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GEF Council Meeting  
December 5-8, 2006

Agenda Item 12

## FOCAL AREA STRATEGIES FOR GEF-4 – WORKING DRAFTS AND PROPOSED PROCESS

**Recommended Council Decision**

The Council reviewed document GEF/C.30/5, *Focal Area Strategies for GEF-4 – Working Drafts and Proposed Process*, and requests the Secretariat to continue its work to review, revise and focus the focal area strategies, taking into account cross-cutting issues of sustainable forest management and sound chemicals management. The Secretariat is requested to take into account comments made during the Council meeting and to consult further with Council Members, GEF agencies, STAP, Convention Secretariats and relevant experts in the preparation of the revised strategies. Council Members are invited to submit written comments on the working drafts of the strategies to the Secretariat by January 15, 2007.

The Secretariat is requested to submit to the Council for its review and approval at the Council meeting in June 2007 revised strategies in the six focal areas together with proposals for a simplified approach to the GEF's operational programs and strategic objectives.

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## I. INTRODUCTION

1. The policy recommendations for the fourth replenishment of the GEF Trust Fund request “the Secretariat, in collaboration with the GEF agencies, to review and revise as necessary the six focal area strategies for the Council’s meeting in December 2006, taking into account cross-cutting issues of sustainable forest and sound chemicals management. The revised strategies should provide the basis for a simplified approach to the GEF’s operational programs and strategic objectives which the Secretariat and GEF agencies should present to the Council in May/June 2007.”
2. Working drafts of strategies for the six focal areas and two additional chapters addressing the cross-cutting issues of sustainable forest management and sound chemicals management are presented in this paper. The draft strategies have been prepared by the Secretariat in consultation with the focal area inter-agency task forces. These papers are based on the focal area strategies prepared at the end of 2005 in preparation for programming document that was submitted to the negotiations on the fourth replenishment of the GEF Trust Fund.
3. The working drafts were circulated to Council Members in October 2006 for their comments. By the end of October 2006 comments had been received from Japan, Germany and Canada pertaining to the individual focal area draft strategies as well as to the interlinkages and consistency between the draft strategies. These comments, together with comments from other Council Members that may be submitted to the Secretariat, will be taken into consideration in the further development of the focal area strategies as outlined below.

## II. NEED FOR FURTHER DEVELOPMENT OF THE STRATEGY PAPERS

4. It is recognized that the strategies need further development in order to sharpen their focus, to harmonize and integrate approaches in the different focal areas, and to enable the GEF to make an impact in responding to the challenges of managing the global environment in GEF-4 and beyond.
5. The focal area strategies will be further revised to focus on a definite set of priority issues reflecting major global environmental concerns. A sharpened focus will better guide project proponents on possibilities and priorities for GEF funding. A focus on thematic issues will also provide a basis for considering a simplified approach to the Operational Programs and Strategic Objectives
6. The revised focal area strategies will incorporate measurable indicators of global outcomes and impacts of GEF interventions which will be elaborated through the ongoing work to develop a set of common quantitative indicators and tracking tools for each focal area as requested in the GEF-4 policy recommendations.
7. Cross-cutting issues need to be more systematically identified, analyzed and integrated in each focal area. For example, adaptation is addressed in the climate change strategy, and is strongly linked to the other focal areas. The issues of sustainable forest management and sound chemicals management are provisionally addressed in chapters X and XI. Additional cross-cutting themes include bio-energy and sustainable production of biomass (CC, BD and LD),

carbon sequestration (CC, LD, BD and IW), integrated water resources management (IW, LD and BD), and integrated pest management (POP, LD, BD and IW).

8. There is a need for more harmonized and integrated approaches across focal areas to capacity building, knowledge management and learning, and engagement of the private sector.

9. Finally, the strategies need to enable and encourage innovative approaches, to provide enough flexibility to address emerging issues and urgent demands, and to respond to changing opportunities and challenges.

### **III. PROPOSED PROCESS FOR FURTHER REVISION OF THE FOCAL AREA STRATEGIES**

10. In order to further develop the focal area strategies as outlined above, the Secretariat will work with the focal area task forces to revise and harmonize the strategies and to incorporate comments and views from Council Members. The working drafts will be shared more broadly with GEF agencies and with STAP, and the STAP has been invited to discuss the drafts at its next meeting in February 2007. The Secretariat will also be seeking inputs and comments from the Convention Secretariats and outside experts. Revised drafts of the strategies will be circulated to Council Members for another round of comment in March 2007. Proposed final strategies will be submitted to Council by early May 2007. The Secretariat will also present a proposal for a simplified approach to the operational programs and strategic objectives of the GEF.

## IV. STRATEGY FOR BIODIVERSITY

### MISSION

11. The overall goal of GEF's biodiversity program is the conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits arising out of the utilization of genetic resources. The impact of the biodiversity program is GEF's contribution to a significant reduction of the current rate of biodiversity loss in GEF-supported countries as per country reporting to the CBD on the 2010 target and its associated indicators. This will be achieved primarily through an overall increase in the number of hectares, on a per-country basis, of effectively managed protected areas within sustainable protected area systems and of productive landscapes/seascapes and sectors in which biodiversity considerations have been integrated. Contributions to the impact of the biodiversity program will also be achieved through the successful implementation of biosafety frameworks.

### OVERVIEW OF THE STRATEGY

12. In order for the GEF biodiversity portfolio to make the most effective contribution to the three objectives of the Convention on Biological Diversity (CBD)<sup>1</sup>, the strategic emphasis of the portfolio is directed towards conserving and sustainably using biodiversity within protected areas and mainstreaming biodiversity in production landscapes/seascapes and sectors (Strategic Objective One and Two, respectively). These two strategic objectives provide a flexible window to support the work programs of the CBD and reflect the imperative to both secure the global protected area estate while integrating biodiversity considerations into those sectors that provide an opportunity for biodiversity conservation and sustainable use to develop and persist within more far-reaching socio-economic processes. When taken together, these two strategic objectives provide the necessary tools to ensure *in-situ* biodiversity conservation in a geographically continuous way. Strategic Objective Three responds to the recognition of the potential risks posed to biodiversity by living modified organisms and the guidance from the COP/MOP of the Cartagena Protocol on Biosafety. Supporting these areas of investment, lessons learned from successes and failures in conservation and sustainable use of biodiversity are identified, disseminated and incorporated into future project design and implementation through Strategic Objective Four. A particular focus of Strategic Objective Four will be support to capacity building efforts that assist with the implementation of the Action Plan on Capacity-building for Access to Genetic Resources and Benefit-sharing in support of the implementation of the Bonn Guidelines.<sup>2</sup>

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<sup>1</sup> The three objectives of the CBD are: conservation of biodiversity, sustainable use of its components, and fair and equitable sharing of benefits arising from the use of genetic resources.

<sup>2</sup> Decision CBD COP VII/20.

## **BIODIVERSITY PRIORITY PROGRAMMING AREAS**

### **Strategic Objective One: Catalyzing Sustainability of Protected Area Systems at National Levels**

13. *Scope:* Protected Areas (PAs)<sup>3</sup> remain the critical foundation of biodiversity conservation worldwide, and as such, they will continue to be supported as a major thrust of GEF-4. Until GEF-3, individual GEF projects had focused on building capacity and improving management effectiveness within the context of individual PAs, with limited attention to the long-term capacity and policy maturity that underpins the sustainability of PA systems. The emphasis during GEF-4 continues the significant shift achieved during GEF-3 towards working at the systems level, and over the long-term. This strategic objective does not preclude support for individual PAs providing that: (i) individual support is justified within country contexts and demonstrates replication effects that contribute towards the maturation of a national-level system of PAs; or (ii) a protected area contains globally important biodiversity that is critically at risk and in need of immediate attention.

*Types of Projects Activities (while distinct they are not mutually exclusive within the context of a project):*

14. Capacity Building for long-term Sustainability<sup>4</sup>: Support will be provided to further develop institutional, managerial and financial sustainability from both private and public sources including:

- (a) Systemic capacity building through legislation, policy and enabling activities to improve management effectiveness at the system and/or individual PA level;
- (b) Institutional capacity building to improve all aspects of management;
- (c) Individual capacity building through targeted training.

15. Capacity building in technical fields will include but not be limited to: a) system design; b) prevention, control and management of invasive alien species; c) conflict negotiation/resolution and d) valuation of environmental services provided by PAs.

16. Demonstration and Implementation of Innovative Financial Mechanisms at the System Level: GEF will promote comprehensive, system-level financing solutions that makes the best use of a variety of discrete tools and revenue mechanisms, i.e., conservation Trust Funds, systems of payments for environmental services, easements, debt-for-nature swaps and certification processes and other mechanisms. GEF will support policy reform and/or incentives

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<sup>3</sup> Protected areas are not limited to formal national parks but will also include indigenous and private reserves whose objective is biodiversity conservation.

<sup>4</sup> Capacity building at the systemic, institutional and individual levels will by necessity entail developing the capacity of the protected area system at all levels to mitigate and respond to threats posed to biodiversity within protected areas including the application of landscape-scale approaches to protected area management that encompasses the production landscape.

to catalyze engagement of the private sector and other stakeholders to attain improved financial sustainability of PAs.

17. Catalyzing Community – Indigenous Initiatives: In recognition of the continuing increase in the number of community and indigenous-owned protected areas, GEF will promote the participation and capacity building of local community and indigenous groups in the design, implementation, management and monitoring of projects to promote biodiversity conservation and sustainable use through established frameworks such as Biosphere Reserves, land-use zoning (e.g. for corridors) and community – indigenous peoples conservation areas.

	<b>Indicators</b>	<b>Targets</b>	<b>Sources of Verification</b>
<b>Outcome:</b> Sustainable protected area systems at the national level achieve their management objectives.	- Protected area systems cover a viable representative sample of ecosystems - Diversification of revenue streams to support protected area management costs - Increased Capacity for protected area management	75% of PA systems	GEF Tracking Tools for biodiversity and independent project evaluations.
	- Percentage of individual protected areas that demonstrate an improvement in management effectiveness	75%	GEF Tracking Tools for biodiversity
<b>Output 1.</b> Protected area systems supported to improve management effectiveness	Number of countries that receive support for strengthening PA systems to ensure their long-term sustainability	At least 40 countries	GEF tracking tools for biodiversity
<b>Output 2.</b> Individual protected areas supported to improve management effectiveness as a contribution to a national protected area system	Number of protected areas supported	400 PAs supported of which at least 80 PAs should be marine or freshwater	GEF tracking tools for biodiversity
	Number of hectares of protected areas supported	80 million hectares	GEF tracking tools for biodiversity

## **Strategic Objective Two: Mainstreaming Biodiversity in Production Landscapes/ Seascapes and Sectors<sup>5</sup>**

18. *Scope:* Mainstreaming occurs at the interaction between biodiversity and economic activity, and therefore the sectoral points of entry are numerous and distinct. Priority sectors for GEF-4 have been identified according to their degree of impact upon globally-important biomes

<sup>5</sup> The approach to mainstreaming in GEF-4 draws on the recommendations provided by the Biodiversity Program Study 2004 as well as a STAP workshop on mainstreaming held in 2004.

(tropical forests, temperate grasslands, Mediterranean drylands, tropical grasslands and savannah, inland water, coastal, marine, and islands) as indicated in the matrix of “Drivers of Change in Biodiversity and Ecosystems” in the Millennium Ecosystem Assessment<sup>6</sup>. Agriculture, forestry, fisheries, tourism, infrastructure and transport; oil, mining and gas; and banking and insurance were identified as the main (but not exclusive) sectors to be addressed that have had either a very high or high impacts on these biomes over the last century through the main drivers of change (habitat change, climate change, invasive species, over-exploitation, and pollution).

*Types of Projects Activities (while distinct they are not mutually exclusive within the context of a project<sup>7</sup>):*

19. Spatial mainstreaming projects will ensure that biodiversity considerations are effectively internalized into the planning and management processes of a particular spatial area.
20. Sectoral mainstreaming projects will internalize biodiversity into a particular sector. Sectoral-related activities can include improvement of production practices through demonstration and promotion efforts; strengthening capacity at the systemic level through improving policies (including incorporating management considerations into spatial and sector planning) and legislation, and raising awareness.
21. Institutional mainstreaming projects will internalize biodiversity considerations into the operations of a particular institution, either public or private, and foster innovative partnerships and approaches to conservation that can be adopted by other companies or public institutions in similar fields.
22. Market mainstreaming projects will actively influence production sectors and systems through the creation of new markets, i.e., Payments for Environmental Services (PES), biodiversity offsets, user fees (for protected areas), and coastal services to reduce vulnerability and marine services for restocking fisheries.

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<sup>6</sup> Millennium Ecosystem Assessment 2005, Ecosystems and Human Well-being: Synthesis, Island Press, Washington DC.

<sup>7</sup> In GEF-3, numerous projects in production landscapes, particularly agricultural landscapes, have specific benefit-sharing initiatives and access and benefit sharing components as part of the project intervention strategy. In GEF-4, this type of nested capacity building in access and benefit sharing will continue to receive support and opportunities to engage public and private sector actors and local and indigenous communities in these activities will be pursued as appropriate.

	<b>Indicators</b>	<b>Targets</b>	<b>Sources of Verification</b>
<b>Outcome:</b> Biodiversity conservation and its sustainable use internalized into production systems, supply chains, markets, sectors, development models, policies, plans and programs.	Extent of biodiversity- friendly managed landscapes (some of the land use will be under certified production systems, e.g., Forest Stewardship Council certified, )	75 million hectares	GEF Tracking Tools for biodiversity and independent project evaluations
	Incorporation of biodiversity into a) sector policies and plans at national and sub-national levels; b) legislation; c) implementation of regulations and its enforcement, and d) monitoring of enforcement.	75% of projects that are working in explicit sectors improve the policy enabling environment along the indicator trend line from (a) policy to (d) monitoring of enforcement	GEF Tracking Tools for biodiversity
	Cumulative market changes to which GEF projects have contributed	No target set, will reflect intervention strategies	GEF Tracking Tools for biodiversity
	Percentage of individuals that demonstrate improved livelihoods based on sustainable use against the projected targets.	75% of individuals specifically targeted in project interventions	GEF Tracking Tools for biodiversity
	Percentage of projects that mainstream biodiversity into Implementing Agency or Executing Agency development assistance, sector, lending, or technical assistance programs.	75%	GEF Tracking Tools for biodiversity
	Percentage of projects that mainstream biodiversity into public or private institutions.	75%	GEF Tracking Tools for biodiversity
<b>Output 1.</b> Mainstreaming promoted in sectors that exhibit the greatest impact on biodiversity	Number of projects in each production sector (forestry, fisheries, agriculture, and tourism, etc) targeted to mainstreaming biodiversity into the sector	At least 10 projects in each major sector	GEF tracking tools for biodiversity

### **Strategic Objective Three: Capacity Building for the Implementation of Cartagena Protocol on Biosafety<sup>8</sup>**

<sup>8</sup> This is a draft biosafety strategy under development and will be discussed at December 2006 Council meeting.

23. *Scope:* GEF's strategy to build capacity to implement the Cartagena Protocol on Biosafety (CPB) takes into account the guidance from the CPB and lessons and experiences emerging from the GEF biosafety portfolio. As such, GEF's approach to biosafety capacity building embodies a number of key principles as outlined below:

- (a) Regional approaches will be employed when suitable for the participating countries in order to maximize efficient use of human and financial resources and to foster regional coordination and harmonization of biosafety frameworks, where appropriate. Single-country projects will also be supported when most feasible.
- (b) Capacity building activities will, to the extent possible, exploit existing Regional Centers of Excellence, to help ensure the long-term provision of capacity building support that these Centers will be able to provide post-project.
- (c) Project designs and identification of the activities will be informed by a stocktaking analysis that will assess the following aspects of biosafety: national policies regarding biotechnology and biosafety, activity regarding the transfer, handling and use of LMOs, regulatory development in the country, status of biotechnology development, existing technical capacity on biosafety issues including risk assessment and risk management, monitoring and enforcement, public information and public participation, possibility of common approaches and synergies at regional or sub-regional levels, among others.
- (d) Special attention will be paid to ensure in-country coordination of roles and responsibilities, and stakeholder involvement in the development and implementation of project activities.
- (e) A broader range of GEF Implementing and Executing Agencies will be involved in project implementation, consistent with the respective comparative advantage of each.
- (f) Awareness raising, education on biosafety, access to information and public participation on decision making will be supported and complemented to achieve the full participation of countries in the BCH.
- (g) Securing long-term sustainability of the capacity built will be paramount. Making capacity building in biosafety sustainable over the long term will be sought through: development of national biosafety strategies that include a capacity-building strategy and action plan, designation of competent authorities and the creation of a national coordination mechanism, recognized in the regulatory framework, to secure institutional sustainability; incorporation of biosafety management costs into the national accounts and budgets to provide financial sustainability for biosafety policy; the development of national regulatory systems that incorporate principles and requirements of the CPB into national legislation and national sustainable development policy; regional cooperation and south-

south cooperation that will help build a critical mass of scientific and other expertise in each region for the benefit of the region as a whole.

*Types of Project Activities:*

24. GEF support to the implementation of the Cartagena Protocol on Biosafety will address those areas considered key elements in the *Updated Action Plan for Building Capacities for the Effective Implementation of the CPB*<sup>9</sup>, agreed at the third Conference of the Parties serving as the meeting of the Parties to the CPB (COP/MOP-3), and that have been identified in a country's stock-taking analysis.

25. These activities will be carried out through regional and subregional CPB implementation projects. Regional approaches will have the flexibility to target specific needs of countries as part of a regional intervention.

26. Single-country approaches will be used when the characteristics of the country, assessed in the stock-taking analysis, and the design of existing or planned future regional efforts in the area, recommend a national approach.

27. A thematic approach can be the best way to effectively support a group of countries lacking competence in a particular field and assist them to build their capacities in that field and these will be supported when appropriate.

	<b>Indicators</b>	<b>Targets</b>	<b>Sources of Verification</b>
<b>Outcome:</b> Operational national biosafety decision-making systems that contribute to the safe use of biotechnology in conformity with the provisions and decisions of the Cartagena Protocol on Biosafety.	Percentage of participating countries with an effective regulatory and policy framework in place	75%	Project reports, final evaluations
	Percentage of participating countries that have established a National Coordination Mechanism.	75%	Project reports, final evaluations
	Percentage of participating countries with appropriate administrative frameworks in place	75%	Project reports, final evaluations
	Percentage of participating countries with existing risk management strategies for LMOs.	75%	Project reports, final evaluations
	Percentage of participating countries that have carried out risk assessments	75%	Project reports, final evaluations
	Percentage of participating countries with a workable and updated BCH	75%	Project reports, final evaluations

<sup>9</sup> <http://www.biodiv.org/decisions/default.aspx?id=11059&m=MOP-03>

	<b>Indicators</b>	<b>Targets</b>	<b>Sources of Verification</b>
	Percentage of projects promoting regional approaches where regional biosafety frameworks have been adopted	75%	Project reports, final evaluations
	Percentage of projects promoting regional approaches regions where standardized risk assessment/management methodologies have been developed	75%	Project reports, final evaluations
	Percentage of projects promoting regional approaches where a regional BCH has been established.	75%	Project reports, final evaluations
<b>Output 1.</b> Support provided for biosafety implementation to all GEF eligible countries	Number of countries successfully completing CPB implementation projects as a proportion of the participating countries.	75%	Project documents, GEF project database
<b>Output 2.</b> Targeted support to build capacity on thematic issues of importance at the regional level.	Number of countries successfully completing issue-specific regional biosafety projects	75%	Project documents, GEF project database

#### **Strategic Objective Four: Generation, Dissemination, and Uptake of Good<sup>10</sup> Practices for Addressing Current and Emerging Biodiversity Issues**

28. *Scope:* It is critical that GEF projects apply good practice, innovative approaches and new tools, and that when necessary pilot investments are supported to help countries address emerging technical and social issues in biodiversity conservation. The emphasis under this strategic objective will be on disseminating and facilitating the uptake of good practice information in a timely manner so that this is reflected in improved project design and implementation and improved results on the ground. Regional synthesis will be encouraged when comparative lessons provide additional value-added, or when economies of scale can be achieved. One current and one emerging biodiversity issue, respectively, have been prioritized to be addressed under this strategic objective: invasive alien species and access to genetic resources and benefit sharing.<sup>11</sup>

##### *Types of Projects Activities:*

<sup>10</sup> The term “good practice” is used in preference to “best practice” because the quality of different practices of biodiversity conservation will be context-specific. Something that may be “best” in one situation may be bad, or “worst” in another.

<sup>11</sup> Support to ABS will continue to be provided through enabling activities and through specific benefit sharing initiatives identified under projects, particularly within Strategic Objective Two.

- (a) Gathering and dissemination of information on good practice among Implementing and Executing Agencies, country government agencies and other stakeholders such as NGO and communities, scientific institutions and the private sector.
- (b) Capacity building and knowledge generation via north-south and south-south exchange of information using existing knowledge networks (such as the CHM), or through additional ones.
- (c) Capacity building to assist countries with the implementation of the Action Plan on Capacity-building for Access to Genetic Resources and Benefit-sharing (ABS) in support of the implementation of the Bonn Guidelines.
- (d) Capacity building to improve invasive alien species (IAS) prevention, control, and rapid response and management measures.
- (e) In addition to supporting capacity building in ABS and IAS, additional themes may be prioritized based on identified needs and COP guidance. New areas of support will meet two or more of the following criteria: a) relevance to other GEF strategic objectives; b) priority given by the COP of the CBD; c) engagement on the issue will likely result in a broad and positive impact on biodiversity; d) high potential for replicability and generation of lessons; e) high demonstration value/impact; and f) result in significant increase in capacity for technical and scientific cooperation.

	<b>Indicators</b>	<b>Targets</b>	<b>Sources of Verification</b>
<b>Outcome One:</b> GEF project design and implementation incorporates good practice	Percentage of projects applying accepted good practice in biodiversity conservation	100%	Portfolio reviews, project evaluations
<b>Outcome Two:</b> Countries possess the organizational and technical capacities to prevent, control, and manage Invasive Alien Species (IAS)	Percentage of countries in GEF-4 demonstrating systemic, institutional, and/or individual capacity to prevent, control, and apply management measures for invasive alien species.	75% of countries that request GEF support demonstrate increased capacity at targeted levels of intervention (system, institutional, and/or individual)	Portfolio reviews, project evaluations
<b>Outcome Three:</b> Countries effectively formulate Access and Benefit Sharing mechanisms that facilitate the implementation of the Bonn Guidelines or equivalent	Percentage of countries in GEF-4 that have developed ABS mechanisms	75% of countries that request GEF support on ABS effectively develop ABS mechanisms	Portfolio reviews, project evaluations

## V. STRATEGY FOR CLIMATE CHANGE

### MISSION

29. **Mitigation Mission:** To develop and transform the markets for energy and mobility in developing countries and economies in transition so that over the long term, they will be able to grow and operate efficiently toward a less carbon-intensive path.

30. **Adaptation Mission:** To assist developing countries in addressing the adverse impacts of climate change by supporting projects that build adaptive capacity, including the capacity to assess vulnerability; to identify and implement suitable adaptation measures; and to increase ecosystem resilience to the adverse impacts of climate change.

### MITIGATION SUB-FOCAL AREA

31. Within the mitigation sub-focal area, GEF seeks to reduce the long-term growth rate of greenhouse gas emissions from its program countries. It is assumed that the GHG emissions trajectory in developing countries and countries with economies in transition will shift toward a less carbon intensive path through the successful development and transformation of markets for renewable energy, energy efficiency and sustainable transport. The impact would be demonstrated through a reduction in the growth rate of GHG emissions from GEF program countries over time.

32. During the GEF-4 replenishment period, the climate change mitigation target is set at an additional 400 million tons of CO<sub>2</sub> equivalent avoided through direct interventions. It has been estimated that the GEF's cumulative contribution to GHG emissions reduction from its inception until 2006 comes to 1,200 million tons of CO<sub>2</sub> avoided. During the period of GEF-3, it has been estimated that the GEF's support to climate change mitigation projects came to over 400 m tons of CO<sub>2</sub> avoided, including both direct and indirect effects of GEF projects.

33. In addition to the GHG abatement target, the GEF has also developed a qualitative indicator entitled "market transformation", which is defined as a successful activity design to develop, expand and/or transform a specified market. A project constitutes a market intervention. If that intervention is successful, it is said to succeed in "transforming" or beginning the process of transforming a market. While some projects will focus on transforming a single market, others will address multiple markets. At the end of the project, the evaluation will have to answer questions relating to whether or not the project successfully contributed to the transformation of the targeted market. Many successful projects may contribute positively to the transformation of the targeted market, but will not be sufficient to completely transform the market. For GEF-4, the target number of mitigation-related market transformations is set at 125.

34. During GEF 4, the goal is to obtain increasing GHG emissions reduction through increased focus on market transformation as an overriding concept, making use of carbon finance wherever allowable to achieve that end. In all mitigation interventions, participating governments must demonstrate a strong commitment to adopt policies and regulations to ensure the successful replication of the activities after project completion.

35. The GEF 4 programming areas are categorized below as High, Medium or Low Priority. The use of this prioritization system is new and refers to the importance that the GEF places on achieving the stated objectives and the relevance of the specified interventions to programming countries, especially given the level of resources allocated to each country. The three high priority programming areas should be of relevance to all GEF-eligible countries: more energy-efficient appliances and buildings; access to the electrical grid for renewable energy generators; and sustainable transport. The GEF expects to begin to demonstrate significant impact in these areas by the end of GEF-4. In comparison, the medium priority programming areas may be of relevance to a more limited set of countries requiring that the case for these countries engaging in the specified activities will require stronger justifications. They represent areas in which the GEF expects to demonstrate some impact in some countries and sectors by the end of the GEF 4 period. The low priority programming area is an area where the GEF is not currently looking to expand its operations beyond those concepts already entered into the pipeline. Concepts under this programming area are of relevance to a very small proportion of countries with significant implementation capacity and significant levels of resources allocated to them.

#### **A. High Priority Programming Areas**

##### *1) Energy-efficient buildings and appliances (OP5)*

- (a) *Objective:* To promote widespread adoption of energy-efficient technologies and practices in the appliance and building sectors.
- (b) *Outcome:* Increased market penetration of energy-efficient technologies, practices, products, materials, and appliances in the residential and commercial building markets.
- (c) *Indicators:* Tons of CO<sub>2</sub> avoided; adoption of energy efficiency standards; and estimated quantity of energy saved.
- (d) *Scope:* This strategic objective covers the entire spectrum of the building sector, including the building envelope and the energy-consuming systems and appliances used in buildings for heating, cooling, lighting, as well as household appliances and office equipment. Government commitments to adopt and enforce standards and regulations are essential.
- (e) *Evolution:* Focus will continue to be on appliances, with support to lighting and refrigerators phasing out. Emphasis will shift to building efficiency over the course of GEF 4.
- (f) *Countries:* This priority is of relevance to all countries, but especially to countries with significant appliance markets and with fast growing building sectors.
- (g) *Types of Projects:* Largely technical assistance in orientation, some investment will also be required to transform markets. Carbon finance may be useful to “incentivize” replication or accelerate market dissemination.

## 2) *On-Grid Renewable Energy (OP6)*

- (a) *Objective:* To promote the supply and demand for grid electricity from renewable sources.
- (b) *Outcome:* Growth in markets for renewable power from on-grid sources in participating program countries.
- (c) *Indicators:* Tons of CO<sub>2</sub> avoided; adoption of on-grid renewable policies; and quantity of electricity generated from renewable sources.
- (d) *Scope:* GEF support in this area should be available to countries proposing to deploy in a relatively technology-neutral way a wide range of renewable energy technologies, but the emphasis will be upon developing policies and regulatory frameworks. Priority will be given to those with a large replication potential to maximize GHG-emission reductions. Carbon finance may be used to make replication investments attractive, and host country willingness to adopt favorable policies to follow-through on the initiatives are essential.
- (e) *Evolution:* Support has been provided to countries such as China, India, South Africa and Mexico. An eventual goal would be that all countries have leveled the playing field for on-grid renewable energy.
- (f) *Countries:* Countries with weak or limited-grid renewable energy regulations are potential participants.
- (g) *Types of Projects:* Projects will include a combination of technical assistance for grid regulation and policy reform linked to investment to jump-start the market for a specific renewable technology.

## 3) *Market Transformation for Sustainable Mobility (OP11)*

- (a) *Objective:* To facilitate GHG reduction through market transformation for sustainable mobility in urban areas.
- (b) *Outcome:* Population in targeted urban areas make greater use of transport modes that are considered “sustainable”.
- (c) *Indicators:* Tons of CO<sub>2</sub> avoided; adoption/creation of sustainable transport policies; and number of person-trips taken annually on sustainable option.
- (d) *Scope:* In the OP11 context, the sustainable mobility market encompasses all measures that promote transportation systems of lower carbon intensity, including modal shifts to less polluting modes of public transport; public rapid transit (including bus-rapid transit); and non-motorized transport.
- (e) *Evolution:* The balance of OP11 will shift from “advanced-technology” to “non-technology” options.

- (f) *Countries*: Although this priority is open to all GEF-eligible countries, repeater projects in cities and countries already having received support will be given a low priority. Government commitment to further implementation is especially important.
- (g) *Types of Projects*: Technical assistance mixed with limited investment support.

## **B. Medium Priority Programming Areas**

### *1) Rehabilitation of Power Plants (OP5)*

36. *Objective*: To improve the efficiency and performance of existing power plants in order to reduce the CO<sub>2</sub> emissions from electricity generation.

37. *Outcome*: Existing power plants will operate more efficiently and emit fewer GHG emissions per kWh generated.

38. *Indicators*: Tons of CO<sub>2</sub> avoided; adoption of policies encouraging power-plant rehabilitation; MW of capacity rehabilitated; and quantity of energy saved.

39. *Scope*: The efficiency of electricity generation in older thermal (and hydro-based) plants in developing countries can be easily increased through well-designed programs of rehabilitation incorporating improved maintenance, rewinding generators, and other related activities. GEF will support carefully-designed programs that will result in both efficiency improvements and CO<sub>2</sub> emissions reduction. Participating governments must demonstrate a strong commitment to adopt policy and regulatory changes to ensure the successful replication of project activities. Caution must be exercised to avoid creating perverse incentives to extend the lifespan of sub-economic, highly-polluting plants.

40. *Evolution*: It is expected that this constitutes a medium priority under GEF-4, but one that can be considered a “quick-win”, intended to demonstrate results and to be largely completed by the end of GEF-4. Little activity is anticipated in this programming area beyond GEF-4.

41. *Countries*: Priority is given to countries with large power sectors, especially those making use of coal to generate electricity.

42. *Types of Projects*: Project should focus largely on the provision of technical assistance and barrier removal to facilitate large investment programs.

### *2) Renewable Energy for Rural Energy Services (OP6)*

- (a) *Objective*: To promote the use of renewable energy for the provision of rural energy services.
- (b) *Outcome*: The increased use of RE for economic and social development in rural settings.

- (c) *Indicators:* Tons of CO<sub>2</sub> avoided; adoption of sustainable rural energy policy; renewable energy service provision; and electricity production from rural renewable energy installations.
- (d) *Scope:* GEF support will focus on ensuring that renewable energy is used wherever it is appropriate, cost-effective, and sustainable as part of the efforts to meet the needs of those currently without access to modern energy. Projects proposed are expected to be technology-neutral; must incorporate lessons from past programming; and must clearly ensure sustainability and replication following project completion. Projects will not be supported in countries where energy policies undercut sustainability and replication of the renewable energy investments.
- (e) *Evolution:* Demand is expected to remain steady throughout GEF-4.
- (f) *Countries:* This will be expected to be a priority for countries whose populations have limited access to modern energy, especially in Africa.
- (g) *Types of Projects:* Technical assistance mixed with investment.

### 3) *Industrial Energy Efficiency (OP5)*

- (a) *Objective:* To promote the deployment and diffusion of energy-efficient technologies and practices in industrial production and manufacturing processes.
- (b) *Outcome:* Increased deployment of energy-efficient technologies and adoption of energy-saving practices.
- (c) *Indicators:* Tons of CO<sub>2</sub> avoided; volume of investment; and quantity of energy saved.
- (d) *Scope:* The industry strategic objective covers a wide spectrum of the energy systems in industrial manufacturing and processing, including combustion, steam, process heat, combined heat and power, compressed air, motors, pumps, and fans, and industrial technologies, such as kilns and furnaces, used in the production of basic materials. Adoption of an appropriate energy pricing framework is essential to ensure project effectiveness.
- (e) *Evolution:* Although all GEF periods have supported some work on industrial energy efficiency, this programming area is expected to evolve into focused, sector-specific, technology transfer programs focusing on GHG-intensive industries. This priority is to provide a key to future focus under GEF-5 on sector-specific mitigation programs.
- (f) *Countries:* At present, this objective is expected to be most relevant for countries whose industry constitutes a large share of GDP and energy use.

- (g) *Types of Projects:* Projects mixing technical assistance and investment support.

## **C. Low Priority Programming Areas**

### *1) Emerging, Low-GHG Emitting Electricity Generating Technologies (OP7)*

- (a) *Objective:* To support the deployment of new, low-GHG emitting energy technologies by aggregating demand for the technologies in niche applications and facilitating technological access and innovation.
- (b) *Outcome:* Expanded markets for selected low-GHG emitting energy technologies in developing countries.
- (c) *Indicators:* Tons of CO<sub>2</sub> avoided; adoption of policies for successful technology deployment; growth of interest in selected technology; and annual electricity production from grid-connected renewable energies that were installed under the influence of the project
- (d) *Scope:* During GEF-4, emphasis will be placed on linking the applications and installations of these technologies being made in developed countries so that the benefits of shared experiences can be maximized. On-grid photovoltaics and stationary fuel-cells in distributed generation niche-market applications provide examples of appropriately scoped and defined GEF interventions.
- (e) *Evolution:* This priority will be kept at a very low level of involvement during GEF-4, supporting focused initiatives already in the pipeline. Some limited capacity-building for newer technological options may also be made available.
- (f) *Countries:* Interested, eligible countries with high capacity and significant resource allocations.
- (g) *Types of Projects:* It is expected that the majority of projects funded under the objective during GEF 4 will be information-related MSPs.

## **ADAPTATION SUB-FOCAL AREA**

43. GEF's adaptation program, the most recent addition to the GEF CC portfolio, aims to support adaptation activities that minimize the adverse effects of climate change. The GEF serves a key role as a network institution focused on learning lessons and gaining valuable experience on how to increase the resilience of social and environmental systems to anticipated climate change.

44. At present, GEF supports adaptation projects under three different funding windows: the Special Climate Change Fund (SCCF); the Least Developed Countries Fund (LDCF); and the Strategic Pilot on Adaptation (SPA) supported with resources from the GEF Trust Fund. Because separate programming documents exist and are continually updated for programming

under the SCCF and LDCF, the following discussion focuses on GEF programming under the SPA.

45. During the period of GEF-4, the resources initially available for the SPA will be the remainder of the \$50 million initially allocated by the GEF Council in May, 2004. Once these remaining funds (approximately \$23m) are allocated, the experience with the SPA will be evaluated with an eye toward drawing initial lessons from adaptation funding; mainstreaming adaptation into the GEF focal areas; and increasing the resources from the GEF Trust Fund available for adaptation funding.

46. GEF will demonstrate its impact in the adaptation sub-focal area through the decreased vulnerability to and increased capacity to adapt to the adverse impacts of climate change among its program countries. The indicator for this impact will be based upon demonstration of increased resilience to climate change in GEF program countries.

47. For the GEF-4 Replenishment period, the overall goal in adaptation is to expand the range of experiences with adaptation in order to improve global understanding of the challenges brought on by climate change, including increased climate variability.

#### **A. Strategic Priority on Adaptation (SPA): “Piloting an Operational Approach to Adaptation”**

- (a) *Objective:* To support pilot and demonstration projects that both address local adaptation needs and generate global environmental benefits in the focal areas in which the GEF works: biodiversity, climate change, international waters, land degradation, and persistent organic pollutants (POPs).
- (b) *Outcome:* Increased experience with and knowledge of adaptation in the context of GEF’s focal areas.
- (c) *Indicators:* For the fourth replenishment period, it is anticipated that the remaining funds of the SPA will provide funding for no fewer than eight sector interventions. For each sector project, the relevant indicators will be those associated with programming in the GEF Focal area in which the project delivers its global environmental benefits.
- (d) *Scope:* The scope of programming will be determined by the focal area in which the project purports to deliver global environmental benefits. In biodiversity, priority is given to coral reefs, forests and protected areas found in highly vulnerable regions and ecosystems. In climate change, the priority is fluctuations and changes in hydrological resources, and their implications for future energy development and GHG emissions. In international waters, priority is placed upon integrated coastal zone management (ICZM) in the context of sea-level rise. In the Land Degradation focal area, the priority is given to integrate climate change risk management into sustainable land management planning, especially focusing upon the needs in Africa. In POPS, the priority will be given to build adaptive

capacity to climate change in areas where plans for reduction and elimination of releases of POPs are ongoing.

- (e) *Evolution:* As mentioned above, initially the SPA will allocate the resources remaining from the GEF's initial allocation of \$50m to adaptation. When these funds are exhausted, an evaluation will be undertaken to draw initial lessons from adaptation funding for the GEF; to evaluate the potential for mainstreaming adaptation into GEF's focal areas; and to recommend allocating more resources from the GEF Trust Fund to adaptation.
- (f) *Countries:* Priority will be given to countries considered to be particularly vulnerable under the Convention.
- (g) *Types of Projects:* All projects are expected to combine technical assistance and capacity building with concrete actions. A premium will be placed on project-based learning opportunities.

## VI. STRATEGY FOR INTERNATIONAL WATERS

### MISSION AND APPROACH

48. The GEF International Waters (IW) focal area addresses sustainable development challenges faced by countries sharing transboundary surface, groundwater, and marine systems. These cross-border challenges range from pollution loading and loss of wetlands and coastal habitats, to overuse and conflicting uses of surface and groundwater, over-harvesting of fisheries, and adaptation to climatic fluctuations (and associated droughts, storms, and reef bleaching).

49. Realizing the complexity of these challenges and the difficulties even developed countries have had in addressing transboundary water concerns, the GEF Operational Strategy in 1995 adopted a stepwise catalytic approach, reflected in the two main objectives set for the IW Focal Area:

- (a) To foster international, multi-country cooperation on priority transboundary water concerns through more comprehensive, ecosystem-based approaches to management; and
- (b) To play a catalytic role in addressing transboundary water concerns by assisting countries to utilize the full range of technical assistance, economic, financial, regulatory and institutional reforms that are needed, including active leveraging of co-financing.

50. The third independent Overall Performance Study of the GEF (OPS3) in 2005 documented GEF's success in achieving the first objective through special enabling activities. It reported that outcomes have been robust, targets set by the Second and Third Replenishment were exceeded, and the focal area had proven to be an effective agent for policy, legal and institutional reforms and for the creation of enabling environments for on the ground action. OPS 3 concluded that the IW Focal Area was ready to move from a testing and demonstration mode to scaling-up of full operations in support of agreed incremental costs of reforms, investments, and management programs needed to reduce stress on transboundary freshwater and marine systems. This transition to implementing on-the-ground reforms and stress reduction measures is the focus of work for International Waters during GEF 4.

### PRIORITY SETTING (THE GLOBAL IW CHALLENGES)

51. Interventions in GEF 4 will focus on four major transboundary water concerns that have emerged as posing global risk to water ecosystems and the communities and economies dependent on them: pollution from nutrient over-enrichment, depletion of marine fish stocks (including impacts on associated biodiversity), conflicting uses of surface and groundwater, degradation of coastal resources and processes, particularly in SIDS. These concerns are now recognized as global barriers to achieving WSSD sustainable development targets and MDGs.

- (c) **Land-based Pollution (especially Nitrogen) Creating Anoxic "Dead" Zones in Coastal Waters:** GEF-4 will foster implementation of national policy, legal,

institutional reforms to reduce land-based sources of nitrogen, phosphorus, and oxygen demanding pollutants consistent with agreed transboundary action programs; innovative demonstration projects and financing options in the agriculture, municipal, and industry sectors and in wetland restoration/construction to reduce pollution; and engage the business community in identifying and demonstrating solutions both globally as well as within countries and regions.

- (d) **Depletion of Fisheries:** GEF-4 will support policy, legal, and institutional reforms for meeting WSSD targets for sustainable fisheries; investments in alternative livelihood to reduce stress on fisheries; ecosystem approaches to sustainable fisheries management and habitat restoration and conservation (including marine protected areas); technical assistance in developing sustainable distant fishing fleet agreements; and engagement of the business community in solutions.
- (e) **Conflicting Uses of Water in Surface and Groundwater Basins:** GEF-4 will support projects addressing the balancing of conflicting/competing water uses in surface or groundwater basins, as well as projects that support integrated natural resources management across focal areas; where needed, these projects would also incorporate provisions for meeting water demands of ecosystems and developing resilience to fluctuating/changing climatic regimes.
- (f) **Degradation of coastal resources and processes:** GEF-4 will support policy/legal/institutional reforms and demonstration investments to protect surface and groundwater supplies, and coastal habitats, while adjusting to climatic fluctuations; reduction of land-based pollution of coasts; and demonstrations of Integrated Water Resources or Integrated Coastal Management, particularly in SIDS.

#### **STRATEGIC OBJECTIVES FOR GEF 4**

52. The GEF 4 Replenishment Document establishes three Strategic Objectives for the focal area:

- (a) **Strategic Objective 1.** To catalyze implementation of agreed reforms and on-the-ground stress reduction investments to address transboundary water concerns.
- (b) **Strategic Objective 2.** To expand foundational capacity building to a limited number of new transboundary systems through integrated approaches and foster replication through targeted learning for the IW portfolio.
- (c) **Strategic Objective 3.** To undertake innovative demonstrations addressing key program gaps (groundwater, IWRM--balancing competing water uses, persistent toxic substances) with a focus on SIDS water supply/coastal protection and IWRM.

53. The three objectives reflect a GEF portfolio with many countries having completed the equivalent of enabling activities and ready to move to on-the-ground implementation of reforms and stress reduction measures addressing in particular nutrient pollution, fisheries depletion and coastal degradation (1). While GEF will need to continue to foster cooperation among countries on highly vulnerable transboundary water systems with some limited new starts under the objectives (2), it will also pursue innovative demonstrations to fill portfolio gaps on a number of transboundary concerns (3), especially related to groundwater, conflicting uses of water/climatic fluctuations, integrated coastal and water resources management, and persistent toxic substances.

54. In managing its portfolio in accordance with these strategic objectives, the following principles will be taken into account:

- (a) adoption of project measures and funding modalities that are innovative and lead to multiple benefits, including those related to WSSD water-related targets;
- (b) concentration of on-the-ground action in a few key globally significant waterbodies where conditions are mature and achievement of impact is likely;
- (c) adoption/promotion of full fledged replication strategies in implementation projects aimed at catalyzing non- GEF funded actions within these same waterbodies and beyond, including enhanced communication, outreach, and learning;
- (d) identification of a few strategic areas of portfolio growth including new geographic areas, demonstration activities, and contributions to conflict resolution and stability, with a focus on groundwater and SIDS in response to STAP guidance;
- (e) increased emphasis on targeted learning and South-to-South experience sharing among IW projects to facilitate quality enhancement and acceleration of progress, with a focus on the many Africa operations in the focal area;
- (f) a special effort to promote integration and synergies among focal areas (especially the land degradation focal area) will be pursued around common sustainable development objectives and geographic areas as a contribution to WSSD targets and toward integrated natural resources management;
- (g) greater co-financing recommended for projects with upper middle income countries.

## **EXPECTED OUTCOMES TO MEET STRATEGIC OBJECTIVES**

### **Strategic Objective 1. To catalyze implementation of agreed reforms and on-the-ground stress reduction investments to address transboundary water concerns.**

55. **Scope:** This Strategic Objective covers surface freshwater, groundwater, and marine systems and their site-specific transboundary concerns for which GEF has assisted in developing

agreed action programs through its “enabling activities” or their equivalents. A mix of Investment Fund and regional implementation projects would be supported during GEF 4, with implementation/investment projects averaging a 3:1 co-financing ratio.

56. The Investment Fund modality will be applied during GEF4 to the Large Marine Ecosystems (LMEs) of East Asia, LMEs of Sub-Saharan Africa, and the Mediterranean Sea LME where the required foundational capacity has already been established by GEF. Investment Fund modality projects constitute “programs” of single country, single sector operations of multilateral banks supporting reforms for mainstreaming into sector policies and on-the-ground investments. Various sub-projects reduce sector stress on transboundary systems; some will involve innovative financing.

57. Countries with agreed strategic action programs are priority for regional implementation projects. Regional implementation projects are multiple country projects focusing on technical assistance/capacity building to implement needed policy/ legal/institutional reforms in agreed action programs as well as small scale local demo projects. Regional projects will also complement Investment Funds to facilitate inter-agency coordination, regional coherence and replication.

58. **Outcomes:** Adoption and implementation of national reforms and on-the-ground investments result in quantifiable reduction of stress to transboundary systems. By the end of GEF-4:

- (a) a critical mass of projects will have successfully demonstrated different innovative policy and cost-effective investment measures for reducing coastal nitrogen and phosphorus pollution to have catalyzed global action and replication strategies to address the problem of coastal “Dead Zones” and nitrogen cycle disruption;
- (b) ecosystem-based approaches to coastal/marine management, policy/legal/institutional reforms, and alternative livelihood opportunities will have been successfully demonstrated to enhance meeting sustainable fisheries-related WSSD targets.

59. **Indicators<sup>12</sup>:** Quantifiable pollution reduction (tons of pollutants, hectares of agricultural pollution reduction practices, hectares of wetland restored/constructed); adoption/sustainable implementation of regional and national policy/legal/institutional reforms for pollution reduction and coastal protection (percentage of reforms being enforced); sustainable fisheries and habitat protection targets achieved (target species biomass, level of bycatch, hectares of marine/coastal habitat under protection); transboundary institution performance and financial sustainability measurably improved.

**Strategic Objective 2. To expand foundational capacity building to a limited number of new transboundary systems** through integrated approaches and foster replication through targeted learning for the IW portfolio.

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<sup>12</sup> The indicators listed are preliminary and need further elaboration to reflect outcomes at the portfolio level.

60. **Scope:** Foundational, capacity building IW projects serve as equivalents of enabling activities and have proven effective in fostering multi-country collaboration on priority transboundary concerns. Priority will be given to transboundary water systems highly vulnerable to potential surface and /or groundwater use conflicts (freshwater basins, aquifers) and/or in LMEs with signs of coastal resources/marine fisheries degradation. Priority is also accorded to integrated approaches across GEF focal areas where multiple benefits may be generated (especially in adapting to drought/climatic fluctuations). This may entail reforestation to protect groundwater recharge areas and enhance infiltration, and to control erosion and soil loss in the upper reaches of watersheds, as a contribution to sustainable forest management.

61. Within Strategic Objective IW-2 is embedded an increased emphasis on targeted learning for capacity building and South-to-South experience sharing among the many existing IW projects to facilitate quality enhancement for the portfolio, development of knowledge management tools to capture good practices, and accelerated replication of good practices. Undertaken with the help of its IW:LEARN program and the International Waters Task Force (IWTF), this learning from existing and new projects is a priority for GEF 4 and will be enhanced with a focus on the many Africa operations that are now underway in the focal area.

62. GEF will participate in water-related global policy development events by bringing practical GEF project experiences to inform their debates and to build global consensus on the challenges and strategies for joint management of transboundary waters. This will contribute to and catalyze global action for addressing coastal “Dead Zones” in transboundary waters with excessive nitrogen pollution, and increased consensus on approaches to reverse coastal resources and marine fisheries degradation.

63. **Outcomes:** It is expected that an enabling environment for action will be created for new transboundary systems, including functioning national inter-ministry committees ready to work together on sustainable development, joint agreements on transboundary waters priorities, ministerially-agreed action programs containing priority reforms and investments for sustaining particular transboundary waterbodies while contributing to water-related WSSD targets, and political commitments for action in transboundary agreements/protocols consistent with GEF M & E guidance.

64. Outcomes for targeted learning include: capacity of portfolio built through exchanges of existing GEF IW project experiences and development of knowledge management tools that will have improved portfolio quality and accelerated incorporation of good practices and replication into new projects. By the end of GEF-4, the capacity of participating governments to understand the GEF IW focal area will have improved; interaction in South-to-South project learning fosters identification of good experiences; quality of portfolio is improved; replication of good experiences appears in new projects; project experiences are useful to global policy debates and contribute to emerging consensus.

65. **Indicators:** Documentation of functioning national inter-ministry committees; agreed Transboundary Diagnostic Analysis with priority transboundary concerns/causes; ministerially agreed Strategic Action Program with reforms/investments; regional agreements/protocols.

66. For targeted learning projects: before/after project surveys; active project participation in generating GEF IW Experience Notes; improved portfolio performance during annual PIR; replication of good experiences in new projects; evaluation surveys.

**Strategic Objective 3. To undertake innovative demonstrations addressing key program gaps** (groundwater, IWRM--balancing competing water uses, persistent toxic substances) with a focus on SIDS water supply/coastal protection and IWRM.

67. **Scope:** A limited number of sectoral demonstration activities to test innovative approaches, financing, and technologies will be undertaken addressing key IW portfolio gaps (groundwater, ICM-IWRM- balancing competing water uses, persistent toxic substances) . A number of demonstrations will be pursued with a focus on groundwater—especially drought conditions, SIDS, and Integrated Water Resources Management (IWRM) and Coastal Management (ICM) that would assist countries with meeting WSSD targets. Water supply protection, wastewater discharge abatement, groundwater protection are all critical needs for SIDS, and coastal areas in general, especially with regard to climatic fluctuations and drought protection. Demo projects addressing these needs consistent with the GPA and WSSD targets are priorities. A few of the demonstration projects will address persistent toxic substances - as a contribution to the GPA and to the cross-cutting theme of chemical management. In addition, the subject of alien species in ship ballast water will be accorded priority in countries already participating in GEF IW projects to foster replication potential.

68. **Outcomes:** By the end of GEF-4, innovative technical measures, financing modalities, and solutions are successfully developed and tested to fill in portfolio gaps consistent with the GEF Operational Strategy. They will have been shown to be useful in helping countries take steps to achieve WSSD water-related targets so they may be mainstreamed in future development assistance programs<sup>13</sup>.

69. **Indicators:** National laws and regulations adopted; pollution discharges avoided (tons) or other parameters (habitat/water use efficiency) showing an improved situation related to surface water, groundwater, and vulnerable coastal/marine waters; percentage of ports/ships applying ballast water management, enforcement and treatment practices; frequency of documented exotic species introduction.

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<sup>13</sup> . Other outcomes include reduced global risk of invasive aquatic species introduction through increased adoption and implementation of ship ballast water management reforms by both ship flag and port states.

## VII. STRATEGY FOR LAND DEGRADATION

### MISSION

70. The mission of the GEF focal area on land degradation (i.e. desertification and deforestation) is to catalyze partnerships with other organizations working on land management issues, land users, and other stakeholders at the local, national, regional, and global levels to provide coordinated financial and technical support to promote the prevention and control of land degradation in a way that achieves long term global environment benefits within the context of sustainable development.

### OBJECTIVE

71. The objective of the focal area is to mitigate the causes and negative impacts of land degradation, especially desertification and deforestation, on the structure and health of ecosystems through sustainable land management (SLM) practices.

72. The Land Degradation focal area, implemented through OP 15 on sustainable land management contributes to the full and effective achievement of the UNCCD objective. This specifically relates to applying “long-term strategies that focus simultaneously, in affected areas, on improved productivity of land, and the rehabilitation, conservation and sustainable management of land and water resources, leading to improved living conditions, in particular at the community level” (Article 2.2).

### PRIORITY SETTING

73. Interventions in GEF 4 will focus on three major direct drivers for terrestrial ecosystem degradation identified by the Millennium Ecosystem Assessment and the Desertification report in particular: Land use change, natural resources consumption; and technology use and adaptation.

### Land Use/Land Cover Change

74. GEF will support initiatives that address the following issues:

- (a) Avoiding deforestation (e.g. link to incentive mechanisms such as carbon market or other emerging markets)
- (b) Promoting sustainable high yielding agriculture<sup>14</sup> to prevent the conversion of forest (incl. woodlands) and grassland ecosystems into croplands
- (c) Diversification of land use and/or land cover (e.g. agro-forestry, reforestation)

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<sup>14</sup> High yielding agriculture refers to farming practices and systems that increase productivity based on natural biological processes that can reduce the use of costly chemical fertilizers, pest controls and other synthetic farm inputs.

## **Natural Resources Consumption**

75. GEF will support initiatives that address the following issues:

- (a) Sustainable use of groundwater resources for irrigated agriculture
- (b) Sustainable harvesting of timber and non-timber resources in forests and woodlands
- (c) Sustainable rangeland management (e.g. appropriate rotation schemes, distribution of watering points)

## **Technology Use and Adaptation**

76. GEF will support the use of appropriate technologies related to:

- (a) Soil quality management
- (b) Alternatives to unsustainable agriculture (incl. use of biological processes to reduce the use of costly chemical fertilizers, pest controls and other synthetic farm inputs, irrigation technology, crop rotation)
- (c) Fire management

77. Another main driver, climate change, will be addressed through the Climate Change focal area and activities financed through the Least Developed Country Fund and the Special Climate Change Fund (managed by the GEF). If appropriate, close collaboration will be sought.

## **STRATEGIC OBJECTIVES**

### **Strategic Objective 1: Foster system-wide change through the removal of policy, institutional, technical, capacity and financial barriers to SLM focusing at the country level**

78. This objective is to respond to the needs expressed by countries to create partnerships that catalyze system-wide change through the removal of key barriers to SLM at the national level based on programmatic or sector-wide approaches.

#### *Expected outcome*

79. The expected outcome will be systemic changes important to SLM catalyzed through enhanced partnerships, and related coordinated investment programs to sustain sectoral and inter-sectoral support to SLM targeting three main production sectors: forestry, grazing and agriculture.

## *Indicators*<sup>15</sup>

- (a) # of enhanced partnerships created
- (b) # of policies and planning frameworks revised and/or harmonized in or across three main production sectors reflecting SLM principles
- (c) # of legal and regulatory frameworks revised/developed promoting SLM
- (d) # of institutions (government, non-government) with sustainable capacities for SLM
- (e) # of private sector entities involved
- (f) # US\$ mio catalyzed for #US\$ mio GEF (specific focus on domestic investment)
- (g) Hectares of land directly impacted by the investment programs (ha for agriculture, grazing and/or forest land)
- (h) # of direct beneficiaries and # of indirect beneficiaries

## *Scope*

80. Interventions will integrate SLM into relevant national planning and budgetary frameworks. The action framework would comprise of a package of interventions addressing policy, regulatory and institutional reforms (incl. land tenure reforms), capacity development, and targeted investments needs. It would be supported through a well coordinated initiative with predictable financing from a variety of sources, including national budgets, bilateral development cooperation agreements, country assistance programs of multilateral agencies, and private foundations.

## *Countries*

81. Countries targeting this strategic objective need to show strong ownership of proposed changes, demonstrate good institutional capacities to sustain the achievements, and contribute significant co-financing through national budgets (sector budgets).

## *Type of Interventions*

82. Interventions would use:

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<sup>15</sup> The LD FA TF is currently developing a core set of global outcome and impact indicators for SLM that will be applicable to the GEF system as well. Therefore, the indicators listed here are of preliminary nature and will be revised based on the results of the indicator initiative. At the project level, the initiative will suggest a list of impact indicators related to the priority areas (e.g. stress reduction, status of natural resources).

- (a) Programmatic partnership frameworks (e.g. Country Program Partnerships) and/or
- (b) Sector- or multi-sector based partnership approaches.

83. Individual projects would support large-scale investments for SLM and technical assistance (e.g. capacity development, conflict resolution mechanisms, policy and regulatory reforms, incl. land tenure reforms, demonstrations) as they relate to the three identified priorities.

**Strategic Objective 2: Demonstration and up-scaling successful SLM practices for the control and prevention of desertification and deforestation**

84. This objective will promote initiatives that create and expand visible impact on the status of natural resources by up-scaling and disseminating profitable best practices and approaches in SLM.

*Expected outcomes*

85. The expected outcome of this strategic objective will be an increase in sustainable but profitable community-based agriculture, grazing and/or forestry management systems that contribute to achieving global environmental benefits in the context of sustainable development.

*Indicators*

- (a) # of applied profitable innovative and best practices and approaches for SLM in upscaling/demonstration areas
- (b) # of institutions (government, non-government) with improved/sustainable capacities for SLM
- (c) # of private sector entities involved
- (d) # US\$mio catalyzed for #US\$ mio GEF (specific focus on domestic investment)
- (e) Hectares of land directly impacted by demonstrations/upscaling (ha for agriculture, grazing and/or forest land)
- (f) # of direct beneficiaries and # of indirect beneficiaries

*Scope*

86. Projects contributing to this strategic objective need to present a set of best practices for SLM that have proven successful in ecological and economic terms in pilot initiatives (GEF or non-GEF supported) and a pragmatic and efficient mechanism for up-scaling, including marketing.

### *Countries*

87. Countries targeting this strategic objective need to demonstrate at the local level, a strong ownership for the sustainable management of natural resources and a working institutional structure that is able to execute the proposed activities. For larger investment projects, countries need to demonstrate that key aspects of the enabling environment for SLM are or are in the process of being addressed (e.g. appropriate land tenure system, policies and regulatory frameworks related to SLM, institutional capacities).

### *Type of Interventions*

88. The tools for achieving this strategic objective are:

- (a) technical assistance projects supporting community-based/NGO-led natural resources management; and
- (b) investment initiatives

as they relate to the three identified priorities.

### **Strategic Objective 3: Generating and disseminating knowledge addressing current and emergent issues in SLM**

89. This objective will:

- (a) generate new operational knowledge that would help GEF interventions lift barriers to SLM, trigger innovation, and understand the underlying factors to successfully upscale SLM;
- (b) enhance knowledge sharing and scientific-technical cooperation for SLM; and
- (c) through assessments, monitor at the global and regional levels the status and dynamics of land use/land cover change.

### *Expected Outcomes*

90. The expected outcomes of this strategic objective will be operationally useful scientific and technically sound tools, information and knowledge on SLM and to disseminate them for enhanced quality of GEF projects and programs in the LD FA. In addition, the generated knowledge will be made available for use to decision makers. The development of a global indicator system for SLM will enable countries to measure the impact of SLM initiatives on the status and health of the environment and peoples' livelihoods.

### *Indicators*

- (a) # of innovative knowledge products that have filled # of operational knowledge gaps in the LD FA related to the three priorities and SO-1, SO-2 and SO-4

- (b) # of best practices and knowledge on SLM disseminated in # of countries/regions
- (c) # of global and regional assessments
- (d) List with addressed emerging issues in SLM (Targeted Research themes)
- (e) One indicator framework system with:
  - (i) a core set of indicators for SLM projects, and
  - (ii) one core set for measuring impact of SLM at the national and global levels

### *Scope*

91. Efforts under this objective will address operational knowledge and information gaps relevant to SLM, and its use and generation enhancing the implementation of the focal area priorities and strategic objectives for GEF-4. Projects will gather and disseminate information on best practices for SLM among country government agencies and other stakeholders such as NGO and communities, scientific institutions and the private sector. Projects will also contribute to an enhanced scientific and technical cooperation on SLM and north-south and south-south exchange of information through the establishment or use of existing knowledge networks.

### *Countries*

92. Most of the projects addressing this strategic objective will be of global and regional nature addressing identified information and operational knowledge gaps in SLM. Targeted research projects that will conduct activities in selected countries will need to present why the countries are representative for the identified research idea.

### *Type of Interventions*

93. Projects addressing this strategic objective will be:
- (a) targeted research projects addressing knowledge gaps in the LD FA;
  - (b) technical assistance projects on knowledge sharing related to SLM; and
  - (c) global and regional assessments on the status and the dynamics of natural resources

as they relate to the three identified priorities.

## **Strategic Objective 4: Cross focal area synergies and integrated ecosystem approaches to SLM**

94. This objective will enhance the capture of global environmental benefits across the focal areas of the GEF - Biodiversity, Climate Change/Adaptation, International Waters, Persistent

Organic Pollutants and Land Degradation (desertification and deforestation) through integrated approaches to SLM.

*Expected outcome*

95. The expected outcome of this strategic objective will be that countries are enabled to maximize local and global environmental benefits, and enhance synergies between GEF focal area objectives.

*Indicators*

- (a) # of interventions with # of FAs involved
- (b) # intervention areas with high potential for multiple global environmental benefits are managed through an integrated approach to SLM.
- (c) Hectares of land directly impacted by intervention (specify ha for agriculture, grazing land, forest land and/or protected areas or other land uses)
- (d) # of direct beneficiaries and # of indirect beneficiaries

*Scope*

96. Projects contributing to this strategic objective need to present an intervention area (e.g. a watershed or basin, production landscape) that shows high potential for creating multiple global environmental benefits. Activities would demonstrate how proposed outcomes focusing on one global environmental benefit, will also enhance benefits in the other focal area (synergy and mainstreaming).

97. Potential projects could include, but not be limited to, the implementation of country-based activities identified in Strategic Action Programs for the protection of international water bodies, integrated watershed management, sustainable management of groundwater aquifers in areas promoting sustainable irrigated agriculture, mainstreaming climate change adaptation into SLM and the removal of POPs in the agriculture or livestock sectors.

*Countries*

98. Countries requesting funding through this window need to demonstrate an intervention area with high potential for multiple global environmental benefits. In addition, these countries need to demonstrate a functioning institutional setup or the willingness to create such setup at the national and/or sub-national level between relevant entities, in order to maintain and expand the proposed management system.

*Type of Interventions*

99. This strategic objective will target the collaboration with all GEF focal areas. The incremental costs for projects under this strategic objective will be shared by the focal areas in

which the global environmental benefits are claimed. The targeted ratio between the focal area contributions is 1:1. The proposed ratio can be negotiated based on the expected global environmental benefits.

100. Projects and programs addressing this strategic objective will provide investments and technical assistance supporting integrated natural resources, or ecosystem management for the generation of multiple global environmental benefits (e.g. integrated watershed management, management of upstream-down-stream dynamics; sustainable forest management, sustainable biomass production for generating biofuels, drought preparedness and management).

#### **DEVELOPMENT OF THE GEF-4 PORTFOLIO**

101. Project proposals in the LD FA portfolio will address the priorities and strategic objectives set for the focal area in GEF-4. Countries that receive GEF funding for Biodiversity through a group allocation under the RAF will have priority for funding under the LD FA.

## VIII. STRATEGY FOR OZONE DEPLETION

### MISSION

102. The GEF's overall objective in the Ozone focal area is to contribute to measures that protect human health and the environment through preventing releases of ODS.

### ANTICIPATED EVOLUTION OF PRIORITIES UNDER GEF-4

103. GEF-1 and GEF-2 efforts focused on supporting eligible Countries with Economies in Transition (CEITs) to meet their obligations under annexes A and B of the Montreal Protocol: phasing out the use and production of chlorofluorocarbons (CFCs), halons, and carbon tetrachloride (CTC). GEF-3 efforts turned to supporting a number of these countries in achieving the total phase-out for methyl bromide (MeBr). Moving ahead, activities under GEF-4 will be marked by the initiation of work on phasing out hydrochlorofluorocarbons (HCFCs).

### ELIGIBILITY

104. The 1995 Operational Strategy provides that "although the GEF is not linked formally to the Montreal Protocol, the GEF operational strategy in Ozone Depletion is an operational response to the Montreal Protocol, its amendments, and adjustments". Therefore the GEF finances activities in eligible countries with economies in transition that are not eligible for funding under the Multilateral Fund of the Montreal Protocol. Further, operational policies for financing activities in the Ozone focal area are consistent with those of the Multilateral Fund, to the extent that these are consistent with other GEF policies.

105. Countries must have ratified the Copenhagen amendment to the Montreal Protocol to be eligible for investments to phase out HCFCs or methyl bromide.

### STRATEGIC OBJECTIVE AND FUNDING PRIORITIES FOR GEF-4

106. *Objective:* For the period of GEF-4, the GEF will assist eligible countries in meeting their HCFC phase out obligations under the Montreal Protocol, as well as addressing remaining use of MeBr, and strengthening capacities and institutions in those countries that still are faced with difficulties in meeting their reporting obligations and in phasing out residual amounts of CFCs.

107. *Outcomes:* The outcomes are twofold in nature:

- (a) GEF eligible countries meet their reporting obligations under the Montreal Protocol
- (b) HCFCs and MeBr are phased-out according to Montreal Protocol schedule in GEF eligible countries

108. *Indicator:* The main indicator used to track progress in the Ozone focal area through the GEF-4 replenishment is ODP adjusted tons of HCFCs and MeBr phased-out. (GEF-4 replenishment target: MeBr: 300 tons ODP eq.; HCFCs: 50-70 tons ODP eq.)

109. *Scope:* The Montreal Protocol mandates a target of 65% consumption phase-out of HCFCs by 2010. Most countries in the region appear on target, in large part due to economic restructuring. In the countries that do require GEF support, operational considerations suggest that the total amount of HCFC consumption in these countries should be addressed, to the extent technologically possible and cost effective. In view of the potential benefit for other parties, the GEF will encourage dissemination of experiences and lessons learned and the promotion of regional cooperation between the GEF eligible Article 2 CEIT countries and their neighbouring Article 5 countries. Activities to strengthen compliance and reporting will also be supported, including awareness raising and training.

110. *Priority Countries:* On the basis of data available from the Ozone Secretariat, two countries in the region would require assistance in meeting the target of 65% consumption phase out by 2010. The countries of Central Asia are those principally targeted for institutional strengthening.

111. *Types of Projects:* Projects to be implemented under this objective will include a mix of enabling-type activities, and projects largely oriented towards technical assistance and capacity building, with some investments.

## **IX. STRATEGY FOR PERSISTENT ORGANIC POLLUTANTS**

### **MISSION**

112. The GEF's overall objective in the POPs focal area is to assist countries to reduce and eliminate releases of POPs in order to protect human health and the environment.

### **STRATEGIC OBJECTIVES**

113. For the period of GEF-4, this mission will be advanced through:

- (a) Continuing the GEF's National Implementation Plan (NIP) Program;
- (b) Strengthening national capacities for NIP implementation, including assisting those countries that lag farthest behind to establish basic, foundational capacities for sound management of chemicals;
- (c) Partnering in investments needed for NIP implementation to achieve impacts in POPs reduction; and
- (d) Partnering in the demonstration of feasible, innovative technologies and practices for POPs reduction.

### **ANTICIPATED EVOLUTION OF PRIORITIES UNDER GEF-4**

114. GEF-3 efforts focused on supporting NIPs: as of 31 July 2006, enabling activities to develop a NIP are underway in 131 countries. Of these, 80 countries have either completed their enabling activities or will soon do so. This total includes 20 countries that have already officially submitted their NIP to the Stockholm Convention. Therefore, activities from GEF-4 will be characterized by a shift from preparation to implementation. In order to achieve the long-term success of the POPs Convention, strong emphasis will be placed on the sustainability of GEF interventions, focusing especially on countries whose policies and actions demonstrate their firm intention to follow-through on their commitment to the Convention.

### **STRATEGIC OBJECTIVES AND FUNDING PRIORITIES FOR GEF-4**

115. **Impact:** The long term impact of GEF interventions is a reduction in the exposure to POPs of humans and wildlife.

116. **Indicator:** The indicator for this reduction of exposure is a decrease in the observed levels of specific POPs chemicals in the environment. This global level indicator is to be assessed in the framework of the efforts of the Conference of the Parties to evaluate the effectiveness of the Convention.

### **Strategic Objective 1: NIP Program and Dissemination of Best Practices**

117. *Objective:* The GEF will continue to support eligible countries in meeting their reporting obligations under the Stockholm Convention, and will support the generation and dissemination of best practices for POPs management.

118. *Outcomes:* The outcomes are twofold in nature:

- (a) GEF eligible countries meet their reporting obligations under the Stockholm Convention
- (b) Lessons learned from GEF projects are analysed and disseminated

119. *Indicators:* Three indicators are to be tracked through the GEF-4 Replenishment:

- (a) Number of countries receiving support for NIP development (GEF-4 replenishment target: 8 countries)
- (b) Number of countries receiving support to update their NIP (GEF-4 replenishment target: 50 countries)
- (c) Number of countries submitting their initial NIP to the COP (GEF-4 replenishment target: 80 countries)

120. *Scope:* In addition to enabling activities, support will also be provided to activities aimed at managing and disseminating experiences and lessons learned at the portfolio level.

121. *Priority Countries:* This objective will remain a priority for those eligible countries which have not yet prepared their NIPs, or those countries where change of circumstances warrant an update of their initial NIP.

122. *Types of Projects:* Enabling activities and some knowledge management projects focused on disseminating best practices.

## **Strategic Objective 2: Strengthening Capacity for NIP Implementation**

123. *Objective:* The GEF will strengthen and build the capacity required in eligible countries to implement their NIPs.

124. *Outcome:* GEF eligible countries have the capacity to implement POPs risk reduction measures.

125. *Indicators:* Two indicators are of relevance:

- (a) Number of countries with strengthened regulatory framework
- (b) Number of countries with strengthened capacity for enforcement
- (c) (GEF-4 replenishment target: 50 countries receive support to strengthen their capacity for POPs management)

126. *Scope:* Depending on NIP priorities, interventions can include strengthening regulatory frameworks, strengthening of human and institutional capacity, strengthening of monitoring and enforcement capacity, and raising awareness among various stakeholders. This objective will include assisting those countries that lag the farthest behind to establish basic foundational capacities for the sound management of chemicals. Coordination and synergies with countries' responses to related multilateral environmental agreements addressing chemicals issues will be encouraged.

127. *Priority Countries:* Support under this high priority objective should be targeted to countries that have completed or are in the process of completing their NIP, but have limited capacity to implement the corresponding plans. Countries must demonstrate a willingness to adopt the necessary policies and to continue support for the institutions strengthened with GEF support.

128. *Types of Projects:* Projects to be implemented under this objective will be largely oriented towards technical assistance and capacity building, but with some limited investment included.

### **Strategic Objective 3: Partnering in Investments for NIP Implementation**

129. *Objective:* The GEF will partner in investments needed for NIP implementation to achieve impacts in POPs reduction and reduce the stress on human health and the environment caused by POPs.

130. *Outcome:* Environmental risks resulting from POPs are reduced.

131. *Indicators:* Five indicators are of relevance to this objective:

- (a) POPs phased-out from use (per compound): tons and cost per ton
- (b) POPs phased out from production (per compound): tons and cost per ton
- (c) Tons of POPs destroyed (per compound) and mode of destruction: tons and cost per ton
- (d) Reduction in releases of by-products: g Toxic equivalents and cost per g TEQs
- (e) Avoided releases of by-products: g Toxic equivalents and cost per g TEQs (GEF-4 replenishment target: 20 countries receive support for POPs reduction activities)

132. *Scope:* Projects will seek to reduce POPs releases through phase-out, destruction, use of alternatives, and application of Best Available Techniques/Best Environmental Practices. The precise nature of these interventions will be defined by the NIP, and could include for example: the identification, labelling, removing from use and disposal of PCBs; the use of non-POPs alternatives for disease vector or termite control; or the destruction of POPs wastes and prevention of stockpiling. Emphasis will be placed on assisting countries in reducing their need

for specific exemptions. Consistent with priorities identified under a NIP, an intervention might specifically address threats to international waters and/or an area of high biodiversity conservation value.

133. *Priority Countries:* Support under this high priority objective should be targeted to countries that have completed or are in the process of completing their NIP. These countries should already have established much of the necessary enabling environment to implement their NIP and should demonstrate willingness to follow-through on their commitment to phase-out/reduce the targeted POPs.

134. *Types of Projects:* Projects to be implemented under this objective will be largely oriented towards investment, but with some technical assistance and capacity building included.

#### **Strategic Objective 4: Partnering in the Demonstration of Feasible, Innovative Technologies and Practices for POPs Reduction**

135. *Objective:* GEF will support projects consistent to pursuing alternatives to POPs, and the substitution of materials and processes that do not lead to POPs formation.

136. *Outcomes:* Effective alternative technologies and practices that avoid POPs releases are demonstrated.

137. *Indicators:* Two indicators are relevant:

- (a) Number of sets of practices or technologies demonstrated
- (b) Number of countries where new practices or technologies are introduced (GEF-4 replenishment target: 5 alternative technologies/sets of practices demonstrated)

138. *Scope:* These funding requests will fall into three categories: projects that demonstrate the use of a particular technology to help enhance the infrastructure of a country to manage POPs (e.g., addressing the lack of capacity for POPs destruction in GEF recipient countries); projects that are linked to improved environmental practices that are not a physical infrastructure (e.g., assistance to identify alternatives to DDT in disease vector control); and targeted research projects.

139. *Priority Countries:* Countries that have completed or are in the process of completing their NIP, where GEF intervention would have high demonstration value; where the country already has the necessary enabling environment; and where the country demonstrates a strong commitment to follow-through on implementation following the conclusion of GEF support.

140. *Types of Projects:* Investment projects which include limited capacity building and technical assistance. Particular emphasis will be placed on the promotion of replication and wide dissemination of project outcomes.

## X. SUSTAINABLE FOREST MANAGEMENT

### INTRODUCTION

141. The UNCBD, the UNCCD and the UNFCCC, all emphasize the importance of the conservation, sustainable use and management of forests in achieving their respective objectives. Sustainable forest management (SFM) comprises seven thematic elements (environmental, economic and social) as listed below:<sup>16</sup>

- (a) *Extent of Forest Resources*: having significant forest cover and existence of forest types and includes trees outside forests;
- (b) *Biological Diversity*: conservation and management of biodiversity at ecosystem, species and genetic level.
- (c) *Forest Health and Vitality*: management of forests to reduce risks and disturbances such as wildfires, pollution, invasive alien species, pests and disease.
- (d) *Productive Functions of Forest Resources*: production of wood and non-wood forest products by forests and trees outside forests.
- (e) *Protective Functions of Forest Resources*: safeguarding the role that forests and trees outside forests play in moderating soil, hydrological and aquatic systems. This is linked to ecosystem goods and services provided by forests and contribution of forests to ecosystem conservation.
- (f) *Socio-economic Functions*: contribution of forests to economic well-being and to cultural, spiritual and recreational values and uses.
- (g) *Legal, policy and institutional framework*: the enabling environment required to support the six aspects of sustainable forest management.

142. The weight given to addressing each of the elements of sustainable forest management within GEF project interventions reflects the array of the proximate causes and underlying forces that drive biodiversity loss, land degradation and deforestation in a particular location. Given GEF's mandate to provide "new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits" the GEF's role, as one institution of many involved in sustainable forest management, is well prescribed.

### BIODIVERSITY FOCAL AREA

143. In the biodiversity focal area, two primary pathways exist to support sustainable forest management. Strategic Objective One, "Catalyzing Sustainability of Protected Area Systems at National Levels", seeks to conserve forest biodiversity within protected areas. This is achieved

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<sup>16</sup> Adapted from "Towards Sustainable Forest Management", [www.fao.org/forestry/site/24447/en](http://www.fao.org/forestry/site/24447/en).

through support to sustainable national-level PA systems that are characterized by viable representation of ecosystems, diversified revenue streams to support protected area management costs, and increased capacity for management. In addition to conserving forest biodiversity, forest protected areas maintain the ecosystem goods and services that forests provide. Thus, this strategic objective provides a wide array of opportunities for the GEF to respond to COP guidance as regards conservation of native forests.

144. Strategic Objective Two, “Mainstreaming Biodiversity in Production Landscapes/Seascapes and Sectors” supports internalization of biodiversity conservation and its sustainable use into production systems, supply chains, markets, sectors, development models, policies, plans and programs. Within the forest production landscape and the forest sector writ large, intervention strategies may include improving forest management and production practices to address biodiversity-related concerns (and this can include certification processes), fostering the creation of new markets, i.e., Payments for Environmental Services (PES), biodiversity offsets etc., and/or improving the enabling environment to support sustainable forest management through incorporation of biodiversity into a) sector policies and plans at national and sub-national levels; b) legislation; c) implementation of regulations and its enforcement, and d) monitoring of enforcement.

#### **LAND DEGRADATION FOCAL AREA**

145. Operational program 15 (OP 15) on sustainable land management (SLM) focuses specifically on desertification and deforestation as the two most severe types of land degradation. It advocates the landscape approach and focuses on the three main production systems: agriculture, forestry and rangelands, and their interactions. The OP seeks to mitigate the causes and negative impacts of deforestation and forest degradation on the structure and functional integrity of ecosystems through sustainable management practices as a contribution to improving people’s livelihoods and economic well-being. GEF assistance supports country-driven actions on sustainable forest management to preserve, conserve and restore the structure and functional integrity of forest ecosystems; reduce carbon dioxide emission through carbon sequestration and/or avoided deforestation; or stabilize sediment storage and release in water bodies.

146. The draft strategy for the Land Degradation focal area for GEF-4 lists three priority areas of action and four supporting strategic objectives. Priority areas of actions in GEF 4 will address three major direct drivers for terrestrial ecosystem degradation as identified by the Millennium Ecosystem Assessment: land use change, natural resources consumption; and technology use and adaptation. All three priority areas provide ample opportunity to address forest degradation and deforestation in the context of wider landscape management.

147. The four strategic objectives (SO) suggest approaches that are best suited to address the three priority areas of actions taking into account that countries face different challenges in promoting sustainable forest management:

- (a) Strategic Objective One, “Foster system-wide change through the removal of policy, institutional, technical, capacity and financial barriers to SFM focusing at the country level”, fosters system-wide change through the removal of key barriers to SFM (including policies, legal and regulatory frameworks) at the

national level based on programmatic approaches. These programs will mainly address the interaction between forestry and other land uses, especially agriculture.

- (b) Strategic Objective 2, “Demonstration and up-scaling successful SFM practices for the control and prevention of forest degradation and deforestation” promotes initiatives that create and expand visible impact on the status of timber and non-timber resources by up-scaling and disseminating best practices and approaches in SFM.
- (c) Strategic Objective 3, “Generating and disseminating knowledge addressing current and emergent issues in SLM” will: (a) generate new knowledge that would help lift barriers to SFM, trigger innovation, and understand the underlying factors to successfully upscale SFM; (b) enhance knowledge sharing and scientific-technical cooperation for SFM; and (c) through assessments, monitor at the global and regional levels the status and dynamics of natural resources.
- (d) Strategic Objective 4, “Cross focal area synergies and integrated ecosystem approaches to SFM” will enhance the capture of global environmental benefits across the focal areas of the GEF - Biodiversity, Climate Change/Adaptation, International Waters, Persistent Organic Pollutants and Land Degradation (desertification and deforestation) through integrated approaches to SFM.

#### **CLIMATE CHANGE FOCAL AREA**

148. With respect to the climate change focal area, the Climate Convention requested the GEF to provide financial resources for “establishing pilot or demonstration projects to show how adaptation planning and assessment can be practically translated into projects that will provide real benefits<sup>17</sup>.” In response to this guidance, the GEF established the Strategic Priority “Piloting an Operational Approach to Adaptation (SPA)”. In financing adaptation activities, the GEF Council requested that SPA projects “are consistent with the principles of the Trust Fund, including criteria concerning incremental costs and global environmental benefits<sup>18</sup>”. An allocation to the pilot of \$50 million was included in the GEF Business Plan in November 2003. As forest ecosystems are highly vulnerable to climate change, adaptation interventions in the context of sustainable forest management are a priority under the SPA. The potential for synergies with biodiversity conservation and sustainable use in the context of forest management have not been fully tapped yet under the SPA. However, lead conservation groups, including WWF, IUCN, TNC, CI and others have proposed a partnership with the GEF to support adaptation of ecosystems at risk, including forest ecosystems and are currently preparing projects to be submitted to the GEF in the near future.

149. Adaptation to climate change offers a concrete opportunity to test linkages across the GEF focal areas at the operational level, filling the gap between the regimes created by the conventions and the reality on the ground. GEF-supported projects aimed at increasing resilience

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<sup>17</sup> FCCC/CP/2001/13/Add.1, decision 6/CP.7

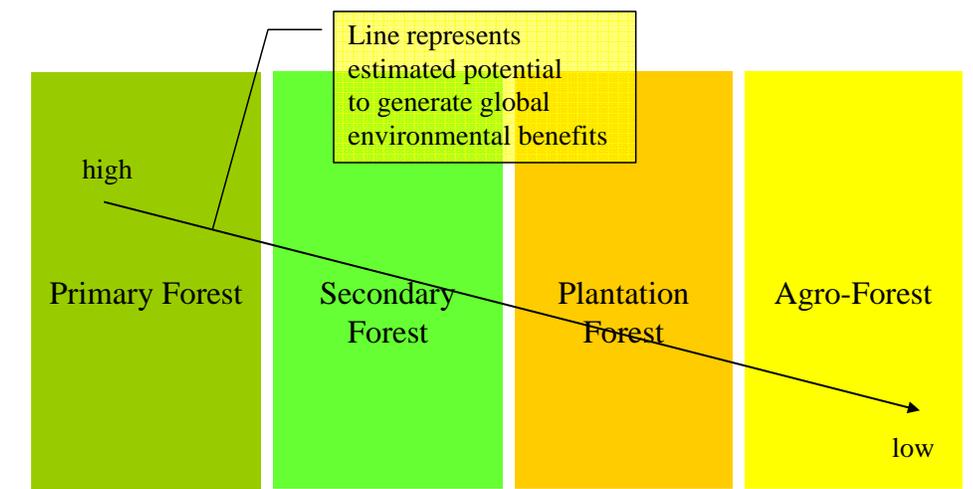
<sup>18</sup> Joint Summary of the Chairs, GEF Council meeting, May 19-21, 2004, paragraph 26, pp 4

of ecosystems to climate change impacts through natural resources management will increase the long-term sustainability of GEF projects and maximize utilization of GEF resources. The addition of the Strategic Priority “*Piloting an Operational Approach to Adaptation*” (SPA) has provided the necessary resources to start piloting projects and learning from experience. The SPA, introduced during GEF-3, will continue in GEF-4.

### FUTURE DIRECTIONS AND CHALLENGES

150. The currently formulated entry points for GEF support to sustainable forest management reflect previous analyses of GEF’s role in sustainable forest management particularly in the light of its mandate to provide “new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits”.

151. Were the GEF to expand its engagement in sustainable forest management beyond current practice, two issues that are closely inter-related and require a synthetic analysis. First, the concept of incrementality as applied in the forest production landscape and second, what kinds of forests, as defined by their degree of naturalness and resulting global significance, should receive GEF support in response to country-driven requests for assistance. The graph below depicts this situation clearly, where, in *general* terms, the potential to generate global environmental benefits is highest in primary forest and this potential decreases across the forest continuum as the level of intensity of human intervention increases. The estimation of a forest’s potential to generate global environmental benefits will of course be determined by an array of factors that are site specific (e.g., management practices, biological factors etc.) thus, the gradation from high to low, although accurate as a general trend, will not always be strictly linear.



**Forest continuum based on degree of naturalness as described by the CBD**

152. Therefore, an analysis of the incrementality of selected activities is required where conservation goals, national economic development and sustainable livelihood objectives

necessitate trade-offs between global and non-global (national and local) benefits. The incrementality, **if any**, of management activities related to, *inter alia*, forest rehabilitation, forest restoration, forest plantations, forest harvesting, and biodiversity conservation in production forests would require examination. In addition, the role of the GEF in encouraging private sector engagement in sustainable forest management in high biodiversity areas through incentive schemes or other approaches would likely require scrutiny.

153. The review of incrementality should not be strictly limited to forest management activities, but must also examine the role of the GEF as regards market transformation in the forest sector such that negative effects on the global environment are reduced and positive impacts are increased. This could include examining the incrementality of a wide array of possible interventions ranging from improving enabling environments to influencing consumer behavior.

154. The review of the incrementality of specific activities can not be conducted in isolation from the sites where the interventions take place and where the global environmental benefits accrue and this brings us to the second interrelated point on the degree of naturalness of forests, i.e., the origin of a particular forest, how it was established, and the degree of human intervention that it has undergone.<sup>19</sup> Along a forest continuum that ranges from primary forest to secondary forest to plantation forest, the degree of global significance of the forest in question will vary thereby defining the role that GEF can or should play in its sustainable management and the incremental costs that would be incurred. Thus, any analysis of incrementality of sustainable forest management activities will need to be conducted with this in mind.

155. Extending GEF engagement in sustainable forest management also requires a discussion on some tangential but salient issues. Safeguard policies are particularly relevant to project implementation in the forest sector as particular aspects of forest management may need specific attention during project design and implementation to ensure that environmental and social issues are properly evaluated and that technical and social risks are reduced and managed adequately. A review and identification of the key safeguards relevant to forest-related projects would therefore be useful.

156. We propose that between December 2006 and June 2007 Council, the GEF Secretariat develop further operational guidance that will address the issues highlighted above with the objective of enhancing GEF support to sustainable forest management, consistent with the GEF mandate.

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<sup>19</sup> Third Expert Meeting on Harmonizing Forest-Related Definitions for Use by Various Stakeholders, Rome, 17-19 January 2005. Food and Agriculture Organization, Rome, 2005.

## **XI. SOUND CHEMICALS MANAGEMENT**

### **INTRODUCTION**

157. The GEF Instrument (Article 1, Paragraph 3, as amended in 2004) provides that “the agreed incremental costs of activities to achieve global environmental benefits concerning chemicals management as they relate to the [six] GEF focal areas shall be eligible for funding”.

158. Chemicals are part of the fabric of modern life across most sectors of society. Chemicals play an important role in the production of food, purification of water, curing ailments, and in the manufacture of clothing, communications tools, transport, and homes. As such, chemicals are a key contributor to sustainable development. In 1998, the chemical industry accounted for an estimated 7% of global income, 9% of international trade and an estimated US \$1.5 trillion in sales. In 2003, world exports of chemicals accounted for nearly 15% of global trade in manufactured goods. Developing nations are playing an increasingly important role in chemicals production, consumption and global trade. Chemical consumption is anticipated to grow much faster in developing nations and could account for a third of global consumption by 2020 (OECD Environmental Outlook, 2001).

159. Along with their widespread benefits, some chemicals pose risks to human health and to ecosystem integrity. Detrimental health effects may include cancer, reproductive failure and disorders, birth defects, nervous system disorders, impaired immune systems, and lowered IQ. Environmental effects may include morbidity and infertility of populations in the wild and increased susceptibility to other environmental stressors.

160. In response, nations have indicated their support for chemicals management globally, as expressed via various international agreements and regional agreements on chemicals. These include the Stockholm Convention, the Montreal Protocol (for both of which the GEF is a financial mechanism), as well as the Basel Convention, the Rotterdam Convention, a variety of marine conventions focused on protection of the environment from toxic and hazardous wastes, and ILO chemical conventions pertaining to worker safety.

161. There is broad acknowledgement that the need for improved chemicals management is most acute in developing countries, many of which have very weak technical and institutional capacities for chemicals management regimes. Application of managerial best practices to chemicals throughout their life-cycle, including in the context of GEF interventions in the focal areas, can minimize the potential for exposure of people and the environment to toxic and hazardous chemicals, and reduce energy and water consumption.

### **SUPPORT TO SOUND CHEMICALS MANAGEMENT IN THE FOCAL AREAS**

162. GEF-4 will support improved environmental management of chemicals as a cross-cutting issue that deserves global attention, because chemicals are spread globally through international trade and through emissions to the atmosphere and the oceans, and because chemicals may aggravate global environmental concerns, such as biodiversity, land degradation, climate change and freshwater scarcity. The following highlights opportunities to promote the sound management of chemicals in each of the GEF focal areas. Until present, such opportunities, even

when they were taken advantage of, were most often not apparent in project documentation or reporting. It is proposed that from now on, project proposals and project completion reports should highlight the specific contributions that they are making to sound chemicals management. This could be facilitated through the dissemination of case studies and the development of guidelines for specific type of projects/sectors in the different focal areas.

163. With greater emphasis in the *Biodiversity* Focal Area on mainstreaming biodiversity in production landscapes and seascapes (SO.2), come greater opportunities for promoting sound chemicals management. Agro-forestry projects addressing mainstreaming of biodiversity are concerned with reducing the inputs of chemicals into the systems that they seek to protect. For example, projects dealing with shade-grown coffee or cocoa promote Integrated Pest Management (IPM) and forbid the use of prohibited chemicals. Agro-forestry practices also reduce the need for synthetic fertilisers. Forest certification schemes typically prohibit the use of the most toxic, persistent and bio-accumulative chemicals. Similarly, principles of ecotourism include reducing the use of synthetic fertilisers and detergents. Other sectors potentially targeted by Biodiversity SO.2 such as oil, mining, and gas, are sectors with important chemicals management considerations which should be taken into account by the GEF Agencies in the course of project preparation and appraisal (e.g. promoting best practices for tailing dams and waste facilities in the mining sector).

164. The relationship of the *Climate Change* Focal Area to the cross cutting issue of chemicals management is three-fold. Firstly, there are the incidental health and environmental benefits resulting from GEF interventions – whether energy efficiency, renewable energy, or sustainable transportation - that displace or reduce the combustion of fossil fuels. These incidental benefits may stem from significant reduction in mercury, SO<sub>2</sub>, NO<sub>x</sub>, polycyclic aromatic hydrocarbons, etc, that would otherwise have been emitted. Secondly, a number of energy efficiency interventions address sectors that potentially release relatively large amounts of chemicals in the environment. For example, steel, chemicals manufacturing, cement, pulp and paper, and textiles. Not only are these GEF supported interventions designed to increase energy efficiency in these sectors, they also typically accompany a cleaner production approach that leads to reducing inputs including water, and reducing releases of toxic chemicals in effluents. Thirdly, there will be cases where there might be trade-offs between reducing greenhouse gas emissions and releases of chemicals in the environment. These trade-offs will be considered and assessed as part of project preparation (e.g. in deciding whether or not to support biofuels, the GEF will take into account the risks of environmental degradation resulting from possible increased use of agrochemicals).

165. With respect to *Adaptation to climate change*, chemicals management considerations come to play at various levels. An example of a possible intervention to adapt to climatic changes is the need to control ‘new’ pests, including vectors for diseases (e.g. malaria), due to the extension of the habitats of these pests. Or, flood control management to protect a particular coastal zone and affected community, where the risk of chemical spills would have to be addressed in developing contingency plans for natural disasters.

166. In the *International Waters* Focal Area, a number of past and planned interventions are directly concerned with chemicals management activities, or with the consequences of chemicals

mismanagement, consistent with the guidance in the GEF Operational Strategy and in Operational Program 10 for persistent toxic substances. In the context of reducing land-based sources of pollution, GEF projects target specific sites of generation, or sectors, such as pesticides misuse in tropical agriculture, toxic contaminants from mining, or industrial pollution discharges. Strategic Objective 3 “Innovative demonstrations addressing key program gaps” targets, amongst other things, persistent toxic substances, beyond the twelve POPs initially addressed by the Stockholm Convention. One particular substance highlighted is mercury.

167. In the *Land Degradation* Focal Area, a number of GEF supported interventions will target the agriculture sector where one of the recognised drivers for terrestrial ecosystem degradation is the mismanagement and overuse of fertilisers and pesticides for short-term economic gain. Projects targeting the agricultural sector are expected to include components that promote sustainable land management policies and practices including the reduction of synthetic pesticide and fertiliser use. All four strategic objectives of the Land Degradation focal area for GEF-4 offer opportunities to promote and/or further research farming practices and systems that emphasize natural biological processes that can reduce the use of costly chemical fertilizers, pest controls and other synthetic farm inputs.

168. The *Persistent Organic Pollutants* and the *Ozone Depletion Substances* Focal Areas are basically supporting chemicals management, although restricted to specific subsets of chemicals. The challenge there is not to build silos but to build upon and expand on the capacities existing in recipient countries. In the POPs focal area in particular, GEF interventions will be nested in the framework of a country’s capacity for sound chemicals management. Proposals to implement the Stockholm Convention can be expected in many countries to include and build on foundational capacities aimed at completing the basic governance framework (policy, law, and institutional capabilities) for chemicals within the country. This will be especially important for countries that lag the farthest behind at putting in place the constituent elements of a governance framework for chemicals, including the Stockholm Convention on POPs, and is expected to concern mostly LDCs and SIDS.

169. With more than 100,000 chemicals traded on the global market, which are potentially spread in the global environment, the GEF recognizes the immense gap in the knowledge on the emissions, fate, effects and interactions of these chemicals, especially in the developing countries. In addition to the work described above, GEF-4 will support targeted research, assessments and exchange of knowledge and information to support developing countries in prioritising and addressing the environmental threats arising from the mismanagement of chemicals.

## **ANNEX 1. COMMENTS RECEIVED FROM COUNCIL MEMBERS**

### **COMMENTS RECEIVED FROM CANADA**

Thank you very much for the opportunity to provide initial comments on the draft GEF focal area strategies. We recognize that the Secretariat hasn't had much time to work on these given the later than expected conclusion of replenishment negotiations. That said, we want to comment the Secretariat for doing a very good job on these draft, in a very short period of time.

#### **General Comments**

Overall, we find that the draft focal area strategy for biodiversity is the best-developed strategy. We find the approach easy to follow and understand and we agree with the focus on four strategic objectives and the reasonable number of outcomes and indicators proposed. We especially like the use of tables to clearly indicate expected outcomes, indicators, targets and sources of verification. This model should be used in the other focal area strategies.

#### **Comments on specific focal area strategies**

##### **1) Climate Change**

- The separation of mitigation and climate change is useful. For adaptation, the proposed indicators need to be further developed. We are concerned that only using the indicators for the focal areas in which the project delivers its global environmental benefits will not demonstrate the rationale for, and added value from, integrating an adaptation component. It may be useful to develop a qualitative indicator that tries to assess increased resilience to the negative effects of climate change as a result of the project. This may not be easy to assess, however the SPA is a pilot, which provides us with an opportunity to try different means of measuring and tracking results. Experience gained by the GEF and its partners in this area could be very useful to the broader adaptation community.
- We would like to suggest that a similar results framework be established for the LDC Fund and the Special Climate Change Fund. This would allow the results of the funds to be clearly demonstrated and it would provide donors with a useful tool for determining the value-for-money that they have received from their contributions to these voluntary funds. This should probably be done in a separate document, consistent with the Council decision on the funds in August.

##### **2) Land Degradation draft strategy**

- Overall, we find that this strategy is the weakest in terms of having well defined objectives, outcomes and targets. We also find that there are too many indicators proposed. In addition to having fewer, more relevant quantitative indicators, greater emphasis should be placed on qualitative indicators, to provide a more balanced picture.

- Concerning strategic objective 4, in para.29, we note that the ability for any country to demonstrate a "functioning institutional set-up" at the national and sub-national levels will be a challenge, particularly for many developing countries for whom synergies is considered a "luxury" endeavor. Even many developed countries would find this a challenge.
- Forest degradation does not seem to be described as an issue in the land degradation focal area strategy although from a reading of the "focal area strategy forests" one might expect it to be. We think that it would be appropriate to modify the former to refer not only to desertification and deforestation ( the permanent removal of forested lands to other uses) but also to forest degradation.

#### Forestry focal area strategy

- In the lead paragraph of the introduction to the "focal area strategy forests" it might add weight by including UN Forum on Forests (UNFF) among the supporters of the sentiments expressed therein.

### COMMENTS RECEIVED FROM GERMANY

#### 1. Draft GEF Focal Area Strategy for Land Degradation

Germany welcomes the new focal area strategy for land degradation as it is clearly oriented towards tackling the main causes of land degradation highlighted in the Millennium Ecosystem Assessment.

The strategic objectives reflect the need of creating the right framework conditions, up scaling best practices and generating knowledge for sustainable land management. The fact that land degradation needs to be addressed through integrated approaches and is closely related to the other focal areas is taken into account through the forth strategic objective, which opens the window for shared financing for project with different eligible global benefits.

The programming targets suggested in the draft programming document also reflect the relative importance of each strategic priority.

We also approve the understanding, that adaptation to climate change in areas prone to desertification shall be addressed through the climate change focal area and the existing special funds (III 8.).

For the further elaboration of the paper we would nevertheless suggest the following Under "III Priority Setting" the definition of what kind of activities are supposed to be eligible under 5 (b) "Promoting sustainable high yielding agriculture" should be further elaborated.

- It has to be made sure that initiatives targeting high yield agriculture are in line with the need for sustainable soil management /soil and water conservation objectives.

- The definition of what is meant by “high yielding agriculture” (“High yielding agriculture refers to farming practices and systems that increase productivity based on natural biological processes that can reduce the use of costly chemical fertilizers, pest controls and other synthetic farm inputs“) should be clarified. In the present form might be interpreted in a way conflicting with biodiversity objectives e.g. by introducing genetically modified species likely to reduce the use of costly chemical fertilizers.
- Under 6 (b) “Sustainable use of groundwater resources for irrigated agriculture” the idea of sustainable soil management under irrigation is missing. Salinization is one of the most serious factors contributing to desertification. It might as well be defined what is meant by sustainable groundwater management. Utilization even of non-renewable groundwater resources for irrigation is widely considered to be a contribution to desertification control despite the fact that salinization and depletion of soil and ground water resources are quite frequent. Thus this point might be clarified.

## **2. Draft GEF Focal Area Strategy for Chemical Management**

Chemicals Management is addressed twofold: as cross cutting issue and as POPs Focal Area.

- We welcome the broader approach of chemicals management as a cross cutting issue which is aiming at the creation of synergies and trade-offs. It is very useful that important linkages are highlighted where focal areas support the general issue of chemicals management.
- Anyhow, the intention of implementing chemicals management as a cross cutting theme should be reflected to some respect in the specific Focal Area Strategies themselves. For the time being, only the International Waters focal area strategy mentions the cross cutting approach of chemicals management, whereas the other focal area strategies do not refer to it. In our view there should be some reference made to the cross cutting approach in the specific strategies and to the fact that proposals and reports should highlight contributions to this approach.
- With respect to the POPs Focal Area Strategy, we generally agree with the outlined priorities and indicators. Especially we appreciate that the focus is shifted to NIP implementation and that projects shall address also the foundational capacities for the sound management of chemicals. The latter is an adequate response to the approval of SAICM, to the debate on synergies between the chemicals related conventions (Basel, Stockholm and Rotterdam) as well as to several invitations made to the GEF to support the sound management of chemicals in general within its mandate.

## **3. Draft GEF Focal Area Strategy for Forest Management**

The present six GEF focal areas provide a wide array of opportunities to address Sustainable Forest Management (SFM) related issues, especially activities on the ground. This underlines the wide variety of possible global benefits forests under SFM can provide. However that way, GEF engagement in sustainable forest management is fragmented throughout several OPs, and SFM activities would mainly take place under the biodiversity, climate change or land-use umbrella.

Support to policy development would address in the first place those policies and not the specific forest policies, such as national forest programmes.

At present, none of the focal areas or operational programs is able to address SFM in a comprehensive manner, taking into account the multifunctionality of forests, and to fully integrate the GEF-philosophy “global benefit” into national forest policies. There is no comprehensive entry point for SFM activities into the GEF and there is not yet a coherent approach to demonstrate the important role of SFM within the GEF. It is in this regard, that we propose to add a reference to the UNFF as the originator and responsible forum for dealing with issues related to the seven thematic elements of SFM:

#### Concrete text-proposal for addition in the Focal Area Strategy Forests

1. The UNCBD, the UNCCD and the UNFCCC, all emphasize the importance of the conservation, sustainable use and management of forests in achieving their respective objectives. [In its Resolution 4/3 “Forest-related monitoring, assessment and reporting: criteria and indicators for sustainable forest management”, The United Nations Forum on Forests UNFF acknowledged at it’s fourth session in 2004 that](#) sustainable forest management (SFM) comprises seven thematic elements (environmental, economic and social) as listed below:<sup>20</sup>....  
- comment on the illustration on page 4: Biodiversity in Agroforestry systems tends to be higher than in plantation forest

Due to the present fragmentation of SFM throughout the GEF it is difficult to present the GEF’s engagement in SFM as a whole; consequently reducing visibility despite the matter of fact that the GEF is investing approx. USD 130 million per annum in SFM projects. There is no comprehensive entry point for SFM activities into the GEF and there is not yet a coherent approach to demonstrate the important role of SFM within the GEF.

Germany therefore believes that improvements are needed to enhance the performance of the GEF in SFM and to facilitate access to GEF funds for projects shaped from the SFM point of view that may create valuable impacts in terms of biodiversity conservation, climate change mitigation, adaptation or sustainable land use. Consequently we propose to establish a special OP on SFM so as to increase the performance of GEF support to this important field of activities.

#### **4. Draft GEF Focal Area Strategy for Climate Change**

##### **a. Mitigation sub-focal area:**

- After extensive discussions on and the international relevance of the Clean Energy Investment Framework (CEDIF) prepared by the World Bank over the last six months it would seem important for a focal area strategy to address more explicitly the analysis on existing financial instruments in that document and the references to strengths and weaknesses of the GEF in that field (pp 22-24). The focus on

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<sup>20</sup> E/2004/42 E/CN.18/2004/17: The United Nations Forum on Forests .....

“market transformation” together with a newly developed qualitative indicator might be a reflection of the CEDIF assessment that:

- “GEF financing has had the greatest potential for market transformation in cases where technical assistance and the limited provision of financing for incentives has been applied to reform policies, to transfer relatively narrowly defined technologies to a well organized recipient industry....” (CEDIF, p. 23 vers. 5. September 2006)
- It would be useful to understand to what extent the World Bank assessment of the comparative roles of GEF and the proposed World Bank Investment Framework is shared/reflected in the Focal Area Strategy, also when it comes to pre-commercial low greenhouse gas-emitting energy technologies, adequacy of resource levels, and accompanying funding strategies. In the current draft this remains unclear. Also in the way activities towards market transformation are being described.
- Re para 5: Will there be efforts to substantiate the quantification of the planned mitigation target of 400 mio tonnes?
- By reading the description on high, medium and low priority programming areas according to the number of relevant countries for that programming area raises the question how this would work in practice under the Resource Allocation Framework.

#### **b. Adaptation Sub-Focal Area**

- Given the focus on learning lessons and gaining valuable experience – how is this going on be addressed in the actual programming? Will there be standards/indicators for what constitutes effective communication of the lessons learned? Will these go beyond workshops and publications?
- How will the lessons from the limited number of existing programmes be made available in the preparation and formulation of adaptation proposals where there is a strong need for conceptual and project design support?
- Why is the focal area strategy limited to SPA and does not include SCCF and LDCF? What are the lessons learned from applying the incremental cost principle under the SPA (“double increment”) for adaptation and are there promising examples of this can be made it work?

### **5. Draft GEF Focal Area Strategy for International Waters**

The GEF International Waters (IW) Focal Area Strategy addresses challenges that evolve from the transboundary use of surface water, groundwater and marine ecosystems. The two main objectives for the IW Focal area since 1995 are to foster international cooperation and to play a catalytic role in addressing transboundary water concerns by „assisting countries to utilize the full range of technical assistance for the economic, financial, regulatory and institutional reforms that are needed“, as well as by active leveraging of co-financing. **OPS 3 concluded that the IW Focal Area is ready to move from enabling activities to scaling up of full operations to address agreed priorities for globally critical transboundary water systems.**

Therefore, the Strategic Objectives during GEF 4 will be the following:

- Catalysing the implementation of agreed reforms and investing in on-the-ground stress reduction investments
- Expanding foundational capacity building to a limited number of new transboundary systems and fostering of replication
- Undertaking of innovative demonstrations addressing key program gaps with a focus on SIDS water supply, coastal protection and IWRM.

Interventions in GEF 4, corresponding to the draft document, will be focussed on the mitigation and prevention of

Land-based pollution  
Depletion of fisheries  
Conflicting uses of water in surface and groundwater basins and the  
Degradation of coastal resources and processes

**We advise the German representative in the GEF Council to support the draft strategy.**

We approve in particular the emphasis that is given to the conflicting uses of surface and groundwater and to the need of projects that support integrated natural resources management across focal areas. We also highly appreciate the exchange of knowledge and experience amongst the counterparts of different riparian countries (south-south cooperation) as it is provided for on page 5, article 17.

However, there is still a need to better address the link between environment and economic and social development: The draft GEF IW Focal Area Strategy corresponds with the just recently published position paper on Transboundary Water Cooperation by the German Government. Nevertheless, for the German Government the main aim of transboundary water cooperation – apart from resource protection as well as crisis and conflict prevention – is poverty reduction. Thus, the Focal Area Strategy should point out that growing scarcity and pollution of water resources may have an adverse effect on economic and social development and that they can exacerbate existing potential for conflicts between riparian states. It should also be mentioned that transboundary water management is to benefit all stakeholders. As the German position paper remarks: „The clearer these advantages are made from the outset, the greater is the riparian states’ willingness to cooperate.“

Regarding the „Expected Outcomes to meet the Strategic Objectives“, some of the indicators could be more significant, for example there should be a more significant definition of the „critical mass“ of projects which will have „successfully demonstrated different innovative policy and cost-effective investment measures...“ (p. 4, article 11. (a)).

**6. Gef Focal Area Strategy „Biodiversity“**

We welcome the Focal Area Strategy for Biodiversity.

Our comments are limited to strategic objective three, capacity building for the implementation of the Cartagena Protocol. The GEF Biosafety Strategy is still under development. Form our

point of view, this strategy has to be improved in several but central aspects, such as the relation between regional and national projects or the cooperation with Regional Centers of Excellence. We will send you today our comments regarding the revised Draft Biosafety Strategy, but we don't want to discuss the draft biosafety strategy in two different documents, in order to avoid misunderstandings. We therefore propose to finalise the discussions regarding the biosafety strategy first. The results shall be intergrated in the Focal Area Strategy afterwards.

### **Comments on the draft biosafety strategy (27.10.2006)**

We welcome the revised draft strategy and the fact that some of our concerns have been taken into account. But some of our concerns raised regarding central aspects of the strategy have not been taken into consideration yet, so that we still feel that the strategy has to be improved in several aspects:

Para 11: Too narrow focus on regional projects, so that national projects seem to be an exemption: With view to ownership and country-drivenness, we feel that each eligible country should have the right to choose the respective approach, within the country's limits regarding the RAF. This would also reflect the MOP 3 decision that mainly refers to national needs.

Para 11: Although the proposed draft strategy no longer refers to activities at the supra-national-level in the context of harmonizing regulatory frameworks, it is now stated that "regional and sub-regional approaches will be promoted based on a previous assessment of potential for coordinating and eventually harmonizing biosafety". Does this mean that in the end each regional biosafety project will try to harmonize the regulatory biosafety frameworks? Please clarify these long-term objectives of the regional and sub-regional projects.

Para 11: We do not support the proposed biosafety capacity building through the existing Regional Centers of Excellence since these Centers do not necessarily support the implementation of the Cartagena Protocol.

Para 18: Could you please provide further information regarding the proposed issue-specific multi-country or regional projects? Due to the broad focus of the Action Plan, could you please specify specific issues and activities?

Para 20: Please clarify the proposed harmonised use of donor assistance and how this shall be integrated into the on-going national coordination processes with view to the imlementation of the Paris Declaration.

Para 20: Furthermore, please clarify what is meant by "Synchronized and synergistic implementation of capacity building activities", does this refer to the activities of the GEF project itself? If this refers to activities of other donors as well, we propose to replace "synchronized and synergistic" by "coordinated" and to insert a reference to the Cartagena Protocol. Furthermore, the link with bilateral activities ought to be limited to those carried out by Parties to the Cartagena Protocol only.

Para 30: GEF activities shall be linked to existing bilateral and multilateral biosafety projects that implement the Cartagena Protocol.

Para 33: We propose to delete the indicator for regional harmonization of biosafety frameworks, because regional harmonization is not the objective of the Cartagena Protocol or this Biosafety strategy.

This list of comments is not exhaustive and refers only to our main concerns and questions. We still have strong concerns regarding the proposed biosafety strategy and look forward to receive the official document for the GEF Council.

#### **COMMENTS RECEIVED FROM JAPAN**

##### **Japan's comments on the draft Focal Area Strategy papers**

As a general comment, it would be very helpful to attach a glossary of acronyms in each strategy paper, or to formulate a glossary sheet for multipurpose.

##### **Climate Change:**

The GEF policy of providing assistance in a way to create wider effects beyond those originally expected from the project should be clear in this focal area with a view to promoting efficient use of resources for projects. As a means to achieve this, funding the development and implementation of policy measures is important.

Adaptation is an intrinsic part of sustainable development. Therefore efforts to mainstream actions on adaptation into national development policies should be supported.

##### **International Waters:**

Regarding equivalents of "enabling activities" in the strategy paper for International Waters, we would like to confirm whether the Secretariat profiles such activities for IW as regular projects (FSPs/ MSPs) or the Secretariat shall expand the application of "enabling activities" concepts (currently applied to Biodiversity, Climate Change, and POPs only) for more focal areas in GEF-4.

##### **Land Degradation:**

Dust and Sandstorms (DSS) in Northeast Asia is one of the negative impacts that land degradation causes, and it brings serious damages to human health, property and ecosystems. It is indispensable for taking effective policy measures to monitor adequately environmental influence with land degradation. Therefore, we propose to revise draft "Strategic Objective 3" as follows.

#### **DRAFT: GEF Focal Area Strategy for Land Degradation**

**Strategic Objective 3: Generating and disseminating knowledge addressing current and emergent issues in SLM**

**20 This objective will:**

**(c) through assessments, monitor at the global and regional levels the status and dynamics of land use/land cover change and its negative impacts.**

**POPs:**

We share the same recognition that the GEF-4 activities in the POPs will shift from preparation to implementation. Also we support that “Strategic Objective 2: Strengthening Capacity for NIP Implementation” promotes the sound management of chemicals through capacity building, which is consistent with the objectives of SAICM.

**Sound chemicals management:**

We welcome the proposal for the “GEF Focal Area Strategy to address the cross cutting issue of Sound Chemicals Management (SCM)”, which will contribute to the global efforts for the sound chemical management. Sound chemical management should be promoted in line with the Strategic Approach to International Chemicals Management (SAICM), adopted by International Conference on Chemicals Management. Therefore, the Strategy should include a reference to SAICM in its introductory part. The proposed studies on good practices or guidelines for projects/sectors in different focal areas should be useful for both recipient countries and those working on SCM from a viewpoint of relevant international agreements.

**Sustainable forest management:**

We support the development of a further operational guidance. In doing so, the Secretariat is reminded of the discussion at C.27 in November 2005, where Council members requested quality assessment of GEF work undertaken on forest as well as the analysis on the gap between the present and the desirable situations.

**COMMENTS FROM NORWAY**

Thank you very much for these drafts. We - that is Norway; the views below have not been coordinated within the constituency - see them as a useful starting point for further work, and agree with the main thrust of setting priorities at an early stage. This will give a far clearer signal to recipients than the current very broad list of objectives.

Clarification of how the GEF obligations on forests and management of chemicals will be supported is particularly important.

The comments below indicate some of the issues that we would like to see more thoroughly discussed, they are not ranked in order of priority. Also, the time given for comments was very short, so we would reserve the right to come back later with further views. We will also come back to the profile of all the documents when the finished version is presented to Council for discussion. In some cases the GEF4 "replenishment documentu is quoted as justification.

In this context we recall that only the policy document is a negotiated and agreed document. The rest of the documents presented in the replenishment process do not prejudice decisions by council whether on resource allocation or on principles.

## **Chemicals:**

In the introductory paragraphs the agreed global strategy for chemicals management, SAICM should be mentioned. It should be underlined that global benefits can be gained from building capacity and establishing institutions, routines and projects for managing chemicals and hazardous waste under the Basle, Rotterdam and Stockholm conventions, and that the common strategic approach is expected to be more cost effective.

We would like to have heavy metals, in particular mercury singled out more than at present. Given the structure of GEFs project portfolio we would expect better management of such hazardous chemicals to be mentioned specifically under biodiversity and international waters.

As for international waters we would also expect to see a particular reference to how OPIO will be further developed with expected outcomes and indicators.

## **Forests :**

In our view the benefits of intact forest ecosystems as well as sustainably managed natural forests to local livelihoods should be underlined in the introduction, not just the current treaties and negotiation processes. Production forests creating monetary value, forest cover providing services such as improving soil water balance and countering erosion and forests supporting indigenous peoples are all important aspects of forest management, supported by many development aid institutions, but the focus of GEFs mandate is to achieve global benefits. We agree that in this context, protecting primary forests and expanding forested areas should have precedence. In particular, mature forests should be mentioned under biodiversity. Under climate change, include the synergies between climate objectives, health and other local benefits from more efficient methods for biomass combustion and charcoal production. Also, we note the importance of preserving forest areas (carbon sequestration) and at the same time allowing for appropriate resource use.

We would like to see explicit cross referencing between the forest objectives and the land degradation strategy extended and we would also like to see a more thorough discussion of deforestation there.

The proposal to elaborate operational guidelines for the June 2007 council meeting is most appropriate.

## **Land degradation:**

The objective of the land degradation focal area is not solely to support the UNCCD. Hence we would like problems of drought, desertification, land degradation as well as role of forests and other vegetative cover for livelihoods in water management and preventing soil erosion to be presented in their own right in the factual introduction rather than just quoting the UNCCD.

The reference to climate change might be clearer if it was stated that all GEF climate change mitigation activities will serve the objectives of avoiding desertification while some of the adaptation funds will benefit this focal area.

"Targetted researchw is mentioned; according to how we interpret the council decision on research funding GEF cannot foot the bill for research to expand knowledge about GEF focal areas, only for research necessary to target problems connected with specific GEF projects. "Targetted research" cannot be reinterpreted away from this decision for one single focal area without renewed discussion in council.

Before land degradation was made a separate focal area for GEF, a number of relevant activities were carried out under other headings. In particular the relevant projects under international waters and biodiversity should now be reclassified. Such a reclassification will also help us to make the efforts that GEF is making in this field more visible in the future.

Given the importance of the land degradation theme that was underlined at the recent assembly, the strategy should also mention the need to bring in other sources of funding besides GEF.

We also read this in conjunction with the draft on SFM, and found references in the present draft to important forestry issues that, in their turn, do not seem to be referred to in the forest draft. Examples: Paras 5 (c), 6 (b) and 7 (c) . Or, at least, they should be better cross-referenced.

We note that the indicators referred to in a number of paras are preliminary. This is just as well: The present selection seems to be dominated by quantity rather than quality, and we would hope to see some of the latter type included (although recognising the difficulties that are often involved).

Para 32: Perhaps you could include an explanation of why these countries will have priority for funding? It is not immediately clear to us.

### **International waters:**

We cannot see that the pollutants from hazardous chemicals which threaten human health globally are covered here. As mentioned above under chemicals, we feel that OPIO is the appropriate programme for this. We would like to see this reflected in the intfoductory priorities, in the principles on portfolio management and in objectives and outcomes.

Issues of conflicting use of groundwaters and some other water issues in connection with desertification might be more efficiently covered in the context of desertification and integrated in the land degradation programme.

Conflict resolution and stability is a most important objective and very relevant both to water and to other natural resources, but well covered by many international institutions. The GEF is not particularly well placed to make this one of its 7 principles for portfolio management in this field, when many other concerns such as poverty alleviation, food security and health are not mentioned.

The outcomes listed under strategic objective 2 with "functional interministerial committees", new "agreements on transboundary waters priorities" should not be formulated in a way that would indicate that GEF funds can be used in general to fund intergovernmental meetings, negotiations or treaty processes.

### **Climate change:**

Given the enormous needs for funding, the mission statement on adaptation should be "to assist developing countries in preparing to address the adverse impacts rather than "in addressing" so as to avoid creating expectations which cannot be met at the present level of GEF funding.

A general principle of assessing production side and demand side measures together so as to find the most efficient solutions should be introduced in the early paragraphs.

Under OP11 e) we agree that supporting advanced transport technology development is not a key future GEF task, while non technology measures such as fuel pricing, tax structures, traffic management and land use planning should be promoted. Given the high health costs, the consequences for land use and the economic loss to society of low efficiency biomass conversion, we feel that in OP6, decentralized rural energy, higher efficiency carbon neutral bioenergy use, in particular for the huge group of users that have little purchasing power, should have a higher priority. Under adaptation, any substantial support to other focal areas -such as protection of coral reefs or protected areas which is mentioned should not be wholly counted under the climate change portfolio, but should be made visible as part of -in this case-GEFs biodiversity activities. Perhaps you could also explain better the rationale behind the prioritisation of programming areas? (We have especially in mind a couple of areas under B). And the proposed timing for phasing out areas (e.g. at the end of GEF 4)? Under B 1) Evolution (p.4): Why would this area "be largely completed by the end of GEF 4?

Under para 10, on the evaluation of the SPA, we would think that the evaluation would bring forth the need, if any, for increasing the resources for this from the GEF TF. It would not seem proper to draw this conclusion in advance. The same point re-appears in para 12 (e) .