



Global Environment Facility

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OPERATIONAL PROGRAM #12 INTEGRATED ECOSYSTEM MANAGEMENT

INTRODUCTION

1. Ecological systems or ecosystems are responsible for life-supporting environmental services, such as the hydrological, nitrogen and carbon global cycles. They are essential for the survival of human beings because of the natural goods and services they provide, including water, food, and medicines. However, human interactions can have profound impacts upon the biological, chemical, and physical processes essential to maintaining the structure and functions of ecosystems (both natural and man-made).
2. Throughout the world, ecosystems are increasingly being subjected to human-induced impacts, such as overexploitation of forests, clearing of land for agriculture, infrastructure development, fossil fuel combustion, and burning of biomass that induce loss of biological diversity, land degradation, disruptions in water flow regimes and poor water quality, and increases in the concentration of atmospheric greenhouse gases. These impacts often have profound effects on human health and welfare as well as economic development.
3. Traditional attempts to address these impacts and the management challenges they pose are invariably based on sector-by-sector approaches, which have resulted in fragmentation of policies, institutions, and interventions. Such approaches have not achieved optimum results because the linkages and interactions among natural systems as well as with people have been ignored or compromised. Consequently, there is an urgent need for the adoption of management systems embracing comprehensive and cross-sectoral approaches. A particularly useful system is integrated ecosystem management.
4. Experience gained from natural resource management programs and other activities throughout the world offers useful insights into the application of integrated ecosystem management to optimize the positive ecological, economic, and social benefits of activities aimed at maintaining or restoring ecosystem structure and function. These lessons indicate that it may be necessary to define the management scale beyond the boundaries of a single habitat type, conservation area, political or administrative unit to encompass an entire ecosystem. Second, because the needs of human beings play a major role in the disturbance of ecosystems, natural resource management programs should integrate economic and social factors into ecosystem management goals. Third, because ecosystems are dynamic, management planning should be flexible and adaptive so that management strategies can be adjusted in response to new information and experience.
5. The GEF Operational Program on Integrated Ecosystem Management (OP#12) provides a comprehensive framework to manage natural systems across sectors, and political or administrative boundaries within the context of sustainable development. It facilitates inter-sectoral and participatory approaches to natural resource management planning and implementation on an ecosystem scale. OP#12 also facilitates prioritization and strategic sequencing of needed policy reforms, investments, and other interventions.

6. The Operational Program is not aimed at addressing natural resource management issues related to a single GEF focal area, but at bringing synergy between three of the GEF focal areas (i.e. Biological Diversity, Climate Change, and International Waters) and land degradation to optimize multiple benefits. It responds to growing stakeholders' interests in addressing holistically multiple convention objectives in accordance with national priorities. It builds on and complements GEF's existing Operational Programs by providing opportunities to address issues related to the conservation and sustainable use of biodiversity, land degradation, management of water bodies, and/or stabilization of atmospheric greenhouse gases through a programmatic approach and within the context of sustainable development.¹

¹ The GEF Operational Programs are: Arid and semi-arid ecosystems; Coastal, marine, and freshwater ecosystems; Forest ecosystems; Mountain ecosystems; Removal of barriers to energy efficiency and energy conservation; Promoting the adoption of renewable energy by removing barriers and reducing implementation costs; Reducing the long-term costs of low greenhouse gas-emitting energy technologies; Water-based operational program; Integrated land and water multiple focal area operational program; Contaminant-based operational program; and Promoting environmentally sustainable transport

CONVENTION GUIDANCE

7. Integrated ecosystem management, as noted above, provides a comprehensive and cross-sectoral approach to addressing many of the goals of global environmental conventions and to the generation of multiple benefits. This approach is consistent with the three major Rio conventions on environment and development.

8. At the Second Conference of the Parties of the Convention on Biological Diversity (CBD), the state parties “reaffirmed that conservation and sustainable use of biological diversity and its components should be addressed in a holistic manner, taking into account the three levels of biodiversity and fully considering socioeconomic and cultural factors. However, the ecosystem approach should be the primary framework².”

9. The importance of social and economic factors is echoed in the United Nations Framework Convention on Climate Change (UNFCCC) which emphasizes, among others, the need to have comprehensive policies and measures to address issues related to the sources, sinks, and reservoirs of greenhouse gases, taking into account different socioeconomic contexts³.

10. Finally, the United Nations Convention to Combat Desertification (CCD) notes that actions to combat desertification (or land degradation in arid, semi-arid, and dry sub-humid areas) should be undertaken within the framework of an integrated approach that can contribute to sustainable development⁴.

PROGRAM OBJECTIVES

11. The Operational Program is aimed at catalyzing widespread adoption of comprehensive ecosystem management interventions that integrate ecological, economic, and social goals to achieve multiple and cross-cutting local, national, and global benefits. These benefits may include two or more of the following⁵:

- (a) Conservation and sustainable use of biological diversity, as well as equitable sharing of benefits arising from biodiversity use;
- (b) Reduction of net emissions and increased storage of greenhouse gases in terrestrial and aquatic ecosystems;

² Convention on Biological Diversity Decision II/8.

³ United Nations Framework Convention on Climate Change, Article 4, para. 3.

⁴ United Nations Convention to Combat Desertification, Article 2, para. 1.

⁵ Projects aimed at addressing one of these benefits should use the GEF Operational Program in the Biodiversity, International Waters, or Climate Change focal areas as the entry point.

- (c) Conservation and sustainable use of waterbodies, including watersheds, river basins, and coastal zones; and
- (d) Prevention of the pollution of globally important terrestrial and aquatic ecosystems

12. Consistent with the incremental cost principle and the broad programmatic approach of this Operational Program, GEF funding, which will specifically support interventions to capture the global benefits of a program, will emphasize co-financing and cost-sharing.

EXPECTED PROGRAM OUTCOMES

The expected outcomes of a GEF-supported intervention would include:

- (a) **Creation of an enabling environment:** Appropriate policies, regulations, incentive structures, are developed to support integrated ecosystem management;
- (b) **Institutional strengthening:** The capacity of institutions to implement integrated ecosystem management approaches is strengthened through training and logistical support; and
- (c) **Investments:** Investments are made, based on integrated ecosystem approaches and stakeholder partnerships, to simultaneously address local/national, and global environmental issues within the context of sustainable development.

ELIGIBLE GEF ACTIVITIES

13. GEF would facilitate sustainable transitions from conventional to integrated ecosystem management approaches by providing agreed incremental cost finance for technical assistance, investments, financial services, and targeted research to address constraints limiting the adoption of integrated approaches.

These constraints include:

- (a) lack of up-to-date or complete ecological, social, and economic information, including traditional knowledge, to guide integrated and cross-sectoral management planning;
- (b) lack of an appropriate policy and incentive framework, including failure of markets to internalize the costs of unsustainable management practices;
- (c) absence of policies that promote appropriate human settlement patterns, particularly in ecologically fragile or vulnerable areas;

- (d) limited human capacity to develop and implement integrated approaches to ecosystem management;
- (e) lack of institutional mechanisms to facilitate integrated and cross-sectoral management practices such as instances of transferring resources from communities that benefit from ecosystem services to those that help to maintain them; and
- (f) limited availability of appropriate financial instruments to cover the initial capital and transaction costs associated with integrated ecosystem management and to minimize actual or perceived economic risks that relate, particularly, to innovative approaches and technologies.

Typical GEF activities implemented within the context of sustainable development may include:

Technical assistance:

- (a) ecological, economic, and sociological surveys to provide information, including indigenous knowledge, to guide integrated ecosystem management planning and implementation;
- (b) development or modification of appropriate policies, regulations, incentives, and markets to support integrated ecosystem management, including those addressing human settlements in fragile or vulnerable areas;
- (c) human resource development in integrated ecosystem management;
- (d) development of mechanisms for conflict resolution among resource users and other stakeholders; and
- (e) development of public/community/private sector partnerships for integrated ecosystem management planning and implementation; and

Investments:

- (a) rehabilitation and/or improved management of rangelands to restore indigenous vegetation and improve water management;
- (b) rehabilitation and/or improved management of a forested watershed or floodplain wetlands such as sustainable forest management to achieve multiple benefits, including improvements in soil and water conservation, aquatic biodiversity conservation, flood control, minimization of sedimentation of globally important water bodies, and reduction of net emissions or improved storage of greenhouse gases;

- (c) integrated management of coastal and marine ecosystems to improve coastal land use planning and protect globally important habitats from degradation; and
- (d) development of measures to control pollution from point and non-point sources to prevent the degradation of globally important habitats and minimize public health risks.

Targeted research:

- (a) development of integrated natural resource management systems to respond to natural resource use patterns, under different intensities of human impact, and their effects on ecosystem structure and function; and
- (b) development of innovative and cost-effectiveness integrated ecosystem management approaches to natural resources in different ecosystems.

Ineligible GEF Activities

- (a) GEF will not support activities that may result in perverse incentives for integrated ecosystem management or may have negative environmental or social impacts. These activities may include:
 - (b) commercial logging in primary forests;
 - (c) conversion of natural landscapes into forest plantations or other monoculture systems⁶;
 - (d) introduction of alien species; and
 - (e) establishment of agricultural systems that displace affected communities to marginal lands.

Financing Modalities

14. The GEF will provide incremental finance to catalyze the development of innovative financial packages for information, advisory, and capacity building interventions as well as investments. These packages may include:

- (a) grant contributions towards non-commercial trust funds helping to cover recurrent operating costs of integrated conservation management efforts or to reduce interest rates of mainstream lending for initial private investments in integrated natural resources

⁶ Natural landscapes refer to areas where there are no significant human impacts on ecosystem structure and function.

management. In addition, activities will be financed through grants if their costs are not likely to be recovered by increased revenue⁷;

- (b) provision of contingent grants to address increased performance risks of investments in integrated management of productive ecosystems⁸. Non-grant financing services would be considered for commercial and quasi-commercial ventures that may recover initial incremental costs through increased income over time;
- (c) provision of commitment authority to back partial risk guarantees or insurance programs that address perceived incremental conversion costs, or facilitate increased access to venture capital for investments in integrated management; and
- (d) since interactions under the Operational Programs are expected to yield multiple benefits, global and domestic, the GEF will aim for fair cost and risk sharing by leveraging multiple sources of mainstream capitals.

MONITORING AND EVALUATION

15. Activities funded under Operational Program #12 will have verifiable indicators to help evaluate implementation progress and to assess the extent to which it will meet and sustain the expected outcomes, including the global environmental benefits. Baseline information on these indicators will be compiled within the first year of the implementation.

Replication

16. GEF-supported interventions will include activities such as documentation and dissemination of experience to facilitate replication. In addition, thematic reviews will be undertaken to document and disseminate broader lessons learned and good practices to encourage replication.

COLLABORATIVE ARRANGEMENTS AND STRATEGIC PARTNERSHIPS

17. The GEF will seek strategic partnerships with interested public and private entities, including NGOs, to provide long-term co-financing for the implementation of sustainable interventions. These partnerships would normally also support broader development objectives as prioritized national plans, sectoral strategies, and programs. In accordance with relevant provisions of the GEF Instrument, partners may include local, regional, national, international, and bilateral public and private entities.

PUBLIC INVOLVEMENT

⁷ This grant financing is applicable, in particular, for technical assistance and targeted research activities of public and private not for profit entities;

⁸ Contingent grants are interest free equity loans whose full or partial repayment would be linked to investment performance.

18. Public involvement in GEF-financed projects is one of the key principles for project design and implementation approved by the GEF Council in 1996. It involves information dissemination, consultation, and stakeholder participation. This principle will guide program design and implementation under this operational program. Mechanisms will be established during program development to facilitate stakeholder participation in design, implementation, and monitoring.

GEF Resources Allocations

19. GEF resources will be used incrementally to provide co-financing, cost sharing, etc. of activities proposed under s Operational Program #12. It is estimated that approximately \$200 million annually will be required by the end of the decade as more experience is gained in program development and implementation.