threat to global security.

### **Key messages**

The GEF5 replenishment marks a critical moment for the international community to reaffirm commitments made at the Rio Earth Summit on the sustainable development and financing of environment public goods.

At this occasion, Civil Society Organizations (CSOs) call for:

- A reaffirmation of the GEF as a financial mechanism of key environmental conventions that support developing countries' work to preserve the environment and its associated benefits.
- The GEF Council to implement necessary reforms to the GEF's institutional and operational arrangements, including:
  - o increasing the participatory approach to programming of country resources,
  - o enhancing GEF efficiency and transparency,
  - o enlarging the number of contributors to the GEF and
  - o expanding the number of organizations with direct access to GEF resources-- including CSOs.
- A minimum replenishment of \$10 billion in order to address the challenges posed by the accelerated destruction of the major ecosystems and their related services.
- Maintain or enhance the proportion of GEF resources allocated to biodiversity, international waters, land degradation and chemicals.
- Ensure that adequate funds are allocated to the GEF to for institutional support during the key transition period to the post-2012 climate change financing regime.
- Dependable long term commitments should be made to the LDCF and SCCF.

### **Institutional reform**

GEF institutional reform should lead to an increase in the GEF's efficiency and effectiveness through the following:

- Overcome current administrative obstacles that hamstring the range of funding and eligible GEF actions in responding to developing countries needs for delivering their objectives under different conventions.
- Increase the number of expert institutions granted access to all GEF resources, including the GEF Trust Fund, Earth fund, LDCF and SCCF.
- Maintain commitments for funding by developed countries while also facilitating contributions from new donors and voluntary additional funding for specific themes and programmatic approaches,
- Strengthen role of the conventions through a more direct involvement in the definition of GEF strategies and programmatic decisions to ensure compliance with conventions' guidance and encourage synergy and cross-cutting approaches between the focal areas;
- Fully implement GEF's Policy on Public Participation by ensuring effective mechanisms for civil society participation at every stage-- including priority setting, project conceptualization, design, implementation and evaluation.
- Reform the governance structure of the GEF to ensure that the decision making GEF operations and work program is open to key partners, major expert environmental organizations, CSOs and indigenous representatives,
- Strengthen the efficiency and transparency of GEF Agencies in delivering GEF programmes and resources.
- Increase resources for capacity building and knowledge management to enhance the sustainability of GEF actions.

**Improving GEF's operational efficiency, transparency and effectiveness:**

Take the following actions to improve GEF operational efficiency, transparency and effectiveness:

- Strengthen country ownership for coherent programming of all GEF resources-- including the GEF Trust Fund and other GEF managed funds and for all focal areas.
- Establish mechanisms designed to enhance the range and scale of cofinancing of GEF projects and programmes.
- Strengthen or establish national dialogue processes to ensure a "bottom up approach" and coherence in the development of country needs analysis, country GEF strategies, and project proposals.

- Ensure that civil society stakeholders are actively involved in the overall consultation process and in the refining of national GEF priorities and programming strategies.
- Ensure full transparency, planning and disclosure of the country approach, allowing partners to anticipate and coordinate actions.
- Regularly evaluate coherence between national dialogue recommendations on GEF priorities and the strategies pursued throughout the development of project proposals.
- Enhance the transparency of the PIF development process and ensure better synergy between PIFs developed by different agencies or for different focal areas but which address the same ecosystem(s) or theme(s).
- Make publicly available in each country an annual report detailing the project or programme selection process, the extent of civil society involvement in such programs and activities, the amount of funds provided, and the expected results.
- Establish national GEF coordination committees composed of representatives of key ministries and other stakeholders-- including CSOs-- to develop the overall GEF country strategy.
- Establish appropriate working mechanisms to incorporate input from ODA partners into country planning and co financing strategy development.

### **Programmatic approach:**

A GEF programmatic approach leading to integrated methods addressing a common ecosystem or theme across several focal areas and countries, as tested in GEF4, should be developed further and based on a clear framework of analysis and consultation on the national/ regional political economy and drivers of environmental degradation.

The programmatic approach should be driven by the common needs of participating countries rather than administrative targets.

The consultation process should include, according to the theme or region of the programmatic approach, the governments concerned, major national and regional institutions, civil society representatives, key businesses and industries (as necessary), regional development banks, multilateral and bilateral donors as well as key environmental organizations actively involved in the issue.

The programmatic approach should establish greater transparency among the various GEF resources, trust fund and other funds.

To the greatest extent possible, the programmatic approach should build on existing regional and cross-sectoral programmes and mechanisms.

### **Resource Allocation Framework**

The current GEF Resource Allocation Framework (RAF) is too complex for the small amount of GEF resources. Its implementation has restricted funding for key regional and global priorities and significantly reduced opportunities for civil society engagement. A country resource allocation system is only workable with a large replenishment significantly above the GEF4 level and only if associated with a country-based GEF strategy built on transparent, inclusive and systematic consultation through the national coordination committee as described in sections above.

The GEF resource should fulfill fundamental principles such as equity, transparency, vulnerability (socio economic reliance on natural resources), country ownership through effective involvement of local governance and CSOs, clear accountability and systematic disclosure of resources consumption.

International Waters should be excluded from country RAF systems in order to maintain the global importance and the transboundary nature of this theme.

The GEF's approach for the major forest areas should be achieved through a specific, independent program under GEF5 outside of the RAF. Lessons learned should be drawn from the Tropical Forest Account under GEF4, mainly regarding planning and transparency in the use of such programs in the context of the programmatic approaches.

As demonstrated under GEF4, housing these two themes, IW and Forest, outside the RAF has been extremely useful to complement national GEF resources based on GBI as well as ensuring a more equitable appropriation of funds among the maritime territories and tropical forest regions, according to urgent needs in the context of programmatic approaches.

That being said, the exclusion of these resources from a country resource allocation system should not discourage countries belonging to major regional transboundary forest or water ecosystems from including these two themes in their national dialogue and strategies approach in order to anticipate additional funding resources other than national RAF and ensure multi-country and multi-stakeholder participation.

A high level of the replenishment and a new system for allocation of resources will have significant impact on the GEF operations. If Council decides to apply a new resource allocation system to other focal areas besides Biodiversity and Climate Change, this would further justify the clear articulation of systematic national dialogue and the constitution of national GEF committees designed to support GEF focal point decisions.

The scenarios for the replenishment should not be constrained by the co-financing capacities of the countries but should assess how to increase these capacities. Indeed, the lower a country's co-financing capacities the higher the need to include development and ODA partners in the GEF country strategy approach in order to mainstream the convention objectives in the national development strategies programs.

A true country ownership based on transparent and participative processes should be facilitated with the GEF sec services support. The GEF secretariat support to countries' focal points to ensure systematic multi-stakeholder dialogue could be done through a GEF sec representative located in the country who chairs the regional constituencies.

**Civil Society involvement and access to GEF resources:**

CSOs are calling the preparation of a specific proposal in cooperation between the Network and the GEF Secretariat for the financing of CSOs through GEF5 resources for consideration by the replenishment meeting in September 09.

**Involvement in GEF operations:**

Civil Society organizations (CSOs) and local communities are key stakeholders and partners in the GEF operations, and bring extensive experience and knowledge. Their potential facilitation capacity among key actors in the definition and identification of priorities for GEF programming, as well as in all subsequent stages of its review, is a strong asset for the GEF as true mechanism for ownership and representation.

Dialogue between central government structures (GEF operational point-people and involved ministries) and civil society organizations active in environmental issues in the context of national/regional development allows for confidence building and facilitates the interaction between state and non-state actors. This dialogue (as well as the results) should be transparent, inclusive, and organized.

This dialogue should not be limited to occasional meetings between a few people. It requires facilitation, information sharing and communication system in order to ensure continuity and timely feedback from civil society during the development of programmatic strategies and project implementation.

It is the responsibility of the national GEF focal point and associated ministries from countries' governments to engage in constant dialogue with CSOs. This dialogue should be systematic and assisted by the GEF secretariat if required by the GEF focal point or CSOs.

At the beginning of GEF 5 programming phase, countries should present a process for consultation in order to incorporate CSO positions/inputs in the elaboration of development strategies. The shape and form of this consultation process should also be clearly defined from key national authorities.

**Access to GEF resources:**

The share and value of CSO-executed projects should be increased. To be in conformity with the level of CSOs involvement in GEF2 and GEF3 operations, a minimum average

of 15% of total GEF 5 should be channeled through CSOs. Countries should not be limited to the level of funding and projects obtained through CSOs.

Given high disparity between countries and as well the CSOs, access to GEF resources should remain flexible, adapted to the specificities of the countries, and lead to a stronger partnership with national authorities. The higher the GEF allocation is per country, the higher is the percentage to be implemented through CSOs.

SGP should be part of the GEF corporate program but cannot be the sole instrument for CSO access due to the limited objective of the instrument. Modalities applied for the SGP should also be adapted according to the resource allocation attributed per country and other funding proposed to CSOs.

In order to guarantee direct access to GEF resources for CSOs, fiduciary standard must be clearly stipulated.

Options and modalities below are presented to increase the share of CSO-executed projects in GEF5. The aim of presenting these options is to encourage further discussions of increased access to GEF funds by CSOs. These options are not exhaustive and a combination of the various elements and modalities presented could be considered and further developed.

They are:

- (a) **Overall set aside for CSO projects.** As part of the exclusions of the new system for the allocation of resources for GEF5 under consideration, an additional 15% of GEF5 should be allocated for CSO projects.

A modality by which this option could be implemented is through a similar procedure as the one currently used for global and regional projects, but with indicative allocations per country based on the available resources. Another modality by which this option could be implemented is through the piloting of direct access to qualified CSOs.

- (b) **A percentage of the country resource allocation assigned for CSO projects.** From the country resource allocation assigned to each country, a fixed 15 percent should be allocated for CSO projects.

For this option to work in an independent and transparent way, a national committee should be established, to review and approve projects. This committee would function under the leadership of the Operational Focal Point and rely on the participation of key national stakeholders, including CSOs.

For regional and global projects, CSOs would have to access to funds through the Global and Regional Exclusions (GREs), now proposed to be increased to 20 percent. Thus, 15 percent of the GREs should be set aside for regional and global CSO projects.