

GEF Council Meeting  
May 24, 2010  
Punta del Este, Uruguay

**SUMMARY OF NEGOTIATIONS  
FIFTH REPLENISHMENT OF THE GEF TRUST FUND**

**(PREPARED BY THE GEF SECRETARIAT  
&  
WORLD BANK AS TRUSTEE)**

### **Recommended Council Decision**

The Council, having reviewed the *Summary of Negotiations on the Fifth Replenishment of the GEF Trust Fund* (Document GEF/C.37/3) welcomes the successful conclusion of the replenishment, takes note of the Summary, and endorses the Draft Replenishment Resolution, the policy recommendations, and programming document including the allocation of resources set forth in Table 8 of the programming paper.

The Council requests the CEO/Chairperson of the Facility to transmit this Summary to the World Bank with a request that the World Bank Executive Directors be invited to adopt Annex C to this Summary, Draft World Bank Resolution No. \_\_\_\_, The Global Environment Facility Trust Fund: Fifth Replenishment of Resources, thereby authorizing the World Bank, as Trustee of the GEF Trust Fund, to manage the resources made available under the GEF-5.

## Table of Contents

Summary of Negotiations .....	1
Annex A: GEF-5 Programming Document .....	6
Annex B: Policy Recommendations for the Fifth Replenishment of the GEF Trust Fund .....	101
Annex C: Draft World Bank Resolution No. ____, Global Environment Facility Trust Fund: Fifth Replenishment of Resources .....	125
Attachment 1: Table of Contributions .....	132
Attachment 2: Instrument of Commitment .....	134
Attachment 3: Indicative Encashment Schedule .....	135
Attachment 4: Revised Contribution Amounts .....	136

## SUMMARY OF NEGOTIATIONS

1. Participants to the Fifth Replenishment of the GEF Trust Fund agreed to this Summary of Negotiations for transmittal to the GEF Council, along with the attached documents: *GEF-5 Programming Document for the Fifth Replenishment of the GEF Trust Fund* (Annex A), *Policy Recommendations for the Fifth Replenishment of the GEF Trust Fund* (Annex B), and *Draft World Bank Resolution No. [\_\_\_\_\_], Global Environment Facility Trust Fund: Fifth Replenishment of Resources* (Annex C).

2. This Summary highlights the main items that were considered during the replenishment negotiations. It is not a comprehensive report of all the detailed discussions that took place during the negotiating process. The detailed discussions are documented in the Co-Chairs' summaries of the replenishment meetings.

### **The Replenishment Process**

3. In November 2008, the GEF Council requested the World Bank, as Trustee of the GEF Trust Fund, in cooperation with the CEO and Chairperson of the GEF, to initiate discussions on the Fifth Replenishment of the GEF Trust Fund ("GEF-5"). Accordingly, the Trustee and the GEF Secretariat invited prospective Participants to an initial meeting on November 14, 2008 in Washington, D.C. to plan the replenishment negotiations.

4. Participants welcomed the initiation of the GEF-5 replenishment process and noted the importance of the GEF as the leading multilateral funding mechanism to address global environmental issues and the corresponding multilateral environmental agreements. Participants also expressed their commitment to a significant and substantial replenishment despite the challenges posed by the global financial crisis and impacts on budgetary resources.

5. Participants agreed on the preliminary schedule of subsequent replenishment meetings.<sup>1</sup> In addition, agreement was reached on the overall work plan for such discussions as well as the arrangements for participation in the replenishment discussions. Participants decided that the meetings would benefit from the participation of non-donor recipient country representatives, one seat for each of the four regional groupings (Africa, Asia, Eastern Europe, Latin America and Caribbean). Participants also expanded the observer eligibility to two NGO representatives.

6. It was agreed that the GEF-5 replenishment discussions should include the following subjects: (i) the Fourth Overall Performance Study of the GEF ("OPS-4"); (ii) programming of resources for the GEF-5; (iii) policy recommendations for the GEF-5; and (iv) financial arrangements and burden-sharing for the GEF-5.

---

<sup>1</sup> The following replenishment meetings were held: March 2009, Paris; June 2009, Washington, D.C.; October 2009, Paris; November 13, 2009, Washington, DC; March 9-10, 2010, Rome; May 12, 2010, Paris.

## **Fourth Overall Performance Study of the GEF**

7. Participants reviewed the Fourth Overall Performance Study of the Global Environment Facility (OPS4), an independent evaluation of the operations of the GEF during the fourth replenishment period. The Fourth Overall Performance Study of the GEF (OPS4) concluded that the GEF had delivered positive results, but that the length of the project cycle and the resource allocation framework continued to be of concern. Participants broadly agreed with the findings, and highlighted a number of issues for continued attention in GEF programming and policy direction, including: i) the need to reinforce country ownership; ii) benchmarking, measuring, and reporting actual impacts and outcomes; iii) further streamlining the project cycle; iv) integrating gender and social issues throughout the project cycle; v) resource allocation for LDCs, small island states, and fragile states; vi) the need to define under-funding as it relates to the GEF; and vii) greater involvement of the private sector and CSOs in GEF programs.

## **Programming of Resources under the GEF-5**

8. Participants considered a proposal for the programming of resources in the fifth replenishment period to cover four years (FY10 – FY14) of GEF operations and activities in its six focal areas. The *GEF-5 Programming Document* is attached as Annex A to this Summary.

9. In reviewing the programming of resources for the GEF-5, Participants agreed to the indicative distribution of resources among the GEF focal areas, corporate programs, and other activities set forth as Table 8 in the programming document attached as Annex A to this summary.

10. In discussions on programming areas, Participants reiterated support for a strong GEF replenishment. Most Participants expressed openness to an asymmetric approach to increasing allocations for focal areas and themes, provided the level for each focal area is at least maintained relative to GEF-4 levels.

11. Many Participants highlighted the importance of enhancing private sector engagement, but noted the need for a review of the Earth Fund.

12. There was broad agreement on a program for sustainable forest management.

## **Policy Recommendations for the GEF-5**

13. Participants welcomed commitments by the GEF Secretariat and Agencies to streamline the project cycle, increase alignment of GEF programming with country needs, strengthen the results-based management framework, and enhance accountability to the Conventions.

14. Participants agreed on a set of the GEF-5 Policy Recommendations, based upon the central importance of country ownership. It was agreed that GEF program support should be based upon—and integrated with—existing national programming and planning processes in countries. Voluntary GEF planning tools should be in line with—and not duplicate—existing country planning instruments.

15. Participants expressed broad support for voluntary national portfolio identification exercises, with national authorities in the lead in determining country-specific priorities and for the preparation of national communications to the Conventions directly by countries.
16. Participants emphasized the importance of results and indicators, and welcomed the progress made by the Secretariat on the System for the Transparent Allocation of Resources (STAR). Participants also expressed support for effective coordination between the GEF Secretariat and Implementing and Executing Agencies.
17. The *Policy Recommendations for the Fifth Replenishment of the GEF Trust Fund* is attached as Annex B to this Summary.

### **GEF-5 Financing Framework and Final Pledging**

18. The basic financing framework for the GEF-5 was agreed over the course of several meetings, resulting in a replenishment level for programming in the amount of SDR 2,772 million (USDeq. 4,248 billion). Within this context, most Participants noted the imperative of maintaining fair and equitable burden-sharing.
19. Participants recognized the importance of the GEF as a unique mechanism to address global environmental issues. Contributing to the GEF Trust Fund is one way for governments to comply with their commitments under the multilateral environmental agreements, including commitments to support Fast-Start Financing.
20. GEF Participants warmly welcomed the Russian Federation as a new donor to the GEF.
21. Participants agreed on the seven-month averaging period for setting reference exchange rates (March 1, 2009 to September 30, 2009) for use in the GEF-5. These exchange rates are used to translate GEF-5 donor contributions between SDR values and national currency values for the purpose of burden-sharing in replenishment negotiations.
22. Donors supported a strong and effective GEF-5 replenishment. While many Contributing Participants faced challenging national circumstances, significant efforts were made to achieve the highest possible GEF-5 replenishment level. A number of donor pledges represented significant increases over their GEF-4 contributions, resulting in an overall increase of 52% in new donor funding for GEF-5.
23. The Governments of Austria and Sweden noted that their pledges include amounts in recognition of each Government's announced commitments to support Fast-Start Climate Financing.
24. The Governments of Belgium, France and Sweden noted that their pledges include amounts in recognition of each Government's announced commitments to support Fast-Start Financing for Sustainable Forest Management.
25. Pledged contributions to the GEF-5 are reflected in Attachment 1 in Annex C: *Draft World Bank Resolution No. [\_\_\_\_], Global Environment Facility Trust Fund: Fifth*

*Replenishment of Resources.* These pledged contributions comprise basic and supplementary contributions amounting to SDR 2,262 billion (USDeq. 3,467 billion) and also reflect credits for accelerated encashments in the amount of SDR 15 million (USDeq. 23 million). Additional resources that may become available for programming during the GEF-5 replenishment period include projected investment income to be earned during the GEF-5 replenishment period (FY2011 – FY2014) in the amount of SDR 73 million (USD 112 million) and carryover of previous GEF replenishment resources in the amount of SDR 422 million (USDeq. 646 million). The pledged contribution amount includes an indicative amount calculated by the Trustee for the United Kingdom, which is unable to pledge at this time. If the final pledge from the United Kingdom is less than 90% of the indicative amount, the Draft Replenishment Resolution includes a mechanism by which participants may reduce their contributions so that their share is maintained relative to the share included in Attachment 1.

26. Participants also confirmed that new or additional pledges to the GEF-5 not reflected in Attachment 1 in Annex C, *Draft World Bank Resolution No. [\_\_\_\_], Global Environment Facility Trust Fund: Fifth Replenishment of Resources*, would also be welcomed.

### **Replenishment Resolution**

27. Participants approved the *Draft World Bank Resolution No. [\_\_\_\_], Global Environment Facility Trust Fund: Fifth Replenishment of Resources*, which is in the form of a World Bank resolution and attached as Annex C to this Summary of Negotiations, to be considered by the GEF Council and submitted to the World Bank, as Trustee of the GEF Trust Fund, for adoption by the World Bank Executive Directors.

### **Financial Issues for GEF-5**

28. Participants noted that all Contributing Participants to the GEF-5 should make their best efforts to deposit their Instruments of Commitment or Qualified Instruments of Commitment by November 30, 2010. The Trustee will periodically inform the Council of the status of Instruments of Commitment and Qualified Instruments of Commitment deposited with the Trustee.

29. Participants agreed that contributions made without qualification shall be paid in four equal installments as set out in the replenishment resolution or as agreed with the Trustee provided that the GEF-5 becomes effective by October 31, 2010. Participants further agreed that Contributing Participants depositing Qualified Instruments of Commitment shall use their best efforts to unqualify sufficient amounts of their contributions to pay their installment amounts by November 30 of each replenishment year.

30. Participants agreed that payment may be made in cash upfront or by the deposit of non-negotiable, non-interest bearing demand notes or similar obligations to the account of the Trustee. Unless otherwise agreed with the Trustee, such notes, or similar obligations, will be encashed on an approximately pro rata basis among Contributing Participants. Encashments will be made in accordance with the indicative encashment schedule as set out in the replenishment document or as agreed with the Trustee.

31. The Advance Contribution Scheme for the GEF-5 will become effective on the date when the Trustee has received Instruments of Commitment or Qualified Instruments of Commitment from Contributing Participants whose contributions aggregate not less than SDR 456 million. The GEF-5 will become effective on the date when the Trustee has received Instruments of Commitment or Qualified Instruments of Commitment from Contributing Participants whose contributions aggregate not less than SDR 1.37 billion.

### **Availability of Resources**

32. During the replenishment process, some Participants expressed concern about the status of arrears by some Contributing Participants at the close of the GEF-4 commitment period. In that context, the United States confirmed that it will do its best to reduce its outstanding arrears during the GEF-5 period; in particular, for FY2011 the United States will seek \$30 million for arrears clearance.

33. Three means of deterring arrears should apply under the GEF-5:

(a) the pro rata provision, as set out in Paragraph 8(c) of the GEF-5 Replenishment Resolution;

(b) the continuation of the requirement, first introduced in the GEF-3 Replenishment Resolution, and set out in Paragraph 4(a) of the GEF-5 Replenishment Resolution, that if a Contributing Participant does not make a scheduled payment to the GEF-5 or a Contributing Participant that has deposited a Qualified Instrument of Commitment is unable to unqualify a scheduled contribution to the GEF-5 then such Contributing Participant shall provide the Council with a written explanation from its Minister stating the reason for the arrears or delay and the steps being taken to resolve it; and

(c) confirmation of the provision in the Instrument that voting rights accrue only for the actual contributions paid to the GEF, which confirmation is set out in Paragraph 4(b) of the GEF-5 Replenishment Resolution.

### **Steps towards Concluding the Process of the Fifth GEF Replenishment**

34. Participants requested the CEO/Chairperson of the GEF to forward this Summary, including the attached Annexes, to the GEF Council for consideration at its meeting in Uruguay in May 2010. The GEF Council is invited to take note of the Summary and to endorse the Replenishment Document and its Annexes.

35. Participants also invited the GEF Council to request the CEO/Chairperson of the GEF to transmit this Summary to the World Bank with a request that the World Bank Executive Directors be invited to adopt Annex C to this Summary, *Draft World Bank Resolution No. [\_\_\_\_\_], Global Environment Facility Trust Fund: Fifth Replenishment of Resources*, thereby authorizing the World Bank, as Trustee of the GEF Trust Fund, to manage the resources made available under the GEF-5.



## **ANNEX A: GEF-5 PROGRAMMING DOCUMENT**

## LIST OF ACRONYMS

ABNJ	Areas Beyond National Jurisdiction
ABS	Access and Benefit Sharing
AfDB	African Development Bank
AsDB	Asian Development Bank
BBOP	Business, Biodiversity and Offsets Program
CBD	Convention on Biological Diversity
CEO	Chief Executive Officer (of the GEF)
CHM	Clearinghouse Mechanism
COP	Conference of the Parties (to a convention)
CPF	Collaborative Partnership on Forests
CSO	Civil society organization
CSP	Country Support Program
EBRD	European Bank for Reconstruction and Development
EGTT	Expert Group on Technology Transfer
FAO	Food and Agriculture Organization of the United Nations
FAS	Focal Area Set-aside
GEB	Global Environmental Benefits
GEF	Global Environment Facility
GHG	Greenhouse Gas
HCFCs	Hydrochlorofluorocarbons
IAASTD	International Assessment for Agricultural Knowledge, Science, and Technology for Development
IDB	Inter-American Development Bank
IFC	International Finance Corporation (of the World Bank Group)
IPBES	Intergovernmental Platform on Biodiversity and Ecosystem Services
IPCC	Intergovernmental Panel on Climate Change
IW	International Waters
IWRM	Integrated Water Resource Management
KM	Knowledge Management
LDC	Least Developed Country
LDCF	Least Developed Countries Fund
LME	Large Marine Ecosystem
LULUCF	Land Use, Land Use Change, and Forestry
MDB	Multilateral Development Bank
MDG	Millennium Development Goal
MPA	Marine Protected Area
MRV	Measurable, Reportable, and Verifiable
NAMA	Nationally Appropriate Mitigation Action
NBSAP	National Biodiversity Strategy and Action Plan
NDI	National Dialogue Initiative
NGO	Non-governmental organization
NLBI	Non-Legally Binding Instrument on Forests
ODS	Ozone Depleting Substances
OPS-4	Fourth Overall Performance Study of the GEF
PCB	Polychlorinated Biphenyl

PES	Payment for Ecosystem Services
POPs	Persistent Organic Pollutants
PPP	Public Private Partnership
PTS	Persistent Toxic Substances
RBM	Results Based Management
REDD	Reducing Emissions from Deforestation and Degradation
SAICM	Strategic Approach to International Chemicals Management
SCCF	Special Climate Change Fund
SFM	Sustainable Forest Management
SLM	Sustainable Land Management
SGP	Small Grants Programme
SIDS	Small Island Developing States
SME	Small and Medium Enterprise
STAP	Scientific and Technical Advisory Panel (of the GEF)
TAG	Technical Advisory Group
TFA	Tropical Forest Account
TEEB	The Economics of Ecosystems and Biodiversity
TNA	Technology Needs Assessment
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFF	United Nations Forum on Forests
UNFCCC	United Nations Framework Convention on Climate Change
WHO	World Health Organisation
WSSD	World Summit on Sustainable Development

## EXECUTIVE SUMMARY

1. The GEF's fifth replenishment period will cover GEF operations and activities for the four years from July 1, 2010 to June 30, 2014. The overall approach to programming builds on the achievements of the first four phases of the GEF, and on the refinements made in the focal area strategies during GEF-4. The *GEF-5 Programming Document*, prepared by the GEF Secretariat, builds upon the GEF/R.5/25/CRP.1, *Final GEF-5 Programming Document*, discussed by the Contributing Participants at the March 2010 Replenishment Meeting held in Rome, Italy, and reflects findings from the Fourth Overall Performance Study of the GEF (OPS-4), feedback from the Participants, GEF Agencies, STAP, NGOs, and other stakeholders, and reflects discussions at the COP15 of the UNFCCC.

2. The paper presents, inter-alia: (i) focal area strategies, and cross-cutting theme strategies; (ii) an approach to enhancing engagement with the private sector; (iii) a corporate programs strategy; and (iv) a results-based management framework, including monitoring and reporting on results. The paper presents information on possible programming approaches at different replenishment levels and on different possible programming levels across focal areas.

### *Focal Area Strategies*

3. Overall, the GEF-5 focal area strategies reflect the strategic positioning for GEF-5, and a move towards a transformational scale-up of activities, thereby forming the basis for the proposed GEF-5 replenishment targets.

4. An approach to programming is proposed that will provide opportunities for supporting transformational programs in several countries with the objective of generating significant global impacts, comprised of: (i) support to countries to undertake, on a voluntary basis, *National GEF Portfolio Identification* exercises towards programming GEF resources; and (ii) a *Sustainable Forest Management/REDD-plus Investment Program* and protection of "blue forests" that will combine resources and objectives in more than one GEF-focal area and provide countries with additional resources on top of their respective country allocations.

### *Enhancing Private Sector Engagement*

5. Complementing the focal area strategies is an approach to further enhancing the engagement with the private sector, with the Earth Fund established together with the IFC in GEF-4, as a major element. The outline of a business plan for the Earth Fund is proposed, with the objective of leveraging resources from the private sector and seeking long-term financial sustainability.

### *Corporate Programs Strategy*

6. Supporting the focal area strategies is a revised approach to Corporate Programs, shaped around each country's *National GEF Portfolio Identification Exercise*. It is proposed that the *National Dialogue Initiative* be incorporated into the *Country Support Program*. A highlight of the cross-cutting capacity development activity is the creation of a GEF project management curriculum in collaboration with local/regional universities in recipient countries. The successful

Small Grants Program will be further strengthened with the upgrading of mature country programs in GEF-5. The role of civil society organizations, both in the national planning exercises, and in project implementation will be strengthened. The incipient conflict resolution mechanism, established at the Secretariat in GEF-4, will be provided with a more formal structure and elements in GEF-5.

#### *Results-based Management Framework*

7. Underpinning all of the above is the GEF Results-based Management Framework that aims to link the focal area and corporate program objectives to four strategic corporate goals of the GEF, and to strengthen the monitoring and knowledge management functions in the GEF.

#### *Replenishment Target*

8. The GEF has been replenished with over \$10 billion in its 15-year history, and leveraged these resources four times over. Yet replenishment levels have stayed static, resulting in decreasing real value in successive replenishments. At the same time, the demand for resources to meaningfully tackle global environmental problems is estimated at hundreds of billions of dollars. Therefore, at the outset, it is important to target for GEF-5 a replenishment amount that is both a significant increase, and still manageable for the GEF partnership over the next four years.

9. Based on discussions at the various replenishment meetings, the programming document presents approaches across all focal areas/themes targeting a total replenishment level of \$4.2 billion, which is a 34 percent increase over GEF-4 levels.

## Table of Contents

Introduction.....	12
Programming for GEF-5 .....	12
Strategic Positioning for GEF-5.....	13
Overall Approach to Focal Area Strategies .....	15
GEF Results Architecture.....	16
The Imperative of an Integrated Approach to Global Environmental Goods.....	17
Biodiversity.....	21
Climate Change Mitigation.....	28
International Waters.....	40
Land Degradation.....	48
Chemicals.....	54
Sustainable Forest Management (SFM)/REDD-Plus and Land Use, Land-Use Change and Forestry (LULUCF) .....	60
An Approach to Enhance Engagement with the Private Sector .....	66
Corporate Programs Strategy .....	72
Results-based Management Framework.....	82
Proposed Resource Envelopes for GEF-5.....	87

### Annexes

Annex 1: Expected Private Sector Engagement Outcomes for GEF-5.....	91
Annex 2: GEF Corporate Results Framework .....	95

### Figures

Figure 1: GEF Results Chain .....	17
Figure 2: Technology Development Cycle and Innovation Chain .....	30

### Tables

Table 1: Biodiversity Results Framework .....	25
Table 2: Climate Change Mitigation Results Framework .....	36
Table 3: International Waters Results Framework .....	44
Table 4: Land Degradation Results Framework .....	51
Table 5: Chemicals Results Framework.....	57
Table 6: Sustainable Forest Management/REDD-Plus Results Framework .....	64
Table 7: Capacity Development Results Framework.....	77
Table 8: Proposed Indicative Resource Envelope for GEF-5 .....	88

## INTRODUCTION

1. At the Fifth Meeting for the Fifth Replenishment of the GEF Trust Fund, held in Rome, Italy, on March 9-10, 2010, Participants discussed GEF/R.5/25/CRP.1, *Final GEF-5 Programming Document*, covering, inter-alia: (i) focal area strategies; (ii) an approach to enhancing engagement with the private sector; (iii) a corporate programs strategy, and (iv) a results-based management framework, including monitoring and reporting on results. The programming document introduced replenishment scenarios that reflect approximately 50%, 75%, and 100% increases over the GEF-4 replenishment levels.

2. The 15th Conference of the Parties to the UNFCCC was held in Copenhagen in December 2009. The discussions highlighted, among others, the importance of enhanced action and international cooperation on adaptation and national communications in measurement, reporting and verification of mitigation actions by non-Annex 1 countries. Parties also discussed establishing “a Technology Mechanism to accelerate technology development and transfer in support of action on adaptation and mitigation that will be guided by a country-driven approach and be based on national circumstances and priorities...” There was also recognition of “the crucial role of reducing emission from deforestation and forest degradation and the need to enhance removals of greenhouse gas emission by forests and agree on the need to provide to provide positive incentives to such actions through the immediate establishment of a mechanism including REDD-plus to enable the mobilization of financial resources from developed countries.”

3. The Secretariat has prepared this revised document, GEF/R.5/31, *GEF-5 Programming Document*, for discussion at the May 12, 2010, replenishment meeting, taking into account: (i) the feedback received at the March 2010 meeting; and (ii) the implications of the discussions at the UNFCCC COP15 for GEF replenishment with regard to the climate change focal area and the proposed sustainable forest management program.

## PROGRAMMING FOR GEF-5

4. Following a restructuring in 1994, the GEF Trust Fund was replenished (GEF-1, 1994-1998) at \$2.0 billion for a 4-year period. In 1998, the Trust Fund was replenished at \$2.75 billion (GEF-2, 1998-2002); in 2002, donors committed \$3 billion to GEF-3 (2002-2006); and in 2006, contributing Participants committed \$3.135 billion to GEF-4 (2006-2010). Negotiations on the Fifth Replenishment of the GEF began in March 2009.

5. The Fifth Replenishment period is expected to cover GEF operations and activities for the four years covering July 1, 2010 to June 30, 2014. The focal area strategies are built on work undertaken by the Technical Advisory Groups (TAGs)<sup>1</sup> established by the CEO and on feedback received from the GEF Agencies and other stakeholders.

6. The overall approach to programming in GEF-5 builds on achievements in the pilot and first four phases of the GEF and on the refinements made to the focal area strategies during GEF-4. These strategies, while continuing to address the main objectives of the conventions, are

---

<sup>1</sup> The TAGs are comprised of experts selected by the Secretariat from research institutions and NGOs, STAP panel members, and representatives of the various conventions. The TAGs have been active since January 2009.

designed to be supportive of the sustainable development needs of recipient countries in their pursuit of the millennium development goals, particularly goal #7 on environmental sustainability.

7. Addressing gender and social issues in GEF projects are critical as they are important drivers and incentives for achieving global environmental benefits and for the overall success of the projects. Gender and social issues will be addressed through the focal area strategies and project cycle, particularly with gender sensitive social and economic analysis, gender disaggregated indicators, and monitoring and evaluation exercises.

8. Overall, the GEF-5 focal area strategies reflect: (i) a strategic positioning for GEF-5; (ii) a move towards a transformational scaling-up of activities; and (iii) the associated replenishment target scenarios for GEF-5.

### **Strategic Positioning for GEF-5**

9. The strategic positioning for GEF-5, as first outlined in GEF/R.5/7/Rev.1, and discussed at the First Replenishment Meeting in March 2009, proposed: (i) six strategic elements for GEF-5; and (ii) reforms in five interconnected areas.

### **Six Strategic Elements**

10. The six strategic elements, while reflecting the various strengths that the GEF has developed, also point towards areas where the GEF needs to enhance its involvement:

- (a) Continuing as a key operating entity of the financial mechanism of the major global environmental conventions by providing assistance to a large number of countries through a comprehensive approach employing investment, technical assistance and scientific assessment, and by embodying an integrated approach that links different conventions and focal areas;
- (b) Functioning as the coordinator and/or manager of several funds, building on the track record of managing funds entrusted to the GEF by the United Nations Framework Convention on Climate Change (UNFCCC);
- (c) Pioneering combinations of grant and non-grant instruments to support investments of a transformative scale;
- (d) Maintaining focus on innovation, catalyzing supporting cutting-edge technologies and policy reforms with the objective of enabling replication and scaling-up;
- (e) Enhancing engagement with the private sector, building upon advances made in GEF-4 through the Earth Fund; and
- (f) Refining focal area strategies to reflect the emerging scientific and policy understandings.

11. The six strategic elements are supported by reform proposals covered in GEF/R.5/23, *Policy Recommendations for the Fifth Replenishment of the GEF Trust Fund*.



## **Transformational Scaling-up of Activities**

12. Four replenishments and a pilot phase have provided the GEF resources totaling over \$10 billion over its 15-year history. Having leveraged these resources four times over, the GEF, along with its partner Agencies, has established a strong track-record of catalyzing innovative approaches for investment, technical assistance, and scientific assessment, and of helping developing countries generate global environmental benefits in the context of national sustainable strategies.

13. To place GEF activities in perspective, the demand for resources to meaningfully tackle global environmental problems is estimated at hundreds of billions of dollars. To deal with climate change mitigation, for example, it is estimated by the UNFCCC that \$200 billion per year will be required by 2030 as additional investment, half of it in developing countries, for new low-emission technologies, if emissions are to be reduced by 25 percent of 1990 levels. Moreover, new technologies will need to be developed and implemented to achieve emissions reductions beyond 2020. The Expert Group on Technology Transfer (EGTT) interim report on funding for new technologies estimates an additional \$300 billion to \$1 trillion a year. To reverse rapid degradation of natural resources and to preserve ecosystem services, estimates from intergovernmental and major international processes run as high as \$50 billion per year.<sup>2</sup> The assessment of funding needs of developing countries and countries with economies in transition conducted by independent experts under the Stockholm Convention estimates \$4.85 billion for the period 2010-2014. This is in addition to largely unmet needs of \$3.4 billion for the period 2004-2009 – and these only for the 66 countries that had submitted their national implementation plan at time of the analysis.

14. Therefore, it is important to target an amount for the GEF-5 replenishment that is significant enough to be responsive to funding needs. The programming targets must be achievable for the GEF partnership over the next four years while setting the stage for increasingly more robust replenishments subsequently. A significant increase in the replenishment level over that of the GEF-4 level is essential to ensure that the GEF performs as a credible financial mechanism in fulfilling its current mandate with respect to the various conventions and is also geared to undertake additional mandates that may emerge. The programming strategies for GEF-5 reflect this up-scaling of activities and are in line with the obligations and guidance from the conventions.

15. A replenishment target of \$4.2 billion is proposed, with details for programming targets within the different focal areas and themes.

16. An approach to funding is proposed that will provide opportunities for supporting transformational programs in several countries, which in turn are bound to generate significant global impacts. The steps to the approach are outlined below.

---

<sup>2</sup> UNEP/CBD/WG-R1/2/INF/4, *Review of Implementation of Articles 20 and 21: Review of the availability of financial resources*, June 28, 2007.

### ***National GEF Portfolio Identification Exercise***

17. All recipient countries will have access to GEF resources to undertake, on a voluntary basis, *National GEF Portfolio Identification* exercises that could serve as a basis for seeking GEF support. These plans may be prepared by national steering committees,<sup>3</sup> coordinated by the GEF operational focal point, and linked with other planning processes in the country, including any planning processes of GEF Agencies.

18. The portfolio identification exercises will be used as tools and will build upon the engagement that the GEF Secretariat had with recipient countries at the beginning of GEF-4, when telephone consultations were initiated to discuss programming under the Resource Allocation Framework. The exercises are to indicate the programming directions to be undertaken by countries and should also help to develop better regional programs/projects based on national priorities. The GEF Secretariat will facilitate the portfolio identification exercise, and the GEF will make available financial support of up to \$30,000 to each country under the corporate programs.

19. Portfolio identification exercises, however, will not be a pre-requisite for obtaining GEF grants. Principles of transparency and inclusiveness of national stakeholders, including the community service organizations, will be encouraged in the exercises. For details, refer to the section on corporate program strategy.

### ***Transformative Programs in Sustainable Forest Management/REDD-Plus***

20. Programmatic approaches or major multi-focal area projects that combine resources and objectives in more than one of GEF's focal areas of biodiversity, climate change, and land degradation, aiming for a transformative impact in sustainable forest management, will receive additional resources as incentives on top of their respective country allocations. For details, see the section on Sustainable Forest Management/REDD-Plus.

### **OVERALL APPROACH TO FOCAL AREA STRATEGIES**

21. The focal area strategies and the cross-cutting theme strategies are presented in the context of a GEF Corporate Results-based Management Framework. The focal area strategies cover: (i) biodiversity; (ii) climate change mitigation; (iii) international waters; (iv) land degradation; and (v) chemicals, including POPs and ODS. A strategy is presented for the cross-cutting theme of sustainable forest management. The programming document also outlines an approach towards enhancing engagement with the private sector, a corporate programs strategy, and an approach to implementing the GEF Results-based Management Framework.

22. The focal area strategies are presented in two parts. This document presents brief descriptions of the strategies and the results frameworks against a replenishment target for the focal areas and cross-cutting themes. These focal area results frameworks include indicators and targets that can be aggregated to the portfolio level in support of GEF goals as indicated in

---

<sup>3</sup> This committee could be chaired by the country's GEF operational focal point, and could include, inter-alia, the ministries of environment, agriculture, industry, energy, planning and finance, convention focal points, GEF Agencies, SGP national coordinator, as well as representatives of civil society organizations.

Figure 1. Detailed focal area strategies, supporting the results frameworks, are compiled in an information document, GEF/R.5/Inf.21, GEF-5 Focal Area Strategies, presented for the November 2009 Replenishment Meeting.

23. The implementation of focal area strategies for GEF-5, and the tracking of their implementation through the results frameworks, will be closely aligned with managing performance, measuring results with standardized approaches, assessing risks on an on-going basis, and fostering learning. Results-based management (RBM) has been on the GEF agenda for several years, is codified in GEF policy, embedded in focal area strategies and helps to drive reporting.

### **GEF Results Architecture**

24. The GEF enables countries to generate agreed global environmental benefits and services, and to support global environmental conventions. The proposed results architecture presented in this section identifies four broad, corporate-level strategic goals, each with a select number of indicators and accompanying targets. For some indicators, where targets cannot be set, e.g., new areas of intervention, a baseline will be undertaken for each project and targets will be established at the project-level. The four strategic goals cover all activities under the mandate of the GEF:

- (a) Strategic Goal 1 - Conserve, sustainably use, and manage biodiversity, ecosystems and natural resources globally, taking into account the anticipated impacts of climate change.
- (b) Strategic Goal 2 - Reduce global climate change risks by: 1) stabilizing atmospheric GHG concentrations through emission reduction actions; and 2) assisting countries to adapt to climate change, including variability.<sup>4</sup>
- (c) Strategic Goal 3 - Promote the sound management of chemicals throughout their life-cycle to minimize adverse effects on human health and the global environment.
- (d) Strategic Goal 4 - Build national and regional capacities and enabling conditions for global environmental protection and sustainable development.

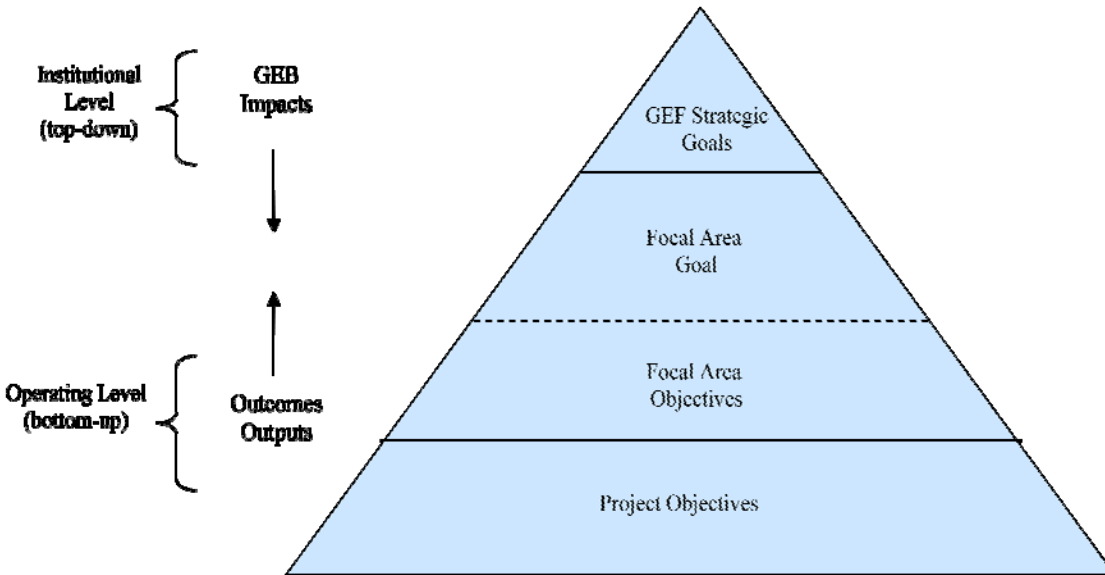
25. Focal area goals and objectives will align to a specific strategic goal. Individual projects will directly reflect the objectives and implementation priorities of countries, and support the contribution to one or more focal areas and GEF strategic goals. The GEF Results Chain, depicted in Figure 1, shows three results levels: project, focal area or portfolio-level, and corporate-level. The GEF Secretariat is responsible for measuring results at the focal area or portfolio-level and at the corporate-level. GEF Agencies will ensure the measurement of results at the project-level.

26. The GEF-5 approach to RBM, the corporate results framework and effective and efficient management indicators are presented in the RBM section.

---

<sup>4</sup> The GEF Trust Fund will provide resources for climate change mitigation, while climate change adaptation will be funded through the Least Development Country Fund (LDCF) and Special Climate Change Fund (SCCF), both UNFCCC funds mandated to be managed by the GEF.

**Figure 1: GEF Results Chain**



### **The Imperative of an Integrated Approach to Global Environmental Goods**

27. One of the major strengths of the GEF as a financial mechanism is its ability to support activities in recipient countries that, within the context of their sustainable development needs, can help meet their commitments to more than one global convention. The major environmental conventions (UNFCCC, CBD and UNCCD, in addition to the non-binding UNFF) have highlighted the inter-linkages that exist between their respective global environmental objectives. These conventions recommend actions to promote complementarity and synergy in seeking multiple environmental benefits, together with avoiding any trade-offs or negative impacts. Therefore, even though the GEF strategies are articulated focal area by focal area, and draw closely on convention guidance, project design and implementation activities can increasingly seek synergies and connections across the different focal areas, reflecting the multiple needs of recipient countries. National Portfolio Identification exercises, if undertaken in a transparent and inclusive manner, provide the opportunity to strategically direct the potential for GEF investments to address multiple objectives.

28. The rationale championed by the GEF for promoting synergies and avoiding trade-offs include: (i) achieving sustained flow of global environmental benefits; (ii) securing multiple global environmental benefits, including in other focal areas, from cost-effective GEF investments in one focal area; (iii) avoiding negative impacts; and (iv) avoiding future adaptation cost.

29. Globally, the climate change problem has been well articulated, and has finally caught the attention of decision-makers at all levels. In its wake there remains a series of other complex interacting drivers impacting natural systems – in particular biodiversity, forests, land, and water. Widespread changes are starting systematically to affect the provision of ecosystem goods and

services, from climate stability globally and regionally all the way to local services on which rural and coastal communities depend for their survival and livelihood on a daily basis.

30. The progressive deterioration in the provision of ecosystem goods and services is being triggered by natural resource management decisions, human population growth and growing per capita consumption, and is being aggravated by climate change. For example, land degradation already affects about 2.6 billion people across more than 100 countries. Degraded land is costly to reclaim and, if severely impacted, diminished ecosystem functions lead to a loss of environmental, social, economic and non-material benefits that are critical for society and for its development options. For example, the financial loss due to land degradation in Latin America and the Caribbean is estimated to be more than 27 billion dollars annually.

31. Access to food and water is threatened in many countries to such an extent that it is emerging as a problem of global proportions, while the competition for access to transboundary water resources has become a national security issue for several nations. With 85% of water use in some countries now being devoted to agriculture, management of hydrological resources represents a critical step in addressing food security. Without it, one billion people and more will still drink from contaminated sources, and hundreds of millions more will continue to lack water for their crops because of upstream over-utilization for irrigation and other purposes.

32. These are not theories about the future. For instance, there are already many transboundary groundwater, river, and lake basins subject to intense conflicts over water use and fisheries depletion. Water, environment, and community security is at risk in these basins, as river flow and aquifer levels are depleted and community livelihoods, food sources, and health are impacted. These multi-country tensions over water resources are being worsened by an increase in extreme events such as floods and droughts and, for example, by the loss of glaciers in South America and South Asia induced by climate change that promises to destabilize societies with water and food shortages. Conversely, better natural resource stewardship and water resource policy reforms reduces the social and economic impact of political turmoil events, or even prevent them from happening in the first place.

33. The situation for the oceans has been equally serious. Many commercial fish species are becoming economically extinct with recent surveys showing 63 percent of fish stocks globally needing intensive management toward rebuilding biomass and diversity due to exploitation. With this level of exploitation, productivity of marine fish stocks has been reduced, fish species composition has been dramatically altered, and fishing effort has increased further in futile attempts to maintain catches at the same levels of return. A recent analysis from the World Bank and FAO calculated an annual loss of about \$50 billion arising from depleted fish stocks and poor fisheries management, with a cumulative trillion dollar economic loss during the last 30 years arising from destructive economic incentives. With coastal ocean temperatures documented to be warming 3-5 times more rapidly than the projections of the Intergovernmental Panel on Climate Change (IPCC), and the capacity of marine ecosystems to sequester one half of the planet's carbon becoming impaired, there is no time to waste if reductions in coastal livelihoods, food security, exports and economic growth are to be reversed. This finding is not exclusive to the impacts in the marine realm; it is widely accepted that the overall costs and risks of climate change will far exceed the cost of action to mitigate emissions over the next few decades.

34. While the more recent focus of the international community is on climate change, the progressive depletion of nature's assets is reflected symptomatically in the mounting loss of biodiversity – estimated at 100 to 1000 times the historical extinction rates. The Millennium Ecosystem Assessment, a major global effort to assess the consequences of ecosystem change for human well-being and to establish the scientific basis for actions needed to conserve and sustainably use ecosystems, reported in 2005 that 60 % (15 out of 24) ecosystem services are being degraded or used unsustainably. Ecosystem loss and degradation of this magnitude, compounded by climate change, further accelerates the loss of species, reduces current and future services to societies, and disproportionately impacts poor people. Unless conservation actions are stepped up in the near future, we may be well beyond the threshold limits of no return for many of the components of biodiversity, the only global environmental good whose loss is irreversible.

35. Cost estimates for reversing these trends run as high as \$50 billion per year.<sup>5</sup> The Economics of Ecosystems and Biodiversity (TEEB) study estimates that per capita “GDP of the poor” in India is estimated to be about \$95 capita per annum after including ecosystem services. If these services were denied, however, the cost of replacing lost livelihood, equity adjusted, would be 50 percent higher. Conversely, the costs of conservation compare in extremely favorable ratios with the benefits they provide. For example, it has been calculated that for an annual investment of US\$ 45 million directed towards protected areas – around a sixth of that needed to manage protected areas worldwide – we could continue to secure ecosystem services provided by protected areas worth some US\$5 trillion (a benefit-cost ratio of 100:1).

36. In essence, wherever we look, it becomes increasingly evident that in the long haul protecting and sustainably managing natural capital is not only a very worthwhile economic investment, but vital to keeping open future human development options. The GEF strategies for the next replenishment cycle reflect this realization and are built upon the experience accumulated over the past 18 years of funding projects and programs across the various focal areas that are integral to the sustainable management of global environmental goods and natural resources.

37. The GEF is well positioned to tackle these challenges in an integrated way because of the existing inter-linkages between its focal areas; which will be developed further to highlight cross-focal synergies and avoidance of trade-offs in the individual focal area strategies. For example, ecosystems (forests, grasslands, wetlands, etc.) are highly vulnerable to the projected climatic changes. According to the IPCC, climate change will lead to “major changes in ecosystem structure and functions, species’ ecological interaction and geographical ranges with predominantly negative consequences for biodiversity and ecosystem goods and services”. Positive synergy is illustrated, where conservation of biodiversity in forests, grasslands and wetlands leads to increased resilience to climate impacts, as well as conservation of carbon sinks. Sustainable forest management practices could provide multiple global environmental benefits while reducing the vulnerability of forest ecosystems to climate impacts, conserving biodiversity and enhancing carbon stocks. Integrated approaches for improved water resources management, as part of “Biodiversity-Land Degradation-Adaptation-International Waters” projects, can help

---

<sup>5</sup> UNEP/CBD/WG-R1/2/INF/4, *Review of Implementation of Articles 20 and 21: Review of the availability of financial resources*, June 28, 2007.

with the transition to the sustainable use of specific landscapes, catchments, seascapes or wetland basins.

38. Climate change directly affects biodiversity and desertification. The more intense and far-reaching climate change is, the greater will be the loss of plant and animal species. Climate change could exacerbate the expansion of degraded lands, deserts and semi-arid regions, potentially leading to further increase in carbon dioxide emissions. This could adversely impact food and grass production in rain-fed land systems, even up to 50 percent in some regions. Sustainable land management can provide multiple global environmental benefits - increasing carbon stocks in soil, vegetation, and litter and reducing agricultural emissions of greenhouse gas. Sustainable forest management practices can also contribute by reducing greenhouse emissions and sequestering carbon.

39. For GEF-5, the climate change mitigation strategy has been designed to help guide developing countries and economies in transition toward a low-carbon development path. This goal will be tackled by promoting the adoption of low-carbon technologies, market transformation in specific industries and in the building sector, as well as sustainable transport in urban systems. The climate change strategy will also include investments in new renewable energy technologies, particularly for least developed countries.

40. Supporting transversal investments in these focal areas, GEF-5's Sustainable Forest Management/REDD-plus and LULUCF strategy will orient the programming of resources for managing forest ecosystems to securing multiple environmental benefits, particularly those related to the protection and sustainable use of biodiversity, climate change mitigation and adaptation, and combating land degradation. These objectives are consistent with those permeating the GEF focal areas of Biodiversity, Climate Change, International Waters, and Land Degradation, and will be brought together in comprehensive and cost-effective projects and programs to address forest management across all types of forests.

### *Focal Area Strategies*

41. The next section contains strategies in the different focal areas and cross-cutting themes. The description of each focal area strategy is followed by a description of deliverables against an overall replenishment target of \$4.2 billion.

42. Table 8 sets forth proposed indicative funding levels for each focal area and cross-cutting theme, for an illustrative replenishment target of \$4.2 billion. Within each focal area/theme, the strategies propose illustrative resource programming levels for each objective with associated results indicators and targets. It is important to note that programming will be largely determined by the resource allocation system, the priorities expressed by countries with regard to their allocations in each focal area, as well as actual financial events in the GEF Trust Fund. Under an operational system so responsive to country needs, proposed focal area objective resource programming levels are difficult to impose, and therefore it is difficult to systematically achieve the associated results targets. Therefore, these proposed programming levels and results targets should be viewed as indicative.

## BIODIVERSITY

43. Biodiversity is defined as “the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species, and of ecosystems.”<sup>6</sup> As such, biodiversity is life itself, but it also supports all life on the planet, and its functions are responsible for maintaining the ecosystem processes that provide food, water, and materials to human societies. Thus the interventions identified in the biodiversity strategy are integral components of any effective approach for human adaptation to climate change.

44. Biodiversity is under heavy threat and its loss is considered one of the most critical challenges to humankind. The interim report of the global study, “The Economics of Ecosystems & Biodiversity (TEEB)” reinforces the conclusion of the Millennium Ecosystem Assessment that ecosystem services are being degraded or used unsustainably with severe socio-economic consequences for human societies and for the future of all life on the planet.<sup>7</sup>

45. The Millennium Ecosystem Assessment identified the most important direct drivers of biodiversity loss and degradation of ecosystem goods and services as habitat change, climate change, invasive alien species, overexploitation, and pollution. These drivers are influenced by a series of indirect drivers of change including demographics, global economic trends, governance, institutions and legal frameworks, science and technology, and cultural and religious values.

46. The GEF-5 strategy will maintain coherence with the GEF-4 strategy and address a subset of the direct and indirect drivers of biodiversity loss and focus on the highest leverage opportunities to conserve and sustainably use biodiversity. The ninth meeting of the Conference of the Parties of the Convention on Biological Diversity (COP-9) acknowledged that the GEF-4 strategy served as a useful starting point for the GEF-5 strategy and requested GEF to build on it for the fifth replenishment based on the four year framework of program priorities developed by COP-9.<sup>8</sup> Refinements to the strategy’s objectives are introduced based on COP-9 guidance, advances in conservation practice, and advice from the Scientific and Technical Advisory Panel of the GEF.

47. The goal of the biodiversity focal area is the conservation and sustainable use of biodiversity and the maintenance of ecosystem goods and services. To achieve this goal, the strategy encompasses the five objectives listed below:

- (a) improve the sustainability of protected area systems;
- (b) mainstream biodiversity conservation and sustainable use into production landscapes/seascapes and sectors;
- (c) build capacity to implement the Cartagena Protocol on Biosafety;
- (d) build capacity on access to genetic resources and benefit-sharing; and
- (e) integrate CBD obligations into national planning processes through enabling activities.

---

<sup>6</sup> Convention on Biological Diversity.

<sup>7</sup> Millennium Ecosystem Assessment 2005, Ecosystems and Human Well-being: Synthesis, Island Press, Washington DC.

<sup>8</sup> Decision CBD COP IX/31.



### *Programming for Replenishment Target<sup>9</sup>*

\$4.2 billion replenishment (\$ 1.2 billion allocated to the biodiversity focal area, respectively, which will potentially leverage about \$3 billion.)

48. The GEF has been widely recognized as the world's most important facility for creating and improving the management of protected areas globally and the key catalyst to the global achievement of 10% of the world's terrestrial areas under protection. However, much more remains to be done, given the uneven distribution of protection within terrestrial ecoregions (some are well above the 10% target, others below) and with regard to conservation of the marine environment, where only 5.9% of the world's territorial seas and less than one-percent of the high seas are protected.

49. The achievements made by the global community with GEF support must be further consolidated through enhancing the sustainability of protected area systems such that they continue to deliver the global benefits of: (i) biodiversity (indirect use and option values, and existence values particularly with regards to threatened species); (ii) provision of ecosystem goods and services, including contributions to climate mitigation; and (iii) ecosystem-based adaptation. Therefore, an investment of \$ 700 million will be made to improve the management effectiveness of protected areas covering an estimated 170 million hectares, thus continuing GEF's prioritization in helping countries implement their obligations under the CBD Programme of Work on Protected Areas. The additional investment in 170 million hectares of protected areas under effective management for biodiversity conservation would total about 14 % of the area of existing terrestrial protected areas in GEF-eligible countries or about 23 % of the area of existing marine protected areas in GEF-eligible countries.

50. Support to mainstreaming under targeted at \$250 million is expected to lead to sustainable use and management of biodiversity in the productive landscapes or seascapes of about 60 million hectares.

51. Therefore, coverage of the portfolio as measured in an increase in surface area under improved biodiversity conservation and sustainable use (objectives one and two of the strategy), will reach approximately 230 million hectares under this replenishment scenarios.

52. Support to capacity building on biosafety (objective three of the strategy) at this replenishment level (\$ 40 million) will allow those countries who have not yet implemented national biosafety frameworks to do so while dedicating the remaining resources to regional and thematic projects as outlined in the Council-approved biosafety strategy. Finally, initial capacity building support will be provided in access and benefit sharing (\$40 million) in response to existing COP guidance and emanating from an agreed international regime at COP-10 (objective four of the strategy).

53. Consistent with the criteria identified below for special initiatives to be funded by the Focal Area Set-Aside (FAS), the biodiversity focal area will partner with the international waters focal area and set aside \$25 million from the FAS to initiate a global pilot program focused on

---

<sup>9</sup> The results framework for the GEF-5 biodiversity strategy is outlined in Table 1 along with expected key outputs.

the protection of marine biodiversity in “Areas Beyond National Jurisdiction” (ABNJ). This investment will complement GEF’s continued focus on increasing marine protected area coverage under national jurisdiction given that about 50% of the Earth’s surface is considered the high seas, or marine areas beyond national jurisdiction. These offshore areas harbor about 90% of the Earth’s biomass and host a diversity of species and ecosystems, many of which are yet to be discovered. As a result, protection of the high seas has become an emerging priority in biodiversity conservation. Although conservation and management of high seas marine protected areas pose a number governance challenges and legal issues, the GEF believes that it is important to begin learning how to implement and manage marine protected areas in the waters beyond national jurisdiction. The proposed pilot is consistent with CBD COP Decision IX/20.

54. The IPCC has been responsible both for the resolution of important scientific questions related to the nature and extent of the global warming problem, as well as for ensuring those contributions effectively permeate the policy debate at the highest levels. However, the science-policy interface for biodiversity and ecosystem services is fragmented inside and outside of the CBD, impeding a similar incremental process from occurring for the important problem of biodiversity loss and ecosystem degradation. Policy making in biodiversity conservation and ecosystem management at all levels can be further strengthened if supported by credible, legitimate and salient scientific findings and recommendations which are provided by an intergovernmental science-policy platform, that builds on the GEF-funded Millennium Ecosystem Assessment findings. To address this need, CBD COP IX agreed to explore the establishment of an Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES). The twenty-fifth session of the UNEP Governing Council/Global Ministerial Environmental Forum adopted Decision 25/10 on the intergovernmental science-policy platform on biodiversity and ecosystem services, which accords UNEP the mandate to continue to facilitate discussions on strengthening the science-policy interface on biodiversity and ecosystem services. Supporting this emerging initiative could be undertaken through a contribution from the FAS.

#### ***Focal Area Set-Aside (FAS)***

55. Countries will be able to access the focal area set-aside funds (FAS) to implement enabling activities for an amount up to \$500,000 on an expedited basis. A total of \$ 40 million will be available for this support through Objective Five of the strategy. Enabling activity support could be provided for revising National Biodiversity Strategies and Action Plans (NBSAPs) in line with the CBD’s new strategic plan to be adopted at COP-10, national reporting, and implementation of guidance related to the Clearing House Mechanism (CHM).

56. The remaining funds in FAS, after the contribution to the ABNJ program described above, will be used to address supra-national strategic priorities or to incentivize countries to make substantive changes in the state of biodiversity at the national level through participation in global, regional or multi-country projects. Projects supported with FAS funds will meet some or all of the following criteria: (i) relevant to the objectives of GEF’s biodiversity strategy; (ii) support priorities identified by the COP of the CBD; (iii) high likelihood that the project will have a broad and positive impact on biodiversity; (iv) potential for replication; (v) global demonstration value; and (vi) contribute to global conservation knowledge through formal experimental or quasi-experimental designs that test and evaluate the hypotheses embedded in

project interventions. An incentive system would operate for all regional projects whereby participating countries would receive resources from the FAS proportionate with the amount of resources dedicated to a project from their national allocation.

**Table 1: Biodiversity Results Framework<sup>10</sup>**

**Goal:** Conservation and sustainable use of biodiversity and the maintenance of ecosystem goods and services.

**Impacts:**

Biodiversity conserved and habitat maintained in national protected area systems.

Conservation and sustainable use of biodiversity integrated into production landscapes and seascapes.

**Indicators:**

Intact vegetative cover and degree of fragmentation in national protected area systems measured in hectares as recorded by remote sensing.

Intact vegetative cover and degree of fragmentation in production landscapes measured in hectares as recorded by remote sensing.

Coastal zone habitat (coral reef, mangroves, etc) intact in marine protected areas and productive seascapes measured in hectares as recorded by remote sensing and, where possible, supported by visual or other verification methods.

Objectives	Expected Outcomes and Indicators	Outcome targets for \$4.2 billion Target	Core Outputs
Total Focal Area Allocation		\$1.20 billion	
Sustainable Forest Management/REDD-plus		\$130 million	
Objective 1: Improve Sustainability of Protected Area Systems	<p>Outcome 1.1: Improved management effectiveness of existing and new protected areas. <i>Indicator 1.1: Protected area management effectiveness score as recorded by Management Effectiveness Tracking Tool.</i></p> <p>Outcome 1.2: Increased revenue for protected area systems to meet total expenditures required for management. <i>Indicator 1.2: Funding gap for</i></p>	<p>\$ 700 million</p> <p>Eighty-percent (80%) of projects meet or exceed their protected area management effectiveness targets covering 170 million hectares of existing or new protected areas.</p> <p>Eighty-percent (80%) of projects meet or exceed their target for reducing the protected area management funding gap in protected area systems that develop and</p>	<p>Output 1. New protected areas (number) and coverage (hectares) of unprotected ecosystems.</p> <p>Output 2. New protected areas (number) and coverage (hectares) of unprotected threatened species (number).</p> <p>Output 3. Sustainable financing plans (number).</p>

<sup>10</sup> Biodiversity tracking tools have been developed and are now in use for GEF projects in protected areas (objective one), biodiversity mainstreaming including invasive alien species management frameworks (objective two), and biosafety (objective three) and can be found at: <http://gefweb.org/interior.aspx?id=230>. A tracking tool for objective four on Access to Genetic Resources and Benefit Sharing will be developed as the activities of the objective are finalized in response to the outcome of the current negotiations of the international regime on ABS.

Objectives	Expected Outcomes and Indicators	Outcome targets for \$4.2 billion Target	Core Outputs
	<i>management of protected area systems as recorded by protected area financing scorecards.</i>	implement sustainable financing plans.	
Objective 2: Mainstream Biodiversity Conservation and Sustainable Use into Production Landscapes, Seascapes and Sectors	<p>Outcome 2.1: Increase in sustainably managed landscapes and seascapes that integrate biodiversity conservation. <i>Indicator 2.1: Landscapes and seascapes certified by internationally or nationally recognized environmental standards that incorporate biodiversity considerations (e.g. FSC, MSC) measured in hectares and recorded by GEF tracking tool.</i></p> <p>Outcome 2.2: Measures to conserve and sustainably use biodiversity incorporated in policy and regulatory frameworks. <i>Indicator 2.2: Policies and regulations governing sectoral activities that integrate biodiversity conservation as recorded by the GEF tracking tool as a score.</i></p> <p>Outcome 2.3: Improved management frameworks to prevent, control and manage invasive alien species <i>Indicator 2.3: IAS management framework operational score as recorded by the GEF tracking tool.</i></p>	<p>\$250 million</p> <p>Sustainable use and management of biodiversity in 60 million hectares of production landscapes and seascapes.</p> <p>Fifty-percent (50%) of projects achieve a score of six (6) (i.e., biodiversity conservation and sustainable use is mentioned in sector policy through specific legislation, regulations are in place to implement the legislation, regulations are under implementation, implementation of regulations is enforced, and enforcement of regulations is monitored)</p> <p>Eighty-percent (80%) of projects meet or exceed their target for a fully operational and effective IAS management framework.</p>	<p>Output 1. Policies and regulatory frameworks (number) for production sectors.</p> <p>Output 2. National and sub-national land-use plans (number) that incorporate biodiversity and ecosystem services valuation.</p> <p>Output 3. Certified production landscapes and seascapes (hectares).</p>

Objectives	Expected Outcomes and Indicators	Outcome targets for \$4.2 billion Target	Core Outputs
Objective 3: Build Capacity for the Implementation of the Cartagena Protocol on Biosafety (CPB)	Outcome 3.1 Potential risks of living modified organisms to biodiversity are identified and evaluated in a scientifically sound and transparent manner <i>Indicator 3.1: National biosafety decision-making systems operational score as recorded by the GEF tracking tool</i>	\$40 million  Eighty-percent (80%) of projects meet or exceed their target for a fully operational and effective biosafety framework.	All remaining eligible countries (about 60-70 depending on programming for rest of GEF-4) have national biosafety decision-making systems in place.
Objective 4: Build Capacity on Access to Genetic Resources and Benefit Sharing	Outcome 4.1: Legal and regulatory frameworks, and administrative procedures established that enable access to genetic resources and benefit sharing in accordance with the CBD provisions <i>Indicator 4.1: National ABS frameworks operational score as recorded by the GEF tracking tool (to be developed)</i>	\$ 40 million  Eighty-percent (80%) of projects meet or exceed their target for a fully operational and effective ABS framework.	Access and benefit-sharing agreements (number) that recognize the core ABS principles of Prior Informed Consent (PIC) and Mutually Agreed Terms (MAT) including the fair and equitable sharing of benefits.
Objective Five: Integrate CBD Obligations into National Planning Processes through Enabling Activities	Outcome 5.1 Development and sectoral planning frameworks at country level integrate measurable biodiversity conservation and sustainable use targets. <i>Indicator 5.1: Percentage of development and sectoral frameworks that integrate measurable biodiversity conservation and sustainable use targets.</i>	\$ 40 million  50% of parties that revise NBSAPs successfully integrate measurable biodiversity conservation and sustainable use targets into development and sectoral planning frameworks.	Number and type of development and sectoral planning frameworks that include measurable biodiversity conservation and sustainable use targets.

## CLIMATE CHANGE MITIGATION

57. The Fourth Assessment Report of the IPCC concludes that climate change due to human activities is unequivocal and that global greenhouse gas (GHG) emissions will continue to grow over the next few decades with current climate change policies and development practices. It is widely recognized that the overall costs and risks of climate change will far exceed the cost of action to mitigate climate change.

58. As an operating entity of the financial mechanism of the UNFCCC, since its inception in 1991, the GEF has invested \$2.7 billion in financing climate change mitigation and enabling activities, and has leveraged more than \$17 billion additional investment. The GEF has become the largest public-sector funding source to support the transfer of environmentally sound technologies to developing countries.

### *Guiding Principles*

59. Development of GEF-5 strategy in the climate change focal area has drawn on past experience, and has been guided by three principles: (i) responsiveness to Convention guidance; (ii) consideration of national circumstances of recipient countries; and (iii) cost-effectiveness in achieving global environmental benefits. GEF-5 will endeavor to make a transformative impact in helping GEF-recipient countries to move to a low-carbon development path through market transformation and investment in environmentally sound, climate-friendly technologies.

60. Recent decisions reached by the UNFCCC COP have given guidance to the GEF particularly in the areas of development and transfer of environmentally sound technologies and land use and land-use change. At COP13, the GEF was requested to elaborate a strategic program to scale up the level of investment in technology transfer to help developing countries address their needs for environmentally sound technologies. COP14 welcomed the program presented by the GEF as a step toward scaling up the level of investment in technology transfer to developing countries and renamed it Poznan Strategic Program on Technology Transfer. The COP14 decision also requested the GEF to consider long-term implementation of a strategic program on technology transfer. The Parties at COP15 emphasized the need for “a Technology Mechanism to accelerate technology development and transfer in support of action on adaptation and mitigation that will be guided by country-driven approach and be based on national circumstances and priorities.”

61. The discussions at COP15 stressed a few key features to the efforts on national communications. First, it specified three elements that need to be included in the national communications from non-Annex 1 Parties: (i) mitigation actions subsequently taken and envisaged, including national inventory reports; (ii) the results of each Party’s domestic measurement, reporting and verification of mitigation actions; and (iii) information on the implementation of mitigation actions, with provisions for international consultations and analysis under clearly defined guidelines that will ensure that national sovereignty is respected. Second, it was suggested that national communications of non-Annex 1 Parties will be reported every two years. It further states the need to provide positive incentives to reducing emissions from deforestation and forest degradation through the immediate establishment of a mechanism including REDD-plus, which may require some form of additional measurement, reporting,

verification, and capacity building. Finally, there was focus on enhanced action and international cooperation on adaptation is urgently required to ensure implementation of the Convention by enabling and supporting the implementation of adaptation actions.

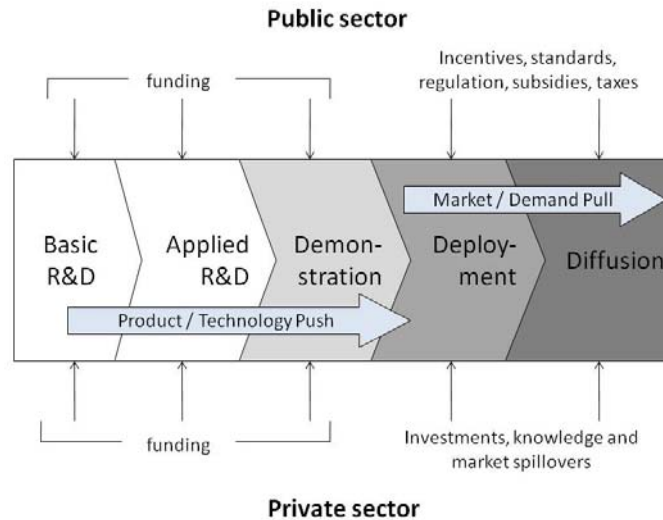
62. On LULUCF, COP12 requested the GEF to explore options for undertaking land use and land-use change projects within the climate change focal area in light of past experience. Finally, the Bali Action Plan also highlighted new issues such as establishing measurable, reportable, and verifiable (MRV) systems for nationally appropriate mitigation actions (NAMAs) by developing countries in the context of sustainable development, supported and enabled by technology, financing, and capacity building.

63. GEF-recipient countries vary significantly in terms of their stage of development, technical and institutional capacity, and market potential to reduce GHG emissions. The GEF-5 climate change strategy endeavors to provide options for countries with different national circumstances to tackle climate change mitigation while supporting sustainable development. The GEF will make concerted efforts to integrate the outcomes of the technology needs assessments (TNAs) and national communications to the UNFCCC, as appropriate, with the other programming objectives under its climate change focal area.

64. The GEF-5 climate change strategy promotes a broad portfolio of environmentally sound, climate-friendly technologies to achieve large GHG reductions in GEF-recipient countries in accordance with their respective national circumstances. The portfolio will include technologies at various stages of the technology development cycle and innovation chain, focusing on market demonstration, deployment, and diffusion, and will involve a combination of technology push and market pull interventions (see Figure 2).



**Figure 2: Technology Development Cycle and Innovation Chain<sup>11</sup>**



65. In GEF-5, a national planning process will be introduced to support countries in identifying priority areas for GEF support in line with the countries' development objectives and climate change policy and strategies. Programming of GEF resources at the country level will be based on the priority sectors, technologies, and activities identified by the countries themselves. The GEF will endeavor to make transformational impacts in GEF-recipient countries, taking national circumstances into consideration. The use of non-grant instruments will be promoted in countries where conditions are suitable and demand exists in order to catalyze commercial financing and leverage investment from the private sector. Building on previous experience, engagement with the private sector will be enhanced and expanded, including with small and medium enterprises (SMEs) in developing countries.

66. In large developing countries and emerging economies, GEF intervention will emphasize opportunities to bring about large GHG reductions, such as market transformation in the building, industry, and transport sectors. In relatively small and low-income countries, GEF support will focus on investment as well as technical and institutional capacity building while promoting energy access through renewable sources of energy. Technology transfer will be promoted in all GEF-eligible countries and at various stages of the technology development cycle. In large developing countries and emerging economies with strong technical capacity and market potential, emphasis will be placed on market demonstration and commercialization of innovative, emerging technologies; in small, low-income countries, GEF support will focus on deployment and diffusion of commercially available technologies through investment, capacity building, and technology cooperation.

67. Following the Poznan technology transfer initiative supported by the GEF, and recent discussions at COP15 regarding the establishment and operation of technology centers and

<sup>11</sup> Source: Adapted from IPCC, 2007: Technical Summary, in Climate Change 2007: Mitigation, Contribution of Working Group III to the Fourth Assessment Report of the IPCC.

network, the GEF is prepared to undertake these responsibilities during GEF-5, if Parties of the UNFCCC so decide and the Council approves.

68. In countries and regions experiencing large GHG emissions from deforestation and forest degradation, the GEF will promote LULUCF activities aimed at reducing forest emissions and promoting forest conservation, afforestation and reforestation, and sustainable forest management.

69. The GEF will continue to support capacity building under the Convention especially investments in national communications. These activities will be guided by COP and Council directions and decisions.

70. Furthermore, the GEF can play a useful and growing role in the emerging carbon markets, which are expected to increase rapidly in the future. The GEF is uniquely positioned to expand its engagement in the carbon markets given its extensive network of partner institutions, its rich experience in financing clean energy and sustainable urban transport and in promoting the transfer of a broad range of environmentally sound technologies, and finally its strong track record in reducing GHG emissions cost-effectively from its investments. In fact, GEF's early intervention in many cases – be it demonstrating technologies for landfill gas and coalbed methane utilization or putting policy and regulatory frameworks in place to stimulate investment in renewable energy – has laid the foundation for carbon markets to function and replicate subsequently.

71. Options to be explored by the GEF to support the carbon markets may include: (i) capacity building to help create enabling legal and regulatory environments; (ii) support of programmatic carbon finance and other activities under the post-2012 climate regime; (iii) demonstration of technical and financial viabilities of technologies; (iv) partial risk guarantees and contingent financing for carbon finance projects; and (v) co-financing of innovative projects, with credits to be retained in the recipient country for further project replication. GEF engagement in carbon finance activities will complement other programs and reforms in GEF-5.

72. Finally, the GEF will strive to play a complementary role to the existing climate funds and emerging mechanisms in the post-Copenhagen financial architecture. The GEF has a unique history and rich experience in operating the financial mechanism of the UNFCCC. It has supported enabling activities and climate change mitigation and adaptation projects in more than 150 countries, including extensive engagement with LDCs and a wide range of other developing countries and economies in transition. GEF success in capacity building and technical assistance has often gone hand-in-hand with investment activities. Capacity building alone has often been insufficient to get climate-friendly technologies adopted and disseminated. A more comprehensive approach, including both capacity building and investment in a broad spectrum of activities at various stages of the technology development cycle, has proven to be more robust and effective in deploying and disseminating climate-friendly technologies in the developing world.

## *Goal and Objectives*

73. The overall goal of the GEF in climate change mitigation is to support developing countries and economies in transition toward a low-carbon development path. The long-term impacts of the GEF's work will be slower growth in GHG emissions to the atmosphere from GEF-recipient countries and contribution to the ultimate objective of the UNFCCC, which is to achieve "stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system." Attempts will be made to promote cross-focal area integration and synergy so as to enhance the cost-effectiveness of GEF investments.

74. The climate change mitigation strategy for GEF-5 will consist of six objectives (see Table 2). The first objective will focus on innovative, emerging low-carbon technologies at the stage of market demonstration or commercialization where technology push is still critical. The second through fifth objectives will focus on technologies that are commercially available but face barriers and require market pull to achieve widespread adoption and diffusion. The last objective is devoted to supporting enabling activities and capacity building under the Convention.

75. National communications have played a foundational role, focusing on GHG inventory, vulnerability assessment, as well as policy, regulatory frameworks, and national priority setting and capacity development. When Parties become signatories to the UNFCCC, they are essentially obligated to incorporate the aims of the Convention into national regulatory frameworks, laws, policies, and priority setting, and are often supported in so doing by the GEF through foundational activities. Countries need to report on progress to the Convention, and the GEF has been funding these processes in part through enabling activities, including national communications. Evidence from the country portfolio evaluations and the OPS4 country case studies, as well as reviews of terminal evaluations of enabling activities, demonstrates that countries have used GEF support to introduce new policies and to develop the requisite environmental legislation and regulatory frameworks. In the context of the UNFCCC, evaluations have identified the following specific roles and achievements of national communications:

- (a) capacity building of institutions and human resources;
- (b) public awareness among different stakeholders and introducing the topic of climate change in national agendas;
- (c) improvements in the enabling environment by supporting the implementation of national priorities, developing new policies and identifying actions for mitigation and adaptation linked to sustainable development;
- (d) fulfillment of convention requirements: GHG inventories, vulnerability assessment and action plans for mitigation and adaptation; and
- (e) frameworks for further GEF and other financial institutions support.

76. The need for and importance of national communications, as emphasized at COP15, implies that the content of national communications should be further improved through international support. In GEF-5, based on expressed interest and relevant future COP guidance,

support will also be provided for expanded national communications following the outcomes of COP15. This translates into a need for an expansion of the current capacity building role of the GEF in the area of national communications. This could include additional resources to assist countries with the development of greenhouse gas inventories, including the development and provision of training and analytical tools (e.g., models). Many developing countries require assistance with various technical issues related to inventories, such as emissions factors and other data issues. Training and analytical tool development is also required for vulnerability assessments and adaptation studies. The GEF can assist countries to identify and finance national appropriate mitigation actions, through national communications.

### ***Programming for Replenishment Target***

#### \$4.2 billion replenishment target (\$1.35 billion allocated to climate change mitigation)

77. Under the \$4.2 billion replenishment scenario, the focus for climate change mitigation in GEF-5 will generally follow the path of the past 18 years, but will be more inclusive than the GEF-4 climate change strategy, and will place more emphasis on transformational impacts, programmatic approaches, and sectoral issues. It will respond to the COP decision requesting the GEF to consider long-term implementation of a strategic program on technology transfer, as well as other existing and emerging decisions related to LULUCF, enabling activities, and capacity building. GEF support will largely focus on commercial technologies and cost-effective opportunities to reduce greenhouse gas emissions in GEF-recipient countries through capacity building, technical assistance, as well as investments.

78. Under the \$4.2 billion replenishment scenario, opportunities under Objective 1 (demonstration and transfer of innovative low-carbon technologies) will be pursued in a few well-targeted markets, given the relatively high capital requirements and limited availability of resources to meet competing priorities for the majority of GEF-recipient countries. The proposed budget associated with this objective is \$300 million. GEF investments in programs under Objectives 2-4 (energy efficiency, renewable energy, and sustainable transport) will be expanded and broadened, building on the past success and emerging experience, with more emphasis on programmatic approaches to achieve large-scale tangible results and GHG impact. The proposed budget is \$250 million for energy efficiency, \$320 million for renewable energy, and \$250 million for low-carbon transport and urban systems (see Table 2).

79. The proposed budget for LULUCF (Objective 5) will stand at \$50 million; additionally, \$100 million will be contributed to SFM. Although relatively small compared with other climate change mitigation objectives, this amount in fact represents a significant increase from the very modest LULUCF portfolio introduced in GEF-4 in the climate change focal area.

80. For enabling activities and capacity building (Objective 6), the proposed budget is \$80 million. This will cover the cost of preparing national communications by non-Annex I Parties to the UNFCCC, other enabling activities related to the Convention, and programs to help build the capacity of developing countries to participate in the emerging carbon markets.

81. The GEF-5 climate change strategy features a key objective to support emerging, innovative low-carbon technologies. Although such technologies will unlikely result in large amounts of immediate GHG reductions, they have the potential to make a significant impact in

the long run. In the context of the technology development cycle (Figure 2), projects funded under Objective 1 will focus on the early stages of technology demonstration and deployment rather than the latter stages of technology diffusion. GEF intervention will take a holistic approach, mixing capacity building and technical assistance with limited investments where appropriate.

82. The GEF has been a pioneer in many ways in its support of the demonstration and deployment of innovative low-carbon technologies. The GEF has several portfolios of such projects, mostly developed since the late 1990s, through an operational program to promote “new low-GHG-emitting energy technologies,” as well as other operational programs such as sustainable urban transport and renewable energy. These projects aim to support the development, demonstration, and commercialization of pre-commercial or near commercial technologies which have strong potential for achieving global GHG emissions reduction in the future. The technologies supported by the GEF over the years include: concentrating solar power, fuel-cell bus, biomass gasification, micro turbine cogeneration, building integrated photovoltaic power generation, and stationary fuel-cell power production.

83. GEF support in such projects has typically focused on getting the technologies demonstrated and deployed with a view toward commercialization in the future. The GEF undertook the investment risks and financed a large portion of such investments. Because of its unique mandate, the GEF has facilitated the acquisition of experience with these technologies in order to accelerate the reduction of costs of subsequent installations and to generate interest from other financial sources. GEF grants have helped countries avoid their exposure to financial risks prior to the successful testing and subsequent cost reduction of the technologies. This mandate gives the GEF a very unique role in supporting innovative technologies that distinguishes it from other financial institutions.

84. The GEF will draw lessons learning from the experience of the existing portfolios and place more emphasis on capacity building and technical assistance to facilitate the uptake of innovative, emerging low-carbon technologies. Deployment and transfer of commercially proven technologies may also be covered in countries where limited capacity exists and where significant efforts to adapt the technologies to local circumstances are required. The GEF will make concerted efforts to promote international technology cooperation, North-South and South-South technology transfer, investment in pilot projects, and development and strengthening of local technical and institutional capacity.

85. The expected GHG impact under a \$4.2 billion replenishment scenario will be avoidance of 500 million tons of CO<sub>2</sub> equivalent.

#### *Focal Area Set-Aside*

86. With respect to the use of the focal area set-aside (FAS) under climate change mitigation, the general principle is to target areas and programs which will bring significant transformational impact of global environmental benefits on a global or regional scale, but which will have limited attractiveness for single countries to prioritize for support with their country allocations. For example, establishing and implementing international or regional standardization and certification for energy efficient equipment and products may prove to be an effective measure to promote global market transformation and GHG emissions reduction, but the “global benefits” of

such schemes tend to outweigh the “national benefits” to single countries, hence justifying the use of FAS to support such programs.

87. Furthermore, enabling activities related to the fulfillment of obligations of the Climate Change Convention will be supported under the FAS for eligible countries using the expedited process for funding under certain thresholds.

88. The GEF Secretariat will encourage its partner agencies to discuss project ideas with it early in their development. It is conceivable that a competitive process could be introduced for the use of FAS resources so that the best project ideas will be selected and funded by the GEF. The GEF Secretariat will play an active role in coordinating with GEF agencies and other key stakeholders to initiate regional and global initiatives and programs. Furthermore, in order to encourage countries to participate in global and regional projects and programs while maximizing the impact of limited FAS resources, regional and global projects and programs that pool country allocations may be incentivized with FAS resources.

**Table 2: Climate Change Mitigation Results Framework**

**Goal:** To support developing countries and economies in transition toward a low-carbon development path

**Impacts:** Slower growth in GHG emissions and contribution to the stabilization of GHG concentrations in the atmosphere

**Key Indicator:** Tons of CO<sub>2</sub> equivalent avoided (both direct and indirect) over the investment or impact period of the projects

**Key Target:** 500 million tons under the \$4.2 billion scenario

Objectives	Key Expected Outcomes	Key Targets for \$4.2 billion Replenishment	Core Outputs
Total Focal Area Allocation		\$1.35 billion	
Objective 1: Promote the demonstration, deployment, and transfer of innovative low-carbon technologies	<ul style="list-style-type: none"> <li>Technologies successfully demonstrated, deployed, and transferred</li> <li>Indicator: Percentage of technology demonstrations reaching its planned goals</li> <li>Enabling policy environment and mechanisms created for technology transfer</li> <li>Indicator: Extent to which policies and mechanisms are adopted for technology transfer (score of 0 to 4)</li> <li>GHG emissions avoided</li> <li>Indicator: Tons of CO<sub>2</sub> equivalent</li> </ul>	<p>\$300 million</p> <ul style="list-style-type: none"> <li>Demonstration and deployment of 3-4 innovative technologies in 10-15 countries</li> <li>80% of the projects reaching the planned goals on the ground</li> </ul>	<ul style="list-style-type: none"> <li>Innovative low-carbon technologies demonstrated and deployed on the ground</li> <li>National strategies for the deployment and commercialization of innovative low-carbon technologies adopted</li> </ul>
Objective 2: Promote market transformation for energy efficiency in	<ul style="list-style-type: none"> <li>Appropriate policy, legal and regulatory frameworks adopted and enforced</li> <li>Indicator: Extent to which EE policies and regulations are adopted and enforced (score of 0 to</li> </ul>	<p>\$250 million</p> <ul style="list-style-type: none"> <li>20-30 countries adopting EE policies and initiatives</li> <li>\$1.2 billion investment mobilized for EE</li> </ul>	<ul style="list-style-type: none"> <li>Energy efficiency policy and regulation in place</li> <li>Investment mobilized</li> <li>Energy savings achieved</li> </ul>

Objectives	Key Expected Outcomes	Key Targets for \$4.2 billion Replenishment	Core Outputs
industry and the building sector	4) <ul style="list-style-type: none"> <li>• Sustainable financing and delivery mechanisms established and operational</li> </ul> Indicator: Volume of investment mobilized <ul style="list-style-type: none"> <li>• GHG emissions avoided</li> </ul> Indicator: Tons of CO <sub>2</sub> equivalent		
Objective 3: Promote investment in renewable energy technologies	<ul style="list-style-type: none"> <li>• Favorable policy and regulatory environment created for renewable energy investments</li> </ul> Indicator: Extent to which RE policies and regulations are adopted and enforced (score of 0 to 4) <ul style="list-style-type: none"> <li>• Investment in renewable energy technologies increased</li> </ul> Indicator: Volume of investment mobilized <ul style="list-style-type: none"> <li>• GHG emissions avoided</li> </ul> Indicator: Tons of CO <sub>2</sub> equivalent	\$320 million <ul style="list-style-type: none"> <li>• 15-20 countries adopting or strengthening RE policies and initiatives</li> <li>• \$1.2 billion investment mobilized</li> <li>• 0.5 gigawatt new RE capacity installed</li> </ul>	<ul style="list-style-type: none"> <li>• Renewable energy policy and regulation in place</li> <li>• Renewable energy capacity installed</li> <li>• Electricity and heat produced from renewable sources</li> </ul>
Objective 4: Promote energy efficient, low-carbon transport and urban systems	<ul style="list-style-type: none"> <li>• Sustainable transport and urban policy and regulatory frameworks adopted and implemented</li> </ul> Indicator: Number of cities adopting sustainable transport and urban policies and regulations	\$250 million <ul style="list-style-type: none"> <li>• 20-30 cities adopting low-carbon programs</li> <li>• \$1.2 billion investment mobilized</li> </ul>	<ul style="list-style-type: none"> <li>• Cities adopting in low-carbon programs</li> <li>• Investment mobilized</li> <li>• Energy savings achieved</li> </ul>



Objectives	Key Expected Outcomes	Key Targets for \$4.2 billion Replenishment	Core Outputs
	<ul style="list-style-type: none"> <li>Increased investment in less-GHG intensive transport and urban systems Indicator: Volume of investment mobilized</li> <li>GHG emissions avoided Indicator: Tons of CO<sub>2</sub> equivalent</li> </ul>		
<p>Objective 5: Promote conservation and enhancement of carbon stocks through sustainable management of land use, land-use change, and forestry</p>	<ul style="list-style-type: none"> <li>Good management practices in LULUCF adopted both within the forest land and in the wider landscape Indicator: Number of countries adopting good management practices in LULUCF</li> <li>Restoration and enhancement of carbon stocks in forests and non-forest lands, including peatland Indicator: Hectares restored</li> <li>GHG emissions avoided and carbon sequestered Indicator: Tons of CO<sub>2</sub> equivalent</li> </ul>	<p>\$50 million (plus \$100 million to SFM)</p> <p>10-15 countries adopting good management practices and implementing projects</p>	<ul style="list-style-type: none"> <li>Carbon stock monitoring systems established</li> <li>Forests and non-forest lands under good management practices</li> </ul>
<p>Objective 6: Support enabling activities and capacity building under the</p>	<ul style="list-style-type: none"> <li>Adequate resources allocated to support enabling activities under the Convention Indicator: Percentage of eligible countries receiving GEF funding</li> <li>Human and institutional</li> </ul>	<p>\$80 million</p> <ul style="list-style-type: none"> <li>100% of eligible countries receiving GEF funding in accordance with COP guidance</li> </ul>	<ul style="list-style-type: none"> <li>Countries receiving GEF support for national communication, etc.</li> <li>National communications, etc. completed and submitted to the UNFCCC as appropriate</li> </ul>

Objectives	Key Expected Outcomes	Key Targets for \$4.2 billion Replenishment	Core Outputs
Convention	capacity of recipient countries strengthened Indicator: Countries and institutions supported by the GEF		

## INTERNATIONAL WATERS

89. Water is the lifeblood of our planet. Human life depends on freshwater, and the Earth's climate and its habitability depend not only on freshwater but also climate services from the ocean. With 70 percent of the Earth being ocean and 60 percent of the land lying in cross-border surface and groundwater basins, most water systems on Earth are transboundary – and thus are at the heart of the GEF International Waters (IW) mandate. These water systems, that know no boundaries, produce food for global trade and domestic use, power industry and economies, quench thirst, and nourish the ecosystems that support life. Globally, these systems are overused, over-polluted, and suffer from serious transboundary and national governance failures.

90. Demands for freshwater continue to rise, resulting in competition among key sectors and ultimately between countries that share transboundary freshwater systems. In parallel, the human demand for protein from marine waters and pollution releases place stress on both coastal and ocean systems, including oceanic fisheries in the middle of oceans, which have been GEF eligible since the 1995 Strategy. The results are all too apparent—depleted and degraded surface waters, aquifers, and marine ecosystems that we see today with adverse impacts on human and ecosystem health, food security, and social stability. In addition, changes in global hydrologic cycles driven by changes in climate and climatic variability deepen poverty, reduce food supplies, damage health and further threaten political and social stability. The impact of melting glaciers alone will be destabilizing. Stopping the loss of the ocean's "blue forests" (which some studies show exceed carbon absorption of the land) is an urgent priority for coastal management to protect these important carbon sinks. Collective action among States is now critical to address multiple stresses on waters, including climatic variability and change before tensions get worse.

91. The GEF serves a unique role in building trust and confidence among States for catalyzing collective management of these large water systems while providing benefits for environment, food production, economic development, community health, and regional stability. The GEF IW focal area has shown that cooperation among States on water, fisheries, and environment serves as a new pathway to secure these benefits for multiple users and that the demonstration of technologies can catalyze investments for real results. The challenges of climatic variability and change add even more urgency to the GEF work on water and oceans.

92. As recommended by OPS-3 in 2005, the time is at hand to scale-up funding in the IW focal area to achieve results before conditions become irreversible. Although not implemented in GEF-4 due to reduced funding to IW compared to GEF-3, GEF-5 presents a crucial opportunity to scale up collective action for freshwater basins, aquifers, and marine systems. Beyond GEF-4 priorities, new imperatives in IW relating to climatic variability and change must be integrated into mainstream work to produce actual results and benefits for communities. Through GEF-supported foundational capacity building over the last decade, many States are now ready to move forward in scaling up demonstrations contributing to MDGs and WSSD targets while incorporating climatic variability and change. Groundwater, accounting for 97% of our planet's unfrozen fresh water, will play a large role and must be sustainably managed. The momentum of state political will for up-scaling globally and GEF's previous experiences with groundwater systems will be lost if replenishment of the IW focal area is inadequate.

## *Summary of GEF-5 Strategy*

93. The GEF-5 strategy for IW follows the successful approach described in the OPS-4 review with progressive programming of GEF resources accompanying progressive multi-state commitments to collective action. This strategy builds on the foundational capacity enhanced and pilot scale work accomplished in GEF-3 and 4, and it proposes to scale-up on-the-ground action given sufficient resources. GEF operations would help catalyze initial implementation of multi-state agreed Strategic Action Programmes with shared visions for specific transboundary surface and groundwater systems or Large Marine Ecosystems, while also incorporating capacity building and knowledge generation to address climatic variability and change and protecting coastal “blue forests” (mangroves, tidal marshes, kelp, sea-grass beds, etc) that are now recognized to be hotspot, globally significant carbon sinks. With greater funding levels, more on-the-ground results would be achieved along with greater likelihood of national and local governance reforms being enacted as part of programmatic approaches in IW. With less funding, fewer results would be catalyzed, and scaling-up for measureable impacts may not be feasible.

94. Concerns of droughts and floods/floodplains would be incorporated into transboundary surface and groundwater basin IW projects through Integrated Water Resources Management (IWRM) approaches that link aquifers and surface water basins. Likewise, for Large Marine Ecosystems (LMEs) and their coasts, concerns related to coastal climatic variability, sea-level rise, ocean warming, protection of “blue forest” carbon sinks, and ecosystem resilience would be incorporated through governance reforms at the LME level, as well as in Integrated Coastal Management (ICM) at local levels. Environmental flows would be addressed where needed. Experiences from previous GEF IW projects show that climatic variability must now be included as a priority transboundary concern, along with other multiple drivers of depletion and degradation to achieve impacts. Two programming objectives are included to accomplish this strategy of moving from planning/confidence-building on collective action to achieving results in GEF-5. Objective 1 relates to transboundary surface water basins and aquifer systems while Objective 2 covers LMEs and their coasts. Objective 2 is globally critical with studies showing marine ecosystems sequestering more carbon than land-based forests and their ability to continue doing so is now at risk and in need of significant investments.

95. Beyond this focus on implementation of agreed action programmes, a third programming objective relates to requests from States to begin foundational capacity building for new transboundary water systems not yet addressed by GEF. Limited funding would be provided for processes pioneered by GEF to build trust and confidence among States so that they may work together collectively on their transboundary water systems. Modest process-related and capacity building outcomes are generated in these equivalents of enabling activities. Objective 3 covers these “new starts” that are in high demand. Also under Objective 3, experience sharing/learning for the GEF IW portfolio would be enhanced to improve portfolio performance and hasten collective progress, and limited targeted research would also be undertaken given the new imperative of addressing climatic variability and change in these complex water systems along with other social and institutional issues related to water and oceans. A fourth objective would also be included relating to first pilot efforts at preventing degradation of valuable ocean areas beyond national jurisdictions. The detailed GEF-5 results framework for the IW focal area with outcomes, indicators, and targets is included in Table 3 at the end of this section.

### *Programming for Replenishment Target*

96. Depending on replenishment levels, different strategies would have been pursued in GEF IW programming. Previous versions of the programming paper proposed scaling up of results with additional finance. Such scaling-up would not be feasible given modest funding target included in Table 3 that represent similar funding level for the international waters focal area as GEF 3. Consequently, the OPS 3 recommendations from 4 years ago still are not able to be pursued.

97. The scaling up would be especially important for reversing marine habitat degradation and fisheries depletion with investments in alternative livelihoods, land-based pollution reduction, and protection/conservation of “blue forests” habitat and replanting of mangroves for multiple purposes. This scaling-up would have included programmatic approaches and multiple GEF focal area collaboration. Innovative partnerships with the business community would be supported both by the focal area and the Earth Fund for broader scale and maximum impact. Adaptive management to incorporate climatic variability and change into integrated approaches for surface, groundwater, and marine ecosystems and management regimes would have had a better chance for success with additional funding under higher scenarios. More States would be able to move closer to meeting the relevant WSSD targets for marine fisheries/ ecosystems.

98. With constrained funding, the IW focal area would have to focus on only catalyzing initial implementation of reforms and modest local demonstrations agreed in the many Strategic Action Programmes that are waiting in line for GEF funding. Additionally, legal and institutional arrangements for joint, ecosystem-based approaches to management would receive attention while incorporating capacity building related to climatic variability and change and groundwater management that would be integrated with surface water concerns. Programmatic approaches would be limited, with existing ones from GEF-4 as priority for completion, and fewer new starts would be possible.

#### \$4.2 billion replenishment target (\$420 million allocated to the international waters focal area)

99. Through GEF foundational projects, 149 states are collaborating on transboundary water systems. This has created a demand for the implementation of some twenty Action Programmes in GEF-5. The \$420 million scenario would allow support for limited demonstration-scale investments while retrofitting the understanding of climatic variability and opportunities for adaptive management. Concerns of managing floods and droughts would be incorporated through IWRM, while integrating surface water quality and aquifers into sustainable management. This would help fill a gap in meeting the WSSD target for IWRM. Africa and many LDCs would receive priority attention for transboundary river and aquifer systems of West Africa and for the Great Lakes Region. For Large Marine Ecosystems and coasts, resilience would be built-in by incorporating fluctuating fisheries, coral reef bleaching, sea-level rise, coastal storm vulnerability, and coastal hypoxia (‘dead zones’) into strategies for LME governance and Integrated Coastal Management (ICM), which can help states toward the WSSD 2010/2015 marine targets. Emphasis is placed on securing the planet’s “blue forests” for multiple purposes including carbon sequestration, reducing coastal flood/storm vulnerability, and community livelihoods/food security. If additional funding was programmed, greater on-the-ground impact would be produced in terms of more significant investment projects for coastal and marine systems, SIDS, stakeholder and Parliamentarian involvement, national and local

policy, legal, institutional reforms, and a focus on enforcement of legal regimes. More States could be funded to enact and implement reforms.

100. With the amount of funding included in this replenishment scenario (virtually the same as GEF-3), the IW area will necessarily limit itself to catalyzing initial implementation of the many Strategic Action Programmes that are waiting in line for GEF funding, while incorporating capacity building to address climatic variability and change and integrated groundwater/surface water management in freshwater basins. With less funding to catalyze investments, less on-the-ground impact will be achieved and scaling up of action must await future replenishments. Up to 20 agreed Strategic Action Programmes resulting from previous GEF-supported foundational capacity building await implementation. Completion of existing programmatic approach would be a priority, and minimal support would be provided for private sector platforms. Fewer new starts would be supported for foundational capacity building projects requested by States for new transboundary basins, aquifers and LMEs along with minimal funding for the needed targeted research on priority IW concerns.

**Table 3: International Waters Results Framework**

**Long-term IW Goal:** Promotion of collective management of transboundary water systems and implementation of the full range of policy, legal, and institutional reforms and investments contributing to sustainable use and maintenance of ecosystem services.

**Impact:** Multi-state cooperation catalyzed to address concerns of transboundary water systems for most every continent and ocean with special impact on rebuilding marine fish stocks and protecting “blue forests” coastal habitat globally

Objectives	Expected Outcomes	Key Target under \$4.2 billion Replenishment	Core Outputs
Total Focal Area Allocation		\$420 million	
<p><b>Objective 1:</b></p> <p>Catalyze multi-state cooperation to balance conflicting water uses in trans-boundary surface and groundwater basins while considering climatic variability and change</p>	<p><b>Outcome 1.1:</b> Implementation of agreed Strategic Action Programmes (SAPs) incorporates transboundary IWRM principles (including environment and groundwater) and policy/ legal/institutional reforms into national/local plans</p> <ul style="list-style-type: none"> <li>• <b>Indicator 1.1:</b> Adoption or implementation of national/local reforms; functioning of national inter-ministry committees</li> </ul> <p><b>Outcome 1.2:</b> Transboundary institutions for joint ecosystem-based and adaptive management demonstrate sustainability</p> <ul style="list-style-type: none"> <li>• <b>Indicator 1.2:</b> Cooperation frameworks adopted and states contribute to financial sustainability</li> </ul> <p><b>Outcome 1.3:</b> Innovative solutions implemented for reduced pollution, improved water use efficiency, sustainable fisheries with rights-based management, IWRM, water supply protection in SIDS, and aquifer and catchment protection</p> <ul style="list-style-type: none"> <li>• <b>Indicator 1.3:</b> Measurable water-related</li> </ul>	<p>\$130 million</p> <p>Co-financing ratio of 1:2</p> <p>Multi-state- cooperation results in adoption and/or implementation of national/local reforms in 50% of States and successful demonstrations in at least 50 % of States in 6-7 transboundary water systems.</p>	<ul style="list-style-type: none"> <li>• National and local policy and legal reforms adopted/ implemented</li> <li>• Cooperation frameworks agreed with sustainable financing identified</li> <li>• Types of technologies and measures implemented in local demonstrations and investments</li> <li>• Enhanced capacity for issues of climatic variability and change and groundwater management</li> </ul>

Objectives	Expected Outcomes	Key Target under \$4.2 billion Replenishment	Core Outputs
	<p>results from local demonstrations</p> <p><b>Outcome 1.4:</b> Climatic variability and change as well as groundwater capacity incorporated into updated SAP to reflect adaptive management.</p> <ul style="list-style-type: none"> <li>• <b>Indicator 1.4:</b> Updated SAP and capacity development surveys</li> </ul>		
<p><b>Objective 2:</b></p> <p>Catalyze multi-state cooperation to rebuild marine fisheries and reduce pollution of coasts and Large Marine Ecosystems (LMEs) while considering climatic variability and change</p>	<p><b>Outcome 2.1:</b> Implementation of agreed Strategic Action Programmes (SAPs) incorporates ecosystem-based approaches to management of LMEs, ICM principles, and policy/legal/ institutional reforms into national/local plans</p> <ul style="list-style-type: none"> <li>• <b>Indicator 2.1:</b> Adoption or implementation of national/local reforms; functioning of national inter-ministry committees;</li> </ul> <p><b>Outcome 2.2:</b> Institutions for joint ecosystem-based and adaptive management for LMEs and local ICM frameworks demonstrate sustainability</p> <ul style="list-style-type: none"> <li>• <b>Indicator 2.2:</b> Cooperation frameworks agreed and include sustainable financing</li> </ul> <p><b>Outcome 2.3:</b> Innovative solutions implemented for reduced pollution, rebuilding or protecting fish stocks with rights-based management, ICM, habitat (blue forest) restoration/conservation, and port management and produce measureable results (</p>	<p>\$180 million</p> <p>1:2 co-financing ratio</p> <p>Adoption/ implementation of national/local reforms in 50% of States and demonstrations for at least 50 % of States in 5-6 LMEs</p> <p>Earth Fund platforms “Rebuilding Ocean Fish Stocks and Biodiversity”</p>	<ul style="list-style-type: none"> <li>• Agreed commitments to sustainable ICM and LME cooperation frameworks</li> <li>• National and local policy/legal/institutional reforms adopted/ implemented</li> <li>• Types of technologies and measures implemented in local demonstrations and investments</li> <li>• Enhanced capacity for issues of climatic variability and change</li> <li>• Industry partnerships with Earth Fund</li> </ul>



Objectives	Expected Outcomes	Key Target under \$4.2 billion Replenishment	Core Outputs
	<ul style="list-style-type: none"> <li>• <b>Indicator 2.3:</b> Measurable results for reducing land-based pollution, habitat, and sustainable fisheries from local demonstrations</li> </ul> <p><b>Outcome 2.4:</b> Climatic variability and change at coasts and in LMEs incorporated into updated SAP to reflect adaptive management and ICM principles (including protection of “blue forests”)</p> <ul style="list-style-type: none"> <li>• <b>Indicator 2.4:</b> Updated SAPs and capacity development surveys</li> <li>•</li> </ul>		
<p><b>Objective 3:</b></p> <p>Support foundational capacity building, portfolio learning, and targeted research needs for joint, ecosystem-based management of trans-boundary water systems</p>	<p><b>Outcome 3.1:</b> Political commitment, shared vision, and institutional capacity demonstrated for joint, ecosystem-based management of waterbodies and local ICM principles</p> <ul style="list-style-type: none"> <li>• <b>Indicators 3.1:</b> Agreed SAPs at ministerial level with considerations for climatic variability and change; functioning national inter-ministry committees; agreed ICM plans</li> </ul> <p><b>Outcome 3.2:</b> On-the-ground modest actions implemented in water quality, quantity (including basins draining areas of melting ice), fisheries, and coastal habitat demonstrations for “blue forests” to protect carbon</p> <ul style="list-style-type: none"> <li>• <b>Indicator 3.2:</b> Measurable results contributed at demo scale</li> </ul> <p><b>Outcome 3.3:</b> IW portfolio performance</p>	<p>\$90 million</p> <p>Multi-state agreement on commitments to joint, ecosystem-based action for 7-8 new water bodies with modest demonstrations</p> <p>85% IW projects demonstrate active GEF portfolio experience sharing/learning</p>	<ul style="list-style-type: none"> <li>• National inter-ministry committees established; agreed Transboundary Diagnostic Analyses &amp; Strategic Action Programmes; local ICM plans</li> <li>• Demo-scale local action implemented, including in basins with melting ice and to restore/protect coastal “blue forests”</li> <li>• Active experience/sharing/learning practiced in the IW portfolio</li> </ul>

Objectives	Expected Outcomes	Key Target under \$4.2 billion Replenishment	Core Outputs
	<p>enhanced from active learning/KM/experience sharing</p> <ul style="list-style-type: none"> <li>• <b>Indicator 3.3:</b> GEF 5 performance improved over GEF 4 per data from IW Tracking Tool</li> </ul> <p><b>Outcome 3.4:</b> Targeted research networks fill gaps.</p> <ul style="list-style-type: none"> <li>• <b>Indicator 3.4:</b> Coral reef and nutrient reduction research results incorporated into new GEF IW projects</li> </ul> <p><b>Outcome 3.5:</b> Political agreements on Arctic LMEs help contribute to prevention of further depletion/degradation.</p> <ul style="list-style-type: none"> <li>• <b>Indicator 3.5:</b> agreements signed; AMAP monitoring shows no further depletion/ degradation of the Arctic LMEs supported by GEF.</li> </ul>		<ul style="list-style-type: none"> <li>• Arctic LMEs addressed with partners.</li> </ul>
<p><b>Objective 4:</b></p> <p>Promote effective management of Marine Areas Beyond National Jurisdiction (ABNJ)</p>	<p><b>Outcome 4.1:</b> ABNJ (including deep-sea fisheries, oceans areas, and seamounts) under sustainable management and protection (including MPAs from BD area)</p> <ul style="list-style-type: none"> <li>• <b>Indicator 4.1:</b> ABNJ demo plans implemented; improved flag and port state enforcement of practices</li> </ul> <p><b>Outcome 4.2:</b> Plans and institutional frameworks for pilot case ABNJ have catalytic effect on global discussions</p>	<p>\$ 20 million</p> <p>50 % of demonstrations sustainable within institutions</p>	<ul style="list-style-type: none"> <li>• Demonstrations for management measures in ABNJ, (including deep-sea fisheries, ocean areas) with institutions;</li> </ul>

## LAND DEGRADATION

101. Land degradation affects close to 2.6 billion people across more than 100 countries. Degraded land is costly to reclaim and, if severely impacted, result in diminished ecosystem functions which are crucial to the provision of environmental, social, economic and non-material benefits on which society depends, and which keeps development options open. The Millennium Ecosystem Assessment identified three major direct drivers for terrestrial ecosystem degradation: land use change, natural resources consumption and climate change. These direct drivers are also emphasized in the 10-year strategy of the UNCCD and in the non-legally binding instrument on forests of United Nations Forum on Forests (UNFF). With the current debate on the role of agriculture and forest management in climate change mitigation (LULUCF), there are emerging opportunities also for further enhancing the sustainable land management agenda in the rural landscape.

102. The land degradation focal area embraces the landscape approach by adopting ecosystem principles, such as maintaining and enhancing the connectivity between ecosystems. By adopting an integrated approach to natural resources management (NRM), the land degradation focal area drives an agenda for multiple global environmental benefits, including those related to the protection and sustainable use of biodiversity, climate change mitigation and adaptation and the protection and sustainable use of international waters.

103. The GEF-5 strategy for the land degradation focal area will maintain overall coherence with the GEF-4 strategy and support efforts to remove key barriers to the sustainable management of crop and livestock systems, as well as forest landscapes. More emphasis will be given to the management of competing land uses (e.g. food production, biomass production) since they not only result in changes in land cover and ecosystem dynamics but also contribute to increase the emission of greenhouse gases.

104. By emphasizing the management of natural resources in an integrated way, in support of livelihoods of millions of people, the land degradation strategy has been made fully consistent with the overall approach to natural resources management across the GEF focal areas of biodiversity, climate change mitigation/LULUCF, and international waters. In this regard, joint programming with other focal areas will be actively pursued, especially in the context of integrated watershed management in priority transboundary catchments and groundwater recharge areas (links with the international waters focal area), increasing forest and tree cover in production landscapes (links with the climate change focal area), and implementation of landscape approaches for protected area management (links with the biodiversity focal area).

105. The goal of the land degradation focal areas is to contribute to arresting and reversing current global trends in land degradation, specifically desertification and deforestation. To achieve this goal, the strategy encompasses four objectives: (i) maintain or improve flow of agro-ecosystem services to sustaining the livelihoods of local communities; (ii) generate sustainable flows of forest ecosystem services in arid, semi-arid and sub-humid zones, including sustaining livelihoods of forest-dependent people; (iii) reduce pressures on natural resources from competing land uses in the wider landscape; and (iv) increase capacity to apply adaptive management tools in sustainable land management.

106. The proposed enhanced allocations in GEF-5 will allow the GEF to pursue a more strategic and focused approach to investment in sustainable land management (SLM) based on country needs and capacities when compared with the GEF-4 cycle. Programmatic approaches to natural resources would be the appropriate modality to trigger transformational changes in the agricultural and forest sectors and to stronger link GEF investments to large-scale impacts. Countries in which programmatic approaches have been already piloted in earlier replenishment periods, such as China or India, might consolidate and even expand these approaches in GEF-5. Countries involved in regional approaches to sustainable land management, such as TerrAfrica/SIP, MENARID and CACILM might, depending on their country resources allocation, renew or modify their commitment to these programs by emphasizing more on their respective national activities along with corresponding reductions of the regional program elements. This approach would be fully in line with the principles of the resource allocation system, country-drivenness and a more efficient and effective allocation of GEF-5 resources.

107. The focal area set-aside (FAS) in the land degradation focal area, i.e., resources not allocated to countries, under a potential expansion of scope of the resource allocation system (RAF/STAR), would help the focal area to: (i) support global scale actions that contribute to overall strategic goals of the GEF; (ii) support the implementation of the Sustainable Forest Management program; (iii) support the objective of increasing capacity to apply adaptive management tools in SLM; and (iv) create an incentive mechanism for countries to chose a programmatic approach vis-à-vis the business-as-usual project-by-project approach to trigger transformational changes in the agricultural and forest sectors . These resources may be pooled with other incentive-based mechanisms supported through the other focal areas supporting natural resources management in the wider landscape such as biodiversity, climate change/mitigation and international waters.

108. During GEF-3 and GEF-4, investments in the land degradation focal area supported at least 40 of an estimated 100 countries affected globally by land degradation (desertification and deforestation) in implementing SLM policies and practices to generate GEBs. The demand for resources during both replenishment phases far exceeded what was allocated to the focal area, and we expect that countries will increasingly need to address land degradation challenges in the context of agricultural production to meet the need of growing populations. The recent GEF-financed IAASTD<sup>12</sup> noted that increasing rates of land degradation in many regions may limit the ability of agro-ecosystems to provide food security. A likely consequence of this scenario is increased clearance and fragmentation of natural habitats leading to further destabilization of ecosystems, loss of biodiversity, and increased risk of greenhouse gas emissions through deforestation and fires. As we look ahead to GEF-5, it is essential that the GEF strengthen its role as a financing mechanism to help position countries in their effort to address these as fundamental challenges to sustainable development.

109. The GEF will need to strengthen its role in two major ways to effectively combat land degradation, stabilize ecosystem services and reduce livelihood vulnerability of rural populations. First, the GEF must step-up its contribution to country and regional efforts in building effective enabling environments for SLM at multiple scales. An increased allocation

---

<sup>12</sup> International Assessment of Agricultural Knowledge, Science and Technology for Development, 2009 (co-sponsored by FAO, UNEP, UNDP, UNESCO, World Bank and WHO).

will allow the GEF to pursue its mandate of generating GEBs in the context of supporting national and regional development priorities in the coming decade. This will include institutional strengthening in agriculture, rangeland, and forest management, and cross-sector collaboration. Second, the GEF must scale-up its investment through comprehensive and integrated approaches that cover increasingly larger geographical areas. Improved management of agro-ecosystems and forest landscapes over larger geographical areas will safeguard soil and water resources, increase carbon stock<sup>13</sup> and reduce emissions, and protect biodiversity. In the case of drylands, the large surface area also makes them an important target for carbon storage<sup>14</sup> and sequestration. The benefits of reducing carbon emissions through SLM will help position the GEF to play an influential role in future financing options for climate change mitigation in agriculture.

#### *Programming for Replenishment Target*

110. Table 4 summarizes what can be realistically pursued in the GEF-5 strategy based on a proposed allocation of \$400 million to the focal area. With this allocation, GEF's catalytic role in the LDFA will emphasize implementation of the 10-year UNCCD strategy, leveraging investments in SLM from diverse sources, scaling-up SLM innovations, and mobilizing baseline knowledge and tracking tools for long-term monitoring and assessment of land degradation impacts and trends.

111. An allocation of \$400 million (potentially leveraging up to \$2 billion) will allow the GEF to invest in SLM interventions to generate measureable GEBs (improve provisioning of ecosystems services, reduce GHG emissions, and conserve biodiversity) in agro-ecosystems, rangelands, and forest landscapes while providing direct benefits for human livelihoods. However, the projects will mostly target countries that already have or are developing appropriate enabling conditions for SLM and SFM, including policy frameworks, investment strategies, and regulatory mechanisms. Under this scenario, the GEF will catalyze SLM and SFM investments to cover an estimated 500 million hectares of production landscapes, including in drylands and affected transboundary areas, with the potential to benefit one billion smallholder farmers and pastoralists.

---

<sup>13</sup> In 2000, the IPCC estimated that feasible improvements in cropland management, grazing land management, agroforestry, and rice systems within existing land uses could increase carbon stocks by 125, 240, 25, and 7 MtC per year by 2010.

<sup>14</sup> The Millennium Ecosystem Assessment (2005) estimated that the total dryland soil organic carbon reserves comprise 27% of the global soil organic carbon reserve.

**Table 4: Land Degradation Results Framework**

**Goal:** To contribute to arresting and reversing current global trends in land degradation, specifically desertification and deforestation.

**Impacts:**

- Sustained productivity of agro-ecosystems and forest landscapes in support of livelihoods

**Indicators:**

- Change in land productivity (*greenness measure as proxy – Net Primary Productivity, Rain-Use Efficiency adjusted NDVI*)
- Improved livelihoods in rural areas (*Prevalence of underweight children under five years of age as proxy*)
- Value of investment in SLM (*\$ generated from diverse sources, co-financing in projects*)

Objectives	Expected Outcomes	Outcome Targets - \$4.2 Billion Replenishment	Core Outputs
Total Focal Area Allocation		\$400 million	
1. Maintain or improve flow of agro-ecosystem services to sustaining the livelihoods of local communities	<p>Outcome 1.1: An enhanced enabling environment within the agricultural sector. <i>Indicator 1.1 Agricultural policy, legal and regulatory frameworks functioning to support SLM (Score)</i></p> <p>Outcome 1.2: Improved agricultural management. <i>Indicator 1.2 Land area under effective agricultural, land and water management practices (Hectares by management practice)</i></p> <p>Outcome 1.3: Functionality and cover of agro-ecosystems maintained <i>Indicator 1.3 Land area under effective management in production systems with improved vegetative cover</i></p>	<p>\$200 million Allocation</p> <p>Sustainable management of 150 million hectares of crop, livestock and silvo-pastoral landscapes, including in drylands and transboundary areas</p>	<p>Country level policy, legal and regulatory frameworks that integrate SLM principles developed</p> <p>Diverse sources of investment for SLM interventions at multiple scales (e.g. PES)</p> <p>Hectares of tree cover in agro-ecosystems</p>

Objectives	Expected Outcomes	Outcome Targets - \$4.2 Billion Replenishment	Core Outputs
<p>2. Generate sustainable flows of forest ecosystem services in drylands, including sustaining livelihoods of forest dependant people</p>	<p>2.1: An enhanced enabling environment within the forest sector in drylands. <b>Indicator 2.1</b> <i>Forestry policy, legal and regulatory frameworks functioning to support SFM</i></p> <p>2.2: Improved forest management in drylands. <b>Indicator 2.2</b> <i>Land area under effective forest management practices</i></p> <p>2.3: Functionality and cover of forest ecosystems in drylands maintained. <b>Indicator 2.3</b> <i>Land area with increased tree cover, increased biomass, and reduced GHG emissions</i></p>	<p>\$30 million Allocation</p> <p>Sustainable management of 300,000 hectares of forest production landscapes, including in drylands and transboundary areas</p>	<p>Country level policy, legal and regulatory frameworks that integrate SFM principles developed</p> <p>Diverse sources of investment for SFM interventions (e.g. PES, small credit schemes, voluntary carbon market)</p> <p>Hectares of forest cover in production landscapes</p>
<p>3. Reduce pressures on natural resources from competing land uses in the wider landscape</p>	<p>Outcome 3.1: Enhanced enabling environments between sectors in support of SLM. <b>Indicator 3.1</b> <i>Demonstration results strengthening enabling environment between sectors (incl. agriculture, forestry)</i></p> <p>Outcome 3.2: Good management practices in the wider landscape demonstrated and adopted by relevant economic sectors. <b>Indicator 3.2</b> <i>Area under effective land use management with vegetative cover maintained or increased</i></p>	<p>\$135 million Allocation</p> <p>Demonstration results support integrated management of 200 million hectares of production systems and natural habitats, including in drylands and transboundary areas</p>	<p>Government agencies collaborating on SLM initiatives across sectors and at multiple scales</p> <p>Number and types of investment sources in SLM from successfully tested sustainable finance reflow schemes</p> <p>Information on SLM (wider landscape) technology and good practices disseminated</p>

Objectives	Expected Outcomes	Outcome Targets - \$4.2 Billion Replenishment	Core Outputs
<p>4. Increase capacity to apply adaptive management tools in SLM</p>	<p>Outcome 4.1 Increased capacities of countries to fulfill their obligations in accordance with the provisions provided in the UNCCD. <i>Indicator 4.1 Improved quality and timeliness of reporting compliance by countries</i></p> <p>Outcome 4.2 Improved project performance using new and adapting existing tools and methodologies <i>Indicator 4.2 GEF-6 LD focal area strategy reflects lessons learned, and results of targeted research portfolio and implementation results from earlier replenishment periods (Qualitative score)</i></p>	<p>\$15 million Allocation</p> <p>25% of GEF projects financed under Objective 1, Objective 2, and Objective 3 address priorities identified in UNCCD 10-year Strategy and national reporting process</p> <p>50% of GEF projects financed through the LD FA that take up emerging knowledge from targeted research projects or projects with targeted research component</p>	<p>Number of countries reporting on UNCCD activities and with improved monitoring of impacts at national level</p> <p>Number of GEF projects financed under LD Objectives 1-3 addressing priorities identified in UNCCD action programs and national reporting process</p> <p>Number of GEF-financed projects reflecting knowledge from targeted research projects or Number of projects with targeted research component</p> <p>Number of GEF-financed projects that contribute lessons learned and results of targeted research</p>
<p>Contribution to SFM</p>		<p>\$20 million</p>	



## CHEMICALS

112. The chemicals industry is experiencing a shift in the production of chemicals from OECD to non-OECD countries. This increases the stakes and the challenges of managing chemicals safely in the developing world. For example, WHO estimates that about 3% of exposed agricultural workers suffer from an episode of acute pesticide poisoning every year. The overwhelming majority of fatalities take place in developing countries.

113. Chronic effects of exposure to toxic chemicals most often go unreported, particularly in the developing world. Industrial compounds such as methyl-mercury, lead, PCBs, and other neurotoxicants cause neurodevelopment disorder with very serious societal implications: studies in the past decade have shown that low-level prenatal exposure to methyl-mercury is correlated with decreased IQ, leading to downward shift in IQ at the population level. The costs associated with lost productivity due to loss of IQ of children exposed to mercury through seafood consumption of their pregnant mothers were estimated at \$8.7 billion annually in the US. Healthcare costs due to lead poisoning are estimated at \$43 billion per year in the same country.

114. The effects of toxic exposure on wildlife and ecosystems are also well documented, although cause and effect relationships can be difficult to ascertain. For instance, pesticides have been implicated in the decline of amphibians worldwide; DDT metabolites have been known for decades to induce egg-shell thinning and were responsible for the decline of populations of fish-eating birds; coral reefs were recently shown to be under threat from pesticides run-off, compounding the effects of climate change.

115. Since the time of the GEF-4 replenishment, the international chemicals agenda has expanded considerably in quantity and scope, requiring an enhanced response from the GEF: the Strategic Approach to International Chemicals Management (SAICM) was adopted in 2006 with the International Conference on Chemicals Management at its second session in May 2009 “urg[ing] the GEF [...] to consider expanding its activities related to the sound management of chemicals to facilitate SAICM implementation [...]”; negotiations for a legally-binding agreement on mercury were launched in 2009; the linkages between the ODS and climate-forcing GHGs have been emphasized; and the synergy process currently taking place within the Stockholm, Rotterdam, and Basel COPs creates demand and opportunity for a more comprehensive approach that extends support beyond persistent organic pollutants (POPs) and ozone depleting substances (ODS).

116. In the field of chemicals, the GEF’s mandate as financial mechanism of the Stockholm Convention will require addressing the newly listed chemicals under the Convention. There are complex and challenging issues related to these chemicals throughout their life-cycle and eligible countries will require assistance to address these. This extends to environmentally sound disposal of POPs-containing waste. The GEF will also continue to support cost effective efforts to phase out ozone-depleting substances in countries with economies in transition to meet their Montreal Protocol compliance obligations.

117. The goal of the GEF’s chemicals program is “to promote the sound management of chemicals throughout their life-cycle in ways that lead to the minimization of significant adverse effects on human health and the global environment.” This goal is aligned with other

internationally agreed goals and objectives, including those of the SAICM, the global chemicals strategy that provides a voluntary policy framework for achieving such a goal. Some funding related to the objectives and activities of the SAICM that contribute to global environmental benefits, beyond POPs, would therefore ensure that the GEF can fully maximize the delivery of global environmental benefits from sound chemicals management activities.

118. The GEF Instrument provides that “the agreed incremental costs of activities to achieve global environmental benefits concerning chemicals management”, as they relate to the GEF focal areas, are eligible for funding. Many substances apart from POPs are of global concern, even if they are not yet covered by global treaties. Mercury releases are relevant to the biodiversity and international waters focal areas, and there are potentials for synergies in relation to greenhouse gas emissions. The positive experiences from GEF’s early work before the POPs convention was finalized indicate that early action to build capacity for reducing releases of mercury will also achieve good results.

119. Many of the challenges concerning the management and phase-out of POPs are similar to the steps that countries need to take to comply with the Basel, Bamako and Rotterdam conventions. Sound management of waste will also be needed to address several of the newly listed Stockholm Convention chemicals and will be important in the context of a future mercury convention. Therefore, the existing GEF policy that support to Stockholm Convention and Montreal Protocol implementation should build upon and contribute to strengthening a country’s foundational capacities for sound chemical management more generally will be actively pursued so that these activities in support of POPs and ODS are designed to also benefit implementation of the SAICM at the country level, and attainment of the chemicals target of the Johannesburg World Summit.

120. Taking the above into consideration, the GEF will assist countries to address chemicals in an integrated manner in their national planning, and help mobilize other sources of finance for projects and programs for sound chemicals management to achieve global benefits. To achieve this, the three following objectives are proposed for Chemicals under GEF-5 and are detailed in Table 5:

- (a) Phase out POPs and reduce POPs releases;
- (b) Phase out ODS and reduce ODS releases; and
- (c) Pilot sound chemicals management and mercury reduction.

#### *Programming for Replenishment Target*

121. The GEF-5 programming document for consideration of the replenishment participants envisages a replenishment target of \$4.2 billion, with an envelope for chemicals at the level of \$420 million. This section describes the scope and depth of activities with regard to this envelope.

#### \$4.2 Billion Replenishment Target (\$420 million allocated to chemicals)

122. Under this scenario, it is proposed that the distribution of resources would be as follows:

- (a) POPs: \$375 million;

(b) Ozone: \$25 million; and

(c) Sound chemicals management and mercury reduction: \$20 million.

123. This represents an increase of 25 % for the POPs focal area compared to the GEF-4 allocation of \$300 million. The expectation is that demand for POPs resources will be high, as evidenced by the “Needs Assessment” recently conducted under the Stockholm Convention and through the unmet demand for GEF support under GEF-4 apparent in POPs task force discussions. The addition of nine new POPs by the Conference of the Parties (COP) in May 2009 only compels the argument. Therefore, with a resource envelop of \$420 million, resources would be dedicated primarily to support the Stockholm Convention and core support to Montreal Protocol. Limited support would be offered for mercury and sound chemicals management.

124. Regarding POPs, the GEF would continue its work in support of Convention objectives, in particular PCB phase out and disposal, and removal and disposal of obsolete pesticides. Assuming a comparable level of effort, and based on a crude extrapolation from preliminary figures of anticipated GEF-4 achievements, these efforts would target around 10,000 tons of obsolete pesticides, including POPs pesticides, and 23,000 tons of PCB-related waste and contaminated equipment. As was planned in the GEF-4 strategy, it is expected that the increase of resources would allow for making headway on the reduction of releases of un-intentionally produced dioxins and furans from industrial and non-industrial sources. Pilot interventions would be supported for “new POPs” reduction activities as well. Capacity would be built at various levels in the context of these efforts, in specific sectors, as well as more generally.

125. The support required for eligible countries to meet their obligations under the Montreal Protocol, in particular as relates to HCFCs, is expected to remain relatively modest. An allocation of \$25 million would mostly allow continuing the work related to HCFCs started under GEF-4.

126. Support would continue for sound chemicals management through the GEF strategy, made explicit in the GEF-4 strategic framework, to provide support to Stockholm Convention and Montreal Protocol implementation while building upon and contributing to strengthening a country’s foundational capacities for sound chemical management more generally.

127. A small amount, of \$10 million, would allow funding for assessment-type activities to support the development of the mercury agreement (a number of pilot “country case studies” are envisaged). This is similar to the successful activities that the GEF supported in the years leading to, and during, the negotiations for the Stockholm Convention so that there is experience built in recipient countries and that the GEF partnership and the international community are ready for implementing the treaty when it is adopted.

128. The small level of resources allocated to sound chemicals management under this replenishment scenario (around \$10 million) would be dedicated to incentivizing sound chemicals management in GEF projects and programs in order to maximize impact; for example addressing pesticides runoff to a marine protected area.

**Table 5: Chemicals Results Framework**

**Goal:** To promote the sound management of chemicals throughout their life-cycle in ways that lead to the minimization of significant adverse effects on human health and the global environment

**Impacts:** Expected Impact: Reduction in the exposure to Persistent Organic Pollutants and other Persistent Toxic Substances of humans and wildlife

**Indicator:** Levels of POPs in the environment as determined by the Global Monitoring Program under the Stockholm Convention

Objectives	Expected Outcomes	Outcome Targets* \$4.2 billion Replenishment	Core Outputs
<b>Total Allocation</b>		<b>\$420 million</b>	
<b>Objective 1</b>  <b>Phase out POPs and reduce POPs releases</b>	<p><b>Outcome 1.1</b> Production and use of controlled POPs chemicals phased out. <i>Indicator 1.1 Amount of POPs not produced or used following demonstration of alternative; measured in tons per year against baseline as recorded through the POPs tracking tool.</i></p> <p><b>Outcome 1.2</b> Exempted POPs chemicals used in an environmentally sound manner. <i>Indicator 1.2 Number of countries managing the use of exempted POPs in an environmentally sound manner.</i></p> <p><b>Outcome 1.3</b> POPs releases to the environment reduced. <i>Indicator 1.3 Amount of un-intentionally produced POPs releases avoided or reduced from industrial and non-industrial sectors; measured in grams TEQ against baseline as recorded through the POPs tracking tool.</i></p> <p><b>Outcome 1.4</b> POPs waste prevented, managed, and</p>	<p>\$375 million</p> <p>At least 7 countries implement pilot “new POPs” reduction activities.</p> <p>Dioxin reduction plans under implementation in at least 21 country sectors.</p> <p>23,000 tons of PCBs and PCB-</p>	<p>“New POPs” reduction action plans under implementation.</p> <p>Dioxin action plans under implementation.</p>

Objectives	Expected Outcomes	Outcome Targets* \$4.2 billion Replenishment	Core Outputs
	<p>disposed of, and POPs contaminated sites managed in an environmentally sound manner.  <i>Indicator 1.4.1 Amount of PCBs and PCB-related wastes disposed of, or decontaminated; measured in tons as recorded in the POPs tracking tool.</i>  <i>Indicator 1.4.2 Amount of obsolete pesticides, including POPs, disposed of in an environmentally sound manner; measured in tons.</i></p> <p><b>Outcome 1.5</b> Country capacity built to effectively phase out and reduce releases of POPs.  <i>Indicator 1.5.1 Progress in development or update of NIPs as recorded through the POPs tracking tool.</i>  <i>Indicator 1.5.2 Progress in developing and implementing a legislative and regulatory framework for environmentally sound management of POPs, and for the sound management of chemicals in general, as recorded in the POPs tracking tool.</i></p>	<p>related wastes disposed of, or decontaminated.</p> <p>10,000 tons of obsolete pesticides, including POPs, disposed of in an environmentally sound manner.</p> <p>At least 45 countries receive support for NIP update.</p>	<p>PCB management plans under implementation.</p> <p>NIPs prepared or updated, or national implications of new POPs assessed.</p>
<p><b>Objective 2</b></p> <p><b>Phase out ODS and reduce ODS releases</b></p>	<p><b>Outcome 2.1</b> Country capacity built to meet Montreal protocol obligations and effectively phase out and reduce releases of ODS.  <i>Indicator 2.1 GEF-supported countries meet their reporting obligations under the Montreal Protocol, as recorded by the Ozone Secretariat.</i></p> <p><b>Outcome 2.2</b> ODS phased out and their releases reduced in a sustainable manner.</p>	<p>\$25 million</p> <p>80 % of GEF supported countries meet their reporting obligations under the Montreal Protocol.</p>	<p>Country annual reports to the Ozone secretariat.</p>

Objectives	Expected Outcomes	Outcome Targets* \$4.2 billion Replenishment	Core Outputs
	<i>Indicator 2.2 Amount of HCFCs phased out from consumption or production, measured as ODP tons against baseline.</i>		HCFCs phase out plans under implementation.
<b>Objective 3</b>  <b>Pilot sound chemicals management and mercury reduction</b>	<p><b>Outcome 3.1</b> Country capacity built to effectively manage mercury in priority sectors. <i>Indicator 3.1 Countries implement pilot mercury management and reduction activities.</i></p> <p><b>Outcome 3.2</b> Contribute to the overall objective of the SAICM of achieving the sound management of chemicals throughout their life-cycle in ways that lead to the minimization of significant adverse effects on human health and the environment. <i>Indicator 3.2 Countries implement SAICM relevant activities that generate global environmental benefits and report to the International Conference on Chemicals Management</i></p>	<p>\$20 million</p> <p>Mercury “country case studies” in at least 12 countries.</p> <p>Around 10 GEF projects receive support for enhanced sound chemicals management.</p>	Development and implementation of management plans for persistent toxic substances and other chemicals of global concern, in particular with respect to mercury, on a pilot basis.

\* The GEF’s Chemicals program is relatively new and evolving. It is therefore difficult to predict outcome targets based on past achievements. The quantitative targets in the above logframe must therefore be seen as tentative and indicative only, and are based on the assumption that country priorities and resource utilization patterns will not be very dissimilar under GEF-5 compared to GEF-4.

## **SUSTAINABLE FOREST MANAGEMENT (SFM)/REDD-PLUS AND LAND USE, LAND-USE CHANGE AND FORESTRY (LULUCF)**

129. Forest ecosystems provide a variety of benefits which are realized at the global, sub-regional, national and local scales. Threats to forest ecosystems are also multiple – ranging from the impacts of climate change to all aspects of competing land uses that lead to forest degradation and deforestation. On a global scale, deforestation contributes to 17.4% of greenhouse gas (GHG) emissions, which is more than the entire transport sector.

130. The importance of forests in the global carbon equation has prompted significant policy discussions on the now-called REDD-plus framework (which expands from the framework of Reducing Emissions from Deforestation and Degradation to include forest conservation, sustainable forest management and enhancement of carbon stocks). These principles were essentially agreed upon during UNFCCC COP15, drawing from the original Bali Roadmap. The discussions and outcomes at Copenhagen recognize “the crucial role of reducing emissions from deforestation and forest degradation...and agree on the need to provide positive incentives to such actions through the immediate establishment of a mechanism including REDD-plus, to enable the mobilization of financial resources from developed countries. The Parties called for “...substantial finance to reduce emissions from deforestation and forest degradation...for enhanced implementation of the Convention”. The commitment to “provide new and additional resources” calls for the inclusion of forestry in “investments through international institutions”. Drawing on the ongoing replenishment process, the GEF-5 Sustainable Forest Management (SFM/REDD-plus) program is fully aligned with and responsive to the higher level declarations and decisions emerging from Copenhagen.

131. Beyond their key role in climate change mitigation of land-based emissions, forests harbor a significant fraction of the world’s biodiversity wealth and are responsible for the provision of key ecosystem services, including functioning as carbon sinks and storehouses, as buffers against soil degradation and desertification, as well as sustaining the livelihoods of hundreds of millions of rural people everywhere. These linkages imply that forests can be conserved and managed for multiple benefits if the different objectives can be pursued synergistically.

132. Acting on these inter-linkages proactively and under GEF Council guidance, GEF-4 introduced a more strategic approach to Sustainable Forest Management (SFM), which included the role of forests in climate change mitigation under the LULUCF (Land Use, Land Use Change and Forestry) framework. The successful GEF-4 strategy was operationalized through a SFM program which rapidly emerged as a diverse portfolio of investments that address individual GEF focal area aspects of forests or emphasize the multiple benefits character of forest ecosystems through major programmatic approaches. Over the past 3 years, the GEF has provided about \$450 million for forest related projects. Under the SFM program alone, the GEF has approved close to \$200 million in GEF resources during this period.

133. All types of forests have been made eligible for funding under the SFM program, ranging from tropical and sub-tropical forests to woodlands and trees in the wider landscape. The portfolio contains a wide spectrum of SFM management tools that are promoted through GEF projects, such as protected area management, integrated watershed management, certification of

timber and non-timber forest products or payments for ecosystem services (PES) schemes. Seeking to address potential trade-offs, the strategy does not support the substitution of native forests with plantations, regardless of whether benefits in carbon sequestration would be anticipated.

134. Tropical forests have emerged as a particularly important theme for the global environment. The conversion and degradation of tropical forests, which accounts for approximately 90% of the total GHG emissions from deforestation and for nearly 80% of the threats to biodiversity globally, has been made the focus of an innovative experiment conducted in the ambit of the GEF-4 SFM program. Through this initiative, countries were incentivized to invest portions of their allocations from different focal areas in more impactful sets of SFM and LULUCF activities. This mechanism became known as the Tropical Forest Account (TFA).

135. Three regions of large, intact, tropical forest (Amazonia, Congo Basin, and New Guinea/Borneo) were defined as the initial targets for the TFA. Although the countries spanning these regions also contain 68% of tropical forest carbon, they are programmed to receive only 18% of climate change RAF funding in GEF-4. The TFA incentive mechanism was resourced by reserving portions of the Focal Area Set-aside (FAS) windows of biodiversity and climate change, complemented by land degradation resources, and directed to SFM activities. As a component of the SFM program, TFA programming could reach \$50 million by the end of GEF-4, leveraging three times as much in co-financing.

136. The investment strategy in SFM for GEF-5 will build on the very promising experience with the SFM portfolio development gained in GEF-4, including the TFA, which in total has allocated approximately \$350 million. The GEF-5 strategy will expand geographically and financially the incentive mechanism pioneered under the TFA, also making use of the latest developments in new and innovative financing opportunities for LULUCF, so as to address all types of forests, and also support the commitment of countries in their efforts to prepare REDD+ plans. There is a growing consensus on the need for global environmental institutions to create or strengthen their investment instruments in this area, and the GEF is pre-adapted to play a key role in this agenda.

137. The renewed investment scheme for GEF-5 is open to all forest countries and designed to provide incentives for the emergence of more impactful SFM/LULUCF projects and programs, as well as respond to countries' REDD+ plans. These incentives, under a challenge account, are intended to leverage contributions and foster convergence of investments from GEF-5 STAR balances in biodiversity, climate change and land degradation directed towards forest activities, with the aim of achieving multiple benefits under more cost-effective strategies.

138. The GEF-5 approach will mirror the guidance coming from the three conventions dealing with forests, and for which the GEF is a financial mechanism (UNFCCC, CBD and UNCCD), and reflect the evolving consensus around the SFM concept, as adopted by the Collaborative Partnership on Forests (CPF) and stated in the non-legally binding instrument on all types of forests (NLBI) of the United Nations Forum on Forests (UNFF). The approach recognizes SFM as encompassing seven thematic elements: extent of forest resources, biological diversity, forest health and vitality, productive functions of forests, protective functions of forests, socioeconomic functions, and the legal, policy and institutional framework. This broadly defined approach can



be applied from production forests, including planted forests, all the way to protected forests and to degraded forests in need of restoration.

139. In its fifth replenishment cycle, the GEF will particularly strengthen its SFM efforts in the field of climate change mitigation in order to take advantage of the priority and opportunities being opened for forests in the international agenda during the next 4-6 years, in close coordination and cooperation with other international actors, including UN-REDD, the Forest Investment Program, and the Forest Carbon Partnership Facility. The overall goal for GEF-5 investment in SFM is to achieve multiple global environmental benefits from the management of all types of forests and strengthen sustainable livelihoods for people dependent on forest resources. The GEF-5 strategy identifies two objectives that will drive the SFM portfolio and contribute to reach that goal:

- (a) Reduce pressures on forest resources and generate sustainable flows of forest ecosystem services; and
- (b) Strengthen the enabling environment to reduce GHG emissions from deforestation and forest degradation and enhance carbon sinks from LULUCF activities.

140. The funding envelope proposed for SFM/LULUCF in GEF-5 is \$250 million. This investment will be used as an incentive to coalesce and augment multi-sectoral investments in transformative initiatives in forests, which in turn will be identified and proposed by countries through the voluntary national GEF portfolio identification exercises. In GEF-5, the financially and geographically expanded SFM/LULUCF program will be established as a major incentive mechanism for countries to invest resources from biodiversity, climate change, land degradation and, when appropriate, from international waters (transboundary watersheds) towards integrated programmatic approaches seeking transformative change in forest management and conservation, both nationally and regionally.

141. The GEF has a significant comparative advantage in directing the investments that support measures to control and prevent deforestation and forest degradation as essential and cost-effective means to deliver multiple global environmental benefits, including the protection of forest habitats, forest ecosystem services, mitigation of climate change and protection of international waters, reflecting the transversal nature of forests globally. The GEF-5 strategy will better reflect these key synergies, working with and supporting the NLBI framework on all types of forests of the UNFF, which calls for international cooperation and national action to reduce deforestation, prevent forest degradation, promote sustainable livelihoods and reduce poverty for all forest-dependent peoples.

#### *Programming for SFM and LULUCF*

142. Investments by the GEF in Sustainable Forest Management (SFM) and Land Use, Land-Use Change and Forestry (LULUCF) are rapidly gaining momentum with developing countries due to their unique potential to generate global environmental benefits across a range of themes, including carbon sequestration and storage, biodiversity conservation, protection against soil erosion and desertification, together with the provision of freshwater resources. For the next replenishment, a significant expansion of the GEF SFM program is being proposed, particularly

in the form of an incentive mechanism for beneficiary countries. The purpose of this cross-cutting mechanism is to make available matching funding targeting SFM and LULUCF tools and activities, thereby encouraging developing countries to program substantial fractions of their focal area allocations in biodiversity, climate change, and land degradation to programs and projects toward seeking multiple benefits that can be accrued from managing forests sustainably.

#### \$4.2 replenishment target (\$250 million allocated to the SFM/REDD-Plus/LULUCF Program)

143. A \$250 million funding envelope for SFM would allow the GEF to take its financing efforts in GEF-4 to scale. Based on our previous experience, developing countries would be forthcoming with an estimated 15% of their national allocations to activities related to SFM and LULUCF. Thus, together with this range of resources originating from the incentive mechanism, the total GEF investment in SFM and LULUCF for GEF-5 could be approaching \$600-675 million by the end of the next funding cycle, before co financing leveraging is considered. Under this scenario, the GEF will continue to program the bulk of its SFM resources to improve management practices within the forest sector. A significant change under this scenario compared to GEF-4 will be an enhanced focus on SFM activities aiming at climate change mitigation, as expressed by the second objective of the GEF-5 SFM strategy.

144. Using the OSIRIS<sup>15</sup> model, the funding scenario holds the potential to reduce deforestation of globally irreplaceable sites in biodiversity hotspot regions by about 1 million hectares over the duration of the fifth replenishment period, and prevent the emission of about 315-750 million tons of carbon dioxide equivalent to the atmosphere. Furthermore, the model calculates that a targeted investment in SFM could produce a measurable reduction in the rates of extinction of key indicator groups globally throughout the duration of the cycle.

145. The window of opportunity to act cost-effectively on the forest agenda is closing rapidly, as pressure from other sectors over forested land is expanding globally. GEF is already in a strategic position to be able to rapidly combine strategic objectives and financial contributions across different focal areas, building on LULUCF and REDD options, maximizing the generation of multiple global environmental benefits. With the proposed enhancement of the SFM Program in GEF-5, the GEF will be able to start promoting transformational change in forest practices in a significant number of developing countries.

---

<sup>15</sup> The Open Source Impacts of REDD Incentive Spreadsheet (OSIRIS) is a tool to allow users to compare the potential impacts of REDD financing on emissions reduction.  
<http://www.conservation.org/osiris/Pages/overview.aspx>

**Table 6: Sustainable Forest Management/REDD-Plus Results Framework**

**Goal:** Achieve multiple environmental benefits from improved management of all types of forests.

**Impacts:**

Effective provisioning of forest ecosystem services.

Strengthened livelihoods of people dependent on the use of forest resources.

**Indicators:**

Land (hectares) covered by intact forest.

Carbon stored in forest ecosystems and emissions avoided from deforestation and forest degradation.

Income generated from forest services for forest dependent people and communities.

Proposed Resource Envelopes: \$250 million

Objectives	Expected Outcomes and Indicators	Outcome targets under \$4.2 billion Replenishment	Core Outputs
<p>Objective 1: Reduce pressures on forest resources and generate sustainable flows of forest ecosystem services</p>	<p>Outcome 1.1: Enhanced enabling environment within the forest sector and across sectors. <i>Indicator: Effectiveness of policy, legal and regulatory frameworks that integrate SFM principles (score as recorded by tracking tool).</i></p> <p>Outcome 1.2: Good management practices developed and applied in existing forests. <i>Indicator 1: Forest area under FSC certification measured in hectares.</i> <i>Indicator 2: Enhanced carbon sinks from reduced forest</i></p>	<p>80% of projects have effective forest policy, legal and regulatory frameworks which support SFM.</p> <p>90 % of projects lead to an increase in forest area under sustainable forest management (including forest conservation).</p>	<p>Payment for ecosystem services (PES) systems established (number).</p> <p>Types of services generated from forests</p> <p>Forest area (hectares) under sustainable management, separated by forest type</p>

Objectives	Expected Outcomes and Indicators	Outcome targets under \$4.2 billion Replenishment	Core Outputs
	<p><i>degradation.</i></p> <p>Outcome 1.3: Good management practices in the wider forest landscape developed and adopted by relevant economic sectors. <i>Indicator: Maintained frontiers between agricultural and forest land (GIS map).</i></p>	<p>Prevent the emission of about 90-225 million tons of carbon dioxide.</p>	
<p>Objective 2: Strengthen the enabling environment to reduce GHG emissions from deforestation and forest degradation and enhance carbon sinks from LULUCF activities.</p>	<p>Outcome 2.1: Enhanced institutional capacity to account for GHG emission reduction and increase in carbon stocks. <i>Indicator: National institutions certifying carbon credits.</i></p> <p>Outcome 2.2: New revenue for SFM created through engaging in the voluntary carbon market. <i>Indicator: Total revenue from voluntary carbon market (\$ at country level).</i></p>	<p>75 % of projects achieve their targets for enhancing country capacity to certify forest-derived carbon credits.</p> <p>80 % of projects achieve their targets for carbon revenue generated.</p> <p>Prevent the emission of 225-450 million tons of carbon dioxide.</p>	<p>National forest carbon monitoring systems in place (number).</p> <p>Innovative financing mechanisms established (number).</p> <p>Carbon credits generated (number).</p>

## AN APPROACH TO ENHANCE ENGAGEMENT WITH THE PRIVATE SECTOR

146. Since its inception in 1991, the GEF has engaged the private sector in a variety of ways, mostly through direct project support. A consistent theme in the numerous policy documents and assessments of GEF's engagement with the private sector is that the private sector is integral to achieving the overall global environmental objectives of the GEF. Given the huge innovative and resource mobilizing potential of the private sector and the limited resources that can realistically be deployed from the public sector in relation to the scale of the challenges, it is generally agreed that ways must be found to radically increase the beneficial involvement of the private sector towards addressing today's and tomorrow's global environmental challenges.

147. Initial policy frameworks for private sector engagement were developed through GEF Council papers as early as 1996.<sup>16</sup> These have provided a foundation for GEF engagement with the private sector. Most recently, two Council-approved documents detailed an updated strategy to enhance GEF's engagement with the private sector: "GEF Strategy to Enhance Engagement with the Private Sector" (GEF/C.28/14) in March 2006, which was accompanied by an extensive information document "Additional Information to Support the GEF Strategy to Enhance Engagement with the Private Sector" (GEF/C.28/Inf.4).

### **The GEF Earth Fund (Pilot Project)**

148. The 2006 private sector strategy documents included an innovative proposal to establish a pilot public-private partnership (PPP) initiative to enhance GEF engagement with the private sector. Private sector engagement outside of the resource allocation system is proposed, given the increased difficulty in inducing countries to allocate resources to promote private sector engagement since the RAF was operationalized. A pilot PPP concept was approved by the GEF Council in June 2007 along with a funding allocation of \$50 million. After detailed negotiations with the IFC as a strategic partner, the concept was further developed as a pilot project, was renamed the GEF Earth Fund, and was approved by Council in May 2008.<sup>17</sup>

149. The GEF Earth Fund (pilot project) is a vehicle for enhancing GEF engagement with the private sector through a matching of GEF resources with private sector resources to catalyze the sustainable generation of global environmental benefits. Its primary role is to mobilize private capital into projects, technologies and business models that will contribute to the protection of the global environment and to thereby promote environmentally sound and sustainable economic development.

150. The Earth Fund allows the GEF to demonstrate ways to more systematically engage with the private sector outside of the constraints of the resource allocation system in order to reach beyond its traditional boundaries, foster innovation, open and develop new markets, and demonstrate the potential for strategic partnerships to achieve a greater scale of investment than

---

<sup>16</sup> GEF Strategy for Engaging the Private Sector (1996); Engaging the Private Sector in GEF Activities (1999); Enhancing GEF's Engagement with the Private Sector (2003); Principles for Engaging the Private Sector (2004).

<sup>17</sup> The GEF Earth Fund was established as a result of two Council documents, "The Public Private Partnership Initiative: Furthering the GEF Strategy to Enhance Engagement with the Private Sector", approved by the Council in June 2007, and "The GEF Earth Fund: (formerly) The Public Private Partnership Initiative: Furthering the GEF Strategy to Enhance Engagement with the Private Sector", approved by circulation to Council in May 2008.

generally achievable through the normal GEF project cycle. Private sector engagement will also continue outside of the Earth Fund through implementation of the GEF focal area strategies. Indicative private sector engagement outcomes for GEF-5 are shown in Annex 1, which is not limited to proposed activities within the Earth Fund.

151. Earth Fund Platforms. The Earth Fund is structured based on the concept of “Platforms” under which a portfolio of individual activities (hereinafter referred to as “projects”) will be managed. The overarching goals of each Platform have to be aligned with GEF focal area strategies, while projects within each Platform will seek to address specific environmental challenges or to leverage particular business models or financial instruments in service of these objectives. This is a delegated structure that allows projects to be approved by GEF Agencies that manage Platforms, once those Platforms have been approved by Council.<sup>18</sup>

152. Council has approved all of the existing \$50 million GEF funding allocation (excluding Agency fees) for five Earth Fund Platforms: (i) the IFC Earth Fund Platform (\$30 million, September 2008); (ii) the UNEP “Global Market Transformation for Efficient Lighting” (\$5 million, June 2009); (iii) the WB/Conservation International “Conservation Agreement Private Partnership Platform” (\$5 million, August 2009); (iv) the UNEP/Rainforest Alliance “Greening the Cocoa Industry” (\$5 million, April 2010); and (v) the IDB/Nature Conservancy “Public-Private Funding Mechanisms for Watershed Protection” (\$5 million, April 2010).

153. The geographic focus for Earth Fund Platforms is global or regional. It is not anticipated that any Platforms will be confined to a single country. Sub-projects within Platforms will likely be single country investments.<sup>19</sup> Attention will be given to ensuring complementarity between the Earth Fund and other GEF programming, and some specific examples in this regard are provided later in this document (in relation to the international waters focal area). A single Earth Fund Platform may encompass more than one GEF focal area, and this is already the case in two of the three Platforms approved by Council thus far.

154. The Secretariat believes that the recent Council approval of the Conservation Agreement Private Partnership Platform only 6 months after the proposal first entered the GEF pipeline is some evidence that a real step change in the processing timescale is feasible through the Earth Fund. Given the increasing urgency of the issues confronting the global environment and the pace at which the private sector operates, we believe that this faster rate of GEF platform processing is welcome.

---

<sup>18</sup> Within each Platform, projects are approved through approved operational procedures (submitted to Council with each Platform proposal) which normally allow these projects to be approved consistent with the project cycle of the Agency itself.

<sup>19</sup> While single country Platforms could in theory be considered, there is less of a case for the additionality of the Earth Fund and there is also the issue of potential interaction with national planning processes which typically operate on a different timescale from the expedited Earth Fund processes. A strong specific justification would be needed for a national Platform. It is proposed that private sector involvement by national entities be encouraged through a separate non-grant instrument incentive in addition to the country allocations where relevant (see Annex 1 to this document).

155. The IFC also manages the trust fund for the GEF Earth Fund (pilot project), and in its role as fund manager and administrator, the IFC disburses funding to entities approved to manage Platforms upon Council approval and CEO endorsement. In addition, the IFC participates in GEF Earth Fund Board meetings as an observer.

156. Further information regarding the GEF Earth Fund is provided in the document “The GEF Earth Fund Board Procedures (Pilot Project) – Strategic Priorities, Governance and Operational Procedures,” which was approved by Council in June 2009.

### **Rationale for Enlarging and Mainstreaming the GEF Earth Fund in GEF-5**

157. The approved and currently pending Earth Fund Platforms are expected to cover a wide range of operations in climate change, biodiversity and regional water initiatives, including investment into small and medium sized enterprises (SMEs) in developing countries in a manner which combines environmental protection and social and economic development. The Platforms will cover a wide geographic distribution in LDCs and other recipient countries. The streamlined process already has been seen to work effectively and to be of great interest to potential private sector partners wishing to participate in Platforms.

158. However, due to the limited size of the initial funding approval (\$50 million), some of the current Platforms may of necessity be smaller than might be considered optimal by many potential private sector partners, and smaller than might be justifiable to optimize the regional and global impacts of some of the relevant initiatives. This is of course quite appropriate for a pilot project, when it is clearly desirable to demonstrate the effectiveness of a number of different initiatives and approaches.

159. There is justification for enlarging and consolidating the GEF Earth Fund as a mechanism for engaging with the private sector in GEF-5 for the following reasons:

- (a) Allow for the approval of quality Platforms, such as those to date under the pilot project of the GEF Earth Fund, which will reinforce the widely perceived effectiveness of the portfolio approach executed through managed Platforms;
- (b) Provide for interventions of larger scale and greater speed of implementation (attainable through strategic partnerships with the private sector using a streamlined portfolio-based approach), which are desirable to enhance the GEF’s impact towards the protection of the global environment and environmentally sound and sustainable economic development, given the urgent need to address large scale threats to the global environment;
- (c) Enhance engagement with the private sector through PPP mechanisms, which will bring a new pool of talent and resources to the GEF partnership in its mission to generate global environmental benefits;
- (d) Ensure robust engagement with the private sector in the current organizational and operational structure of the GEF after the inception of the Resource Allocation Framework (RAF);

- (e) Attract very significant co-financing from the private sector and other parties (which should always be at least three times the level of GEF funding in the case of the GEF Earth Fund); and
- (f) Attract additional funding of parallel contributions from donors in addition to the leverage of co-financing at the project level. The ability to attract these types of contributions at the GEF Earth Fund level can significantly increase the overall impact of the work carried out through the Platforms.

#### **Earth Fund Outline Business Plan for 2010-2014**

160. It is proposed that resources be earmarked for an expanded and recapitalized Earth Fund in GEF-5, with the aim of leveraging additional resources from the private sector.

161. The GEF Earth Fund is not a purely commercial vehicle. This is consistent with the GEF Instrument which provides for grant and concessional funding. Large PPP funds typically invest on the basis of a commercial return into commercially viable projects and businesses, and typically focus on large investments, which justify the expenses related to the required due diligence and management of the investment process. It is well known for instance that the costs associated with preparing, documenting, managing and monitoring a \$3 million debt or equity investment in an infrastructure project are typically not that much less than the costs associated with a \$30 million investment in the same or a similar project. It is not anticipated that the Earth Fund, even in a strong recapitalization scenario, would contemplate single project investments as large as \$30 million (although Platforms which include multiple investments may well exceed \$30 million in a robust replenishment scenario). A key to the success of the Earth Fund is attracting investment partners at the Platform level who are not seeking a full commercial rate of return on their investments. There is a very substantial universe of “triple bottom line” investors active in the global environment arena, including affiliates of large multinational corporations. Attracting such investors is not considered to be difficult in the context of the concessional funding being offered by the Earth Fund, and it is anticipated that even in a strong replenishment scenario the demand for Earth Fund resources will substantially exceed supply.

162. Assuming a successful GEF replenishment in 2010, an expanded and recapitalized Earth Fund will incorporate lessons learned from the pilot project and operate at a greater scale (depending on the level of replenishment). Achieving scale will allow the Earth Fund to promote and support larger investments and generate more sustainable levels of reflows, as the technical assistance and business advisory support to complement investment activities will in general be a smaller percentage of the overall investments.

163. An enlarged GEF Earth Fund under GEF-5 will allow Platforms and projects to be supported in line with any of the GEF-5 strategic goals and objectives. There are specific themes that could be particularly appropriate for the GEF Earth Fund under GEF-5, and some potential examples are:

- (a) Accelerating the development and deployment of advanced energy technologies for developing countries;



- (b) Combining public and private financing of projects incorporating renewable energy technologies, energy efficiency technologies and low carbon transport and urban system technologies;
- (c) Developing energy efficiency facilities through financial intermediaries;
- (d) Addressing critical service needs with proven technologies that have shown limited success through the normal GEF project approach (for example adapting and replicating successful business models for scaling up the provision of solar home systems in areas without grid access, noting there are close to 2 billion people without grid access who must often resort to environmentally degrading means to obtain their basic energy needs);
- (e) Promoting business participation in sustainable forest management (SFM) initiatives;
- (f) Deploying market-based instruments for biodiversity protection and the provision of ecosystem services in developing countries. This may include initiatives under the Business, Biodiversity and Offsets Program (BBOP) which generates measurable conservation outcomes through biodiversity offsets associated with extractive industry project development;
- (g) Combining development and conservation by means of a nature-based “BioDevelopment Fund,” a concept to promote the utilization of the emerging tools of genomics, proteonomics and even biomimetic applications to tap into the massive biodevelopment potential of the global protected areas system. Its design would seek to complement the developing CBD agenda on Access and Benefit Sharing (ABS);
- (h) Deploying PPP models for reduction and treatment of pollution, including POPs and hazardous chemicals;
- (i) Engaging in carbon finance activities through the Earth Fund where this will complement other programs; and
- (j) Developing major strategic partnerships with the business community in the International Waters focal area that would work in tandem with other GEF projects and programs for maximum impact. A “Save the Source” platform with industry on water efficiency and water foot-printing, a “Rebuilding Marine Fisheries” platform with banking/fishing/import/export/food industries, and a “Reversing Dead Zones” platform with agri-business related to nitrogen pollution have the potential to stimulate global impacts.

164. An overall replenishment target of \$4.2 billion is assumed for the purpose of this document to support an allocation of \$80 million towards the recapitalization of the Earth Fund, including outreach to the private sector. The Earth Fund recapitalized at the \$80 million level might initially support eight Platforms at an average of \$10 million each.<sup>20</sup> These Platforms would be expected to leverage an additional estimated \$320 million in co-financing, thereby constituting total capital deployment on the order of \$400 million. On the basis of a conservative

---

<sup>20</sup> Individual Platforms would be expected to vary substantially in size, for example a large Platform might utilize \$15 million of Earth Fund resources, and a small Platform might utilize \$5 million of Earth Fund resources.

reflow assumption of 60 percent of the \$80 million base capital (without dividends), it is anticipated that reflows of approximately \$48 million would return from the Platforms to the Earth Fund Trust Fund over time. On this basis, the Earth Fund would be partially self-sustaining and engage in a modest but meaningful level of investment across a wide range of activities including climate change mitigation, chemicals management and ecosystem services.

165. It may be worth noting that a larger allocation to the Earth Fund would be more likely to attract substantial additional contributions from private philanthropies, thereby enhancing the profile of the Earth Fund as a vehicle of choice for private sector participation in the pursuit of global environmental benefits and promoting environmental sustainability in corporate practices. A strong recapitalization scenario would present an opportunity to catalyze major investment volumes through the regional MDBs (EBRD, IDB, AfDB and AsDB) in conjunction with the private sector. For example, based on preliminary contact with EBRD and IDB, each institution has provided a concept for a substantial Earth Fund Platform. AfDB and AsDB have indicated similar levels of interest, and are ready to provide concept papers. Of course IFC has already been allocated a substantial Platform, which is currently under implementation, and should be in line for additional resources once the current Platform is close to being fully invested.

166. Enlargement and strengthening of the Earth Fund Board is seen as a key measure to support the future operation of the Earth Fund. The Secretariat is already working with its partners to identify suitable candidates, and is committed to substantially strengthen the Board by end of 2010. The Secretariat will consult Council prior to the selection of any new Board members.

167. With an enlarged and strengthened Earth Fund Board in place, there will be increased opportunity for the GEF to directly engage with key private sector entities at top executive level in a manner which will contribute to an enhanced deal flow of creative Platforms and projects on the basis of strategic partnerships which make sound business sense and generate global environmental benefits in line with the overall GEF mandate.

168. The Secretariat looks forward to continued dialogue with Participants, GEF Agencies and other stakeholders during the remainder of the GEF-5 replenishment process in order to increase their comfort level with the Earth Fund processes, receive feedback on future priorities and optimize the operating modalities of the Earth Fund as a basis for the strongest possible replenishment of the Earth Fund.

## CORPORATE PROGRAMS STRATEGY

169. Corporate programs are those activities undertaken by the GEF to support work in the focal areas. Corporate activities are largely cross-cutting in nature and respond to the needs of countries and civil society organizations to develop the capacity to undertake activities that generate global environmental benefits. Currently, four corporate programs are under implementation: (i) the Country Support Program;<sup>21</sup> (ii) the National Dialogue Initiative;<sup>22</sup> (iii) the Cross-cutting Capacity Building Program; and (iv) the Small Grants Program.

170. The GEF-5 strategic approach to corporate programs, aims to build further on the processes established in GEF-4 to ensure that GEF programming is more closely tied to the needs of recipient countries, taking into account feedback received from the GEF country focal points, such as: (i) the need for greater coordination among national officers responsible for the GEF from different perspectives, e.g., GEF focal points, convention focal points, ministries of finance, CSOs; (ii) the need for greater visibility and recognition of GEF support to countries; and (iii) the need to re-focus the different components of the Country Support Program to help countries undertake new and/or redesigned GEF activities.

171. As a new corporate feature in GEF-5 it is proposed that each country undertake, on a voluntary basis, a GEF National Portfolio Identification exercise that will provide direction on how countries propose to utilize GEF resources. During GEF-5, countries that so request shall be supported in undertaking such portfolio identification exercises. In this context, it is suggested that the system of Focal Points be strengthened by the establishment of GEF National Steering Committees. Another GEF-5 proposal is to integrate the National Dialogue Initiative into an expanded Country Support Program. Basic cross-cutting capacity development support will continue to be provided. The Small Grants Programme will be continued in GEF-5 as a new project designed in accordance with Council decisions. The GEF will continue to work with GEF Agencies to support activities involving innovation with Civil Society Organizations, for example through the Development Marketplace. In addition, the Secretariat, in collaboration with the Agencies, will further strengthen the incipient conflict resolution approach established in GEF-4.

### **National GEF Portfolio Identification**

172. Being fully coordinated with national planning processes will better align GEF activities to the needs of the recipient countries. The value of such coherence among international agencies has been emphasized repeatedly at all major international conferences on development, including the 2005 World Summit, the Millennium Declaration, the Paris Declaration on Aid Effectiveness, the 2008 Accra Agenda for Action and the Millennium Development Goals, the Accra High Level Forum and the Doha Financing for Development Outcomes.

173. For a large part of the GEF's history, country programming was mediated through the GEF Agencies. While such an approach ensured that GEF-financing was sought for activities

---

<sup>21</sup> Initiated in 2006 to address the capacity and knowledge needs of the GEF country focal points.

<sup>22</sup> Initiated in 2004 to facilitate a series of country-level multi-stakeholder dialogues on GEF-related issues and themes. National dialogues aim to raise awareness about the GEF, strengthen country-level coordination and ownership, and clarify and address country GEF needs and priorities linked to national development strategies.

within the context of planning and assistance frameworks<sup>23</sup> established between a GEF Agency and a country, there is scope for further improvement. During GEF-4, with the introduction of the Resource Allocation Framework, direct communications between the Secretariat and countries were initiated to facilitate programming and to ensure that competition among GEF Agencies did not result in a dilution of country priorities.

174. At the beginning of GEF-4, the Secretariat contacted each recipient country to ascertain how they intended to utilize their allocated funds under the RAF. This first attempt to identify from the beginning an overall approach to GEF funding was well received and helped countries in their efforts to establish priorities. To further strengthen strategic engagement of the GEF at the country-level, it is proposed that each recipient country undertake, on a strictly voluntary basis, with GEF financial support, as necessary, a National GEF Portfolio Identification exercise. Such exercises may cover all relevant focal areas and describe how GEF allocations will be programmed to carry out national and regional projects in the context of what the country can contribute to the global environment. The portfolio identification exercise will serve not only as a priority setting tool for the countries throughout the period but also as a guide for GEF Agencies as they assist recipient countries. It is suggested that the portfolio identification exercises be undertaken in a consultative and participatory manner under the guidance of the GEF National Steering Committees and coordinated by the GEF operational focal points. The Secretariat will be available to facilitate the exercise, as necessary.

175. Portfolio identification exercises are not prerequisites to access GEF support for projects. Those countries that decide to undertake such an exercise will be granted up to \$30,000 from the corporate programs budget for that purpose. The outcomes of the portfolio identification exercises will be shared with the respective conventions for public disclosure as well as through the GEF website.

176. Over the history of the GEF there has been an effort to align GEF interventions ever more closely with national priorities. The decision that each country would have both a Political and an Operational Focal Point with clearly defined responsibilities was taken with this objective in mind. In particular, the Operational Focal Points were expected to follow closely the project cycle and to ensure that projects/programs would respond to national priorities. In order to further strengthen this system and to ensure internal coordination, it is suggested, that beginning in GEF-5, each recipient country that does not already have one will set up a GEF National Steering Committee. This Committee will be chaired by the country's Operational Focal Point, and should include, inter alia, the ministries of environment, agriculture, industry, energy, planning and finance, convention focal points, GEF Agencies, SGP national coordinator as well as representatives of Civil Society Organizations. Each country may adapt the membership to national circumstances while respecting the principles of transparency and broad participation of stakeholders.

177. The main responsibilities of a GEF National Steering Committee will be to oversee the voluntary National GEF Portfolio Identification Exercises, and review and clear all projects/programs that are submitted for support to the GEF. In this manner the programming of

---

<sup>23</sup> United Nations Development Assistance Framework (UNDAF) of the UNDP, and Country Assistance Strategies (CAS) or Poverty Reduction Strategy Program (PRSFP) of the World Bank.

GEF resources in each country will be approved by a process of internal consultation with all relevant stakeholders. The endorsement letter from the Operational Focal Point that backs up each PIF/project document will therefore state that the Steering Committee has considered and approved the document for submission to the GEF in response to its national priorities.

### **National Dialogue Initiative**

178. Currently, the National Dialogue Initiative project facilitates a series of country-level multi-stakeholder dialogues on GEF-related issues and themes. National dialogues aim to raise awareness about the GEF, strengthen country-level coordination and ownership, and clarify and address country needs and priorities linked to GEF focal areas and national development strategies. The program is currently implemented by UNDP under the strategic guidance of an inter-agency Steering Committee, chaired by the GEF CEO.

179. In order to further integrate these dialogues into the GEF Secretariat corporate activities and so that they may serve as a tool for the work of GEF National Steering Committees, it is proposed that in GEF-5 these dialogues become an individual component of the Country Support Program as described below.

### **Country Support Program**

180. The main objective of the Country Support Program is to strengthen the capacity of GEF focal points to effectively carry out their mandates for supporting global environmental programs in their countries and constituencies. This includes the improvement of overall national and constituency coordination on global environmental issues. The program is currently jointly implemented by UNDP and UNEP under the strategic guidance of an inter-agency Steering Committee, chaired by the GEF CEO.

181. Given its importance in conveying the strategies, policies and programs of the GEF at the country level, as well as in ensuring that the GEF identity is linked to the results accomplished through GEF financed activities, it is proposed that the Country Support Program be managed by the GEF Secretariat, and be composed of the following elements:

- (a) Broad, Multi-stakeholder Dialogues.<sup>24</sup> These will be organized along the lines of the current National Dialogue Initiative, at the request of the GEF National Steering Committee;
- (b) Constituency Workshops. The Country Support Program (CSP) currently includes 8 sub-regional workshops a year that provide an opportunity for focal points to meet with their counterparts from other countries in the region and other GEF partners to discuss and review policies and procedures and to share lessons and

---

<sup>24</sup> These dialogues are expected to involve a diversity of government ministries and agencies, NGOs, communities, academic and research institutions, the private sector, as well as partners and donors in the country. These dialogues will continue to support countries to (i) inform themselves about global environmental issues and GEF policies and procedures; (ii) take stock of GEF-financed activities and results of GEF country portfolio; (iii) further define priorities for funding and develop national strategies and plans; (iv) strengthen national GEF coordination processes and mechanisms and inter-sectoral coordination; and (v) enhance inter-agency collaboration and partnerships and promote integration of GEF in national environmental and sustainable development plans and processes.

experiences from development and implementation of GEF projects and their integration within national policy frameworks. It is proposed that in GEF-5 this be transformed into one GEF constituency-level workshop a year, to keep the GEF national focal points, convention focal points and other key stakeholders, including civil society, abreast of GEF strategies, policies and procedures and to encourage coordination. These 15 meetings will follow the outline of the current sub-regional workshops and evolve based on participant feedback. This new format will accommodate a larger number of participants per country and keep the workshops manageable. Support will include organization of the meeting, travel and DSA allowance for participants and Secretariat;

- (c) Council Member Support. The current practice is to hold two constituency meetings per year to discuss issues before each Council meeting and to adopt positions that the Council Member may bring to a meeting. Since, if point (b) above is approved, there will already be one constituency meeting in the format of a workshop, though unrelated to Council work; it is proposed that in GEF-5 Council Member Support is reduced to one constituency meeting per year. In addition to the travel and DSA for all participants, including the Secretariat, the budget assistance for organizing these meetings will be increased from \$ 2,000 to \$3,000 per meeting;
- (d) Direct Support to Operational Focal Points. The GEF currently provides resources for the operational focal points to carry out annual work programs in support of their activities. Since the focal point will now require support to organize the National Steering Committees it is proposed that in GEF-5 this activity continues and that the amount be increased from \$8,000 to \$9,000 per year;<sup>25</sup>
- (e) Knowledge Management Tool. (<http://www.gefcountrysupport.org>) is currently designed on the basis of the requirements and needs expressed by GEF focal points. It is proposed that during GEF-5 this tool be further developed to reflect the evolving needs of GEF focal points, and also to target other relevant stakeholder groups, in particular convention focal points;
- (f) Familiarization Seminars. These are currently aimed at new GEF Agency personnel and a handful of new operational focal points. It is proposed that in GEF-5 a GEF Familiarization Seminar be held once a year in Washington, D.C., to train new country focal points and GEF Agency officers on GEF strategies, policies and procedures.

182. The Country Support Program, as described above, will address different aspects of basic capacity development in recipient countries. In addition, countries need capacity development that goes beyond the basic support provided through the Country Support Program. While a major share of capacity development activities are undertaken through programs and projects funded under the GEF focal areas, there are a critical set of cross-cutting capacity development activities that are supported under corporate programs.

---

<sup>25</sup> The amount has not been adjusted for several years, and there is the pressing need for more resources for the support to be effective.

## Capacity Development

183. All capacity development activities in the GEF have been undertaken under the aegis of the Strategic Approach to Enhance Capacity Building (GEF/C.22/8) approved by the GEF Council in GEF-4. The strategy reflects the guidance from the conventions to the GEF to provide support for country-driven capacity development activities, and it follows on from the Council approved Capacity Development Initiative (GEF/C.13/9 and GEF/C.17/6).

184. GEF funds are targeted for cross-cutting capacity development activities in recipient countries. In GEF-4, support has been provided to prepare National Capacity Self Assessments (NSCAs) in 143 countries as requested by the Capacity Development Initiative.

185. Since all these projects have been financed and bearing in mind the evolution in the needs of countries and in the guidance from conventions over the last few years since the strategy was put in place, it is proposed that these activities be slated for evaluation in the course of 2010 in order to prepare a new strategy for discussion by the Council in 2011. This new strategy will be prepared in consultation with the Agencies and will be based on the results and recommendations of the evaluation.

186. Meanwhile, it is proposed that in GEF-5, capacity development through regular projects and programs are the central part of GEF's approach to capacity building, while ensuring that the activities are focused with specific targets, indicators, and tracking tools for capacity development for each focal area.

187. Cross-cutting capacity development through stand-alone projects will be limited to those focused on addressing specific strengthening of capacities that are intimately related to the work of the GEF or that develop capacities that have practical application in implementing the international conventions. In addition, resources will be allocated to addressing any new capacity development requirements that may arise in the context of the Conventions.

**Table 7: Capacity Development Results Framework**

**Goal:** Build national and regional capacities and enabling conditions for global environmental protection and sustainable development

Objectives	Expected Outcomes	Core Outputs	Key Expected Outputs under \$4.2 billion Scenario
Objective 1: Enhance capacities of stakeholders for engagement through consultative process	Consultative mechanism established for proactive and constructive engagement of all interested stakeholders	Established platform (seminars, national consultations and dialogs) for enabling all key stakeholders to participate	<p>Consultative frameworks established in all countries to coordinate GEF investments</p> <p>56 GEF constituency level workshops/meetings organized            20 Country dialogue workshops and seminars organized            60 Constituency meetings organized            SGP National Steering Committees established and National Focal Groups in 132 countries actively participating in GEF National coordination mechanisms</p>
Objective 2: Generate, access and use of information and knowledge	<ul style="list-style-type: none"> <li>●Institutions and stakeholders have skills and knowledge to research, acquire and apply information collective actions</li> <li>●Increased capacity of stakeholders to diagnose, understand and transform complex dynamic nature of global environmental</li> </ul>	<p>Institutions and stakeholders trained how to use different tools available to manage information Stakeholders are better informed via workshops and trainings about global challenges and local actions required</p> <p>Public awareness raised through workshops and other activities</p>	<p>Ability of stakeholders to diagnose, understand and transform information and knowledge into local actions increased and retained in 8 countries</p> <p>Knowledge platform established to share lessons learned among CBOs and CSOs across 100 SGP countries</p>



Objectives	Expected Outcomes	Core Outputs	Key Expected Outputs under \$4.2 billion Scenario
	problems and develop local solutions ●Public awareness raised and information management improved		
Objective 3: Strengthened capacities for policy and legislation development for achieving global benefits	● Enhanced institutional capacities to plan, develop policies and legislative frameworks for effective implementation of global conventions	National plans, policies and legal frameworks developed	Voluntary GEF Portfolio Identification Exercises undertaken for 80 countries  Institutional capacities enhanced in 8 countries to implement global conventions
Objective 4: Strengthened capacities for management and implementation on convention guidelines	● Enhanced institutional capacities to manage environmental issues and implement global conventions ● Good environment management standards defined and adopted ● Sustainable financing mechanisms in place at national level	Institutional capacities for management of environment strengthened.  Standards developed and adopted   Financing mechanisms for	Management capacities for implementation of convention guidelines and reporting enhanced in 10 countries  Capacities of 5000 CSOs and CBOs as SGP partners, strengthened  Sustainable financing mechanisms developed in 10 countries

Objectives	Expected Outcomes	Core Outputs	Key Expected Outputs under \$4.2 billion Scenario
		environment created	
Objective 5: Capacities enhanced to monitor and evaluate environmental impacts and trends	<ul style="list-style-type: none"> <li>• Enhanced skills of national institutions to monitor environmental changes</li> <li>• Evaluation of programs and projects strengthened and improved against expected results</li> <li>• Increased capacity for evaluation</li> </ul>	<p>Monitoring systems established</p> <p>Evaluation system for programs and projects established</p> <p>Learning system established to provide feedback to policy, strategies and management decisions from evaluation reports</p>	<p>Capacities for monitoring of projects and programs developed in 10 countries</p> <p>Learning and knowledge management platform established to share lessons learned among CBOs and CSOs across 132 SGP participating countries</p>

## **Small Grants Program**

188. The Small Grants Programme (SGP) enables global environmental benefits to be delivered at local levels through local communities, community based organizations (CBO), and NGO action. By the end of GEF-4 participation in the GEF Small Grants Programme (SGP) had grown to 123 countries and more than 11,000 partnerships with local NGOs and CBOs. At least ten (10) more countries have expressed their interest in joining the SGP and there is an opportunity in GEF-5 to make the SGP truly global as the GEF's premier flagship country-driven mechanism to provide fast and effective access to GEF resources for civil society and for poor and vulnerable communities.

189. To achieve this requires a combination of strategic, managerial and financial innovations. It is proposed that the more mature SGP country programmes are upgraded in GEF-5, allowing them to seek GEF funding through a modality equivalent to a Full Size project. Others will continue to rely on the core programme for funding; using resources both within and outside the resource allocation system. All in all there would be 133 countries and more than 20,000 projects and local partnerships established by the end of GEF-5.

190. Upgraded country programmes will function in a more independent manner and take broader responsibilities, seeking access to larger amounts of funding from a variety of sources, while still remaining a part of the overall global SGP for knowledge exchange and communications. Upgraded country programmes will continue to fully comply with SGP operational guidelines and fiduciary standards.

191. The decentralized and country-driven nature of SGP will be sustained through strengthened SGP National Steering Committees and National Focal Groups. These will be required to actively and effectively preserve, promote and disseminate the GEF identity of the SGP. Strategic advice will be provided by the existing inter-agency Steering Committee chaired by the GEF CEO and UNDP will retain responsibility and accountability for programming and operational management.

192. Basic resources will be assigned from the core fund and it is anticipated that additional resources will be mobilized through allocations by countries from their STAR allocations, GEF projects submitted by the upgraded country programmes, and co-financing raised from other sources, including the CBO's and NGO's own resources.

## **Conflict Resolution**

193. A well-functioning conflict resolution system is critical to ensuring that recipient countries have a trustworthy system for resolving complaints and conflicts that emerge in the process of requesting GEF resources and implementing GEF-financed programs and projects. This is key to enhancing the credibility of the GEF partnership with all stakeholders.

194. A beginning was made in GEF-4 with the introduction of a Conflict Resolution Commissioner in the Secretariat, and establishment of some basic norms of engagement with GEF Agencies and countries in identifying and resolving conflicts in a timely manner. Further development of this function in GEF-5 will include, inter-alia:

- (a) Enhanced measures to protect the integrity of the GEF partnership (policy reviews and assessments to sustain confidence in the GEF, review of public disclosure, development of guidelines, procedures and tools, sensitization of stakeholders, enhance responsiveness);
- (b) Conflict/dispute settlement framework for handling cases, documentation, data base and tracking tools, communication, preventive strategy, rules and procedures, strengthening capacity at the level of the Secretariat and among other stakeholders; and
- (c) Special outreach and cooperation with GEF Agencies, Focal Points and Conventions.

## RESULTS-BASED MANAGEMENT FRAMEWORK

195. Results Based Management (RBM) has been on the GEF agenda for several years. It is codified in policy, embedded in strategy at the Focal Area level and helps to drive reporting. While these steps have generated well documented successes, there tends to be an over-emphasis on reporting project results and insufficient attention to using portfolio results information for improving projects and for internal management. These gaps make it difficult to show interim progress towards outcomes, to identify management issues early on, and to take timely corrective action.

196. The GEF-5 approach moves beyond reporting results and gives attention to using results information for accountability, internal management, learning and knowledge management. During GEF-5 the Secretariat will build on the good practice from GEF-3 and GEF-4, to focus on three main areas: Portfolio Outcome Monitoring; Portfolio Process Monitoring, Learning and Knowledge Management. In GEF-5 RBM covers:

- (a) Defining realistic expected results that meet country identified needs and align with the mandate of the GEF;
- (b) Monitoring portfolio progress toward results and resource use, by means of appropriate indicators and targets;
- (c) Managing risks, meeting service standards and striving for efficiency, bearing in mind the expected results and resource levels;
- (d) Increasing knowledge by learning, knowledge dissemination and feedback into decision making; and
- (e) Reporting on the results achieved and resources disbursed.

### RBM Areas

197. **Portfolio Outcome Monitoring** at both the focal area and corporate-level, based on the indicators and targets set out in each Focal Area results framework and the GEF Strategic Results Framework (Annex 2). Portfolio outcome monitoring will occur on an annual basis to track progress in reaching intended outcomes.

198. The Secretariat in coordination with the GEF Agencies will implement a consistent and integrated RBM approach with the introduction of organization-wide strategic goals. These high level strategic goals will allow the GEF to show concrete contributions to global environmental benefits, environmental conventions, and the MDGs, as well as help prioritize results for progress tracking and reporting on an annual basis.

199. To further results chain coherence, GEF-5 will adopt recognized terminology (based on OECD DAC), aim for a more consistent approach to results levels across Focal Areas, and focus results measurement and reporting at two main levels – portfolio and corporate levels.

200. GEF's results monitoring at the portfolio level will identify and measure outcome results achieved during the project life rather longer-term impacts, which are better captured through evaluations. GEF results monitoring will focus on the measurement of outcomes and core

outputs. Immediate outcomes, core outputs and other measures of performance are good proxies for progress towards achieving higher-level results. Implementing Agencies will be responsible for project level results measurement and reporting.

201. During the GEF-5 period, greater attention will be given to streamlining reporting requirements and supporting the development or refinement of performance measurement tracking tools and systems.

202. **Portfolio Process Monitoring** to track GEF efficiency and effectiveness based on the indicators and targets in Annex 2. Process monitoring is a useful management tool and will take place on an ongoing basis to track whether the portfolio is being implemented as intended, set standards are being met, and if resources are being used efficiently. Indicators for corporate level processes will be tracked and will include: quality at entry (project approval) for each focal area, which will take into consideration project objectives, strategic relevance, role/ contribution to the GEF mandate and convention goals.

203. It will also include: (i) RBM issues such as design of the baseline, collection of baseline data, and a project monitoring strategy with sufficient budget allocation; (ii) document processing efficiency including turn around and approval times; (iii) Resource allocation including securing financing, financing mechanisms and efficiency of use; and (iv) Gender and staff issues.

204. To support better management, a summary dashboard report will be prepared for managers on a six month basis, providing an overview of portfolio design and implementation progress, status of disbursements, service standard achievement and progress towards outcome level results. Timely information will give managers periodic updates at the portfolio level and ensure more timely service delivery.

205. **Learning, knowledge management and feedback of results in strategy, policy and project development.** During GEF-5 an objective will be to strengthen knowledge creation, sharing and use- either tacit knowledge that resides with individuals or codified knowledge documented on paper - as a way of doing business. Priorities include developing tools, guidance and standards, and strengthening analytical capacity specifically with regards to assessing results and progress towards learning objectives. Meeting these priorities will help the GEF and its partners to promote innovation based programs which work, support institutional and policy transformation, and consolidate and share targeted research and project specific knowledge.

206. There is a growing need for lessons and experiences from these types of projects, and to ensure that emerging factors influence GEF's strategies, policies and the projects it finances. Knowledge dissemination would be closely linked to GEF-5 knowledge management (KM) actions. Specifically, greater attention to learning and knowledge management in GEF-5 will help:

- (a) Bring greater visibility to the work of the GEF and strengthen its environmental leadership role;
- (b) Strengthen partnerships and communication both internally within the GEF, with Council, and with other stakeholders. Fostering partnerships for broader

knowledge sharing and learning with GEF stake holders (including Council Members, GEF Agencies, focal points, staff), other Environmental Organizations/Institutions and the general public;

- (c) Identify successful innovation and ensure that GEF supports cutting edge projects and not only those that work well;
- (d) Strengthen internal KM processes and generate GEF knowledge products for dissemination to GEF staff and stakeholders, including the consolidation of evaluation findings and recommendations, lessons and good practices so that they are easily accessible, disseminated and replicated; and
- (e) Consolidate GEF Agency project knowledge, highlighting project results, cost effectiveness and scientific evidence supporting the achievement of global environmental benefits.

### *Focal Area Learning*

207. The GEF, like other agencies, generates, disseminates and uses many types of knowledge. It learns from its clients and partners through its support of knowledge-intensive or innovation-based programs. A few examples of focal area specific learning network programs include:

- Biodiversity Planning Support Program - BIOPLAN
- IW-LEARN
- Learning network for solar PV projects managers
- National Capacity Self Assessment network
- Sharing Reef Knowledge - SHARK
- Sustainable Transportation/ Fuel Cell Bus
- Adaptation Learning Mechanism - ALM

208. As GEF programming evolves, the demand for new types of learning and knowledge mechanisms increases. Meeting the expanded range, diversity and complexity of knowledge demands will be an important factor in determining the GEF's effectiveness.

### *A Corporate Focus*

209. While it is important to continue to support focal area specific learning and knowledge management, a corporate approach will help leverage lessons learned from projects and to replicate successes and create synergies across focal areas, the GEF portfolio and the GEF partner network. To achieve broader coherence in knowledge, generation, dissemination and use, the GEF plans a corporate approach to knowledge management that will compliment project and focal area specific initiatives by providing a systematic approach based on the principles of coherence and standards. GEF's corporate approach to knowledge management would be based on:

- (a) Development of information approaches/systems to allow for the analysis and codification of lessons at the portfolio level, capitalizing on the generation of knowledge products and services at project level. For example, all projects as

appropriate would develop a GIS map of the project area using tools and technical input developed at corporate level. While the actual map would be part of the project monitoring plan, standards and technical specifications would be developed to ensure coherence across the GEF network.

- (b) Knowledge dissemination building on project level practice, experience and lessons. For example all projects would be required to develop a project specific web site that would facilitate the easy posting and transfer of lessons. Again the specific package and tools would be developed corporately but made available to the project level to avoid duplication of efforts and cost.
- (c) Knowledge uptake, which is critical for ensuring that knowledge products across countries and regions are shared to reinforce project design, policies and strategies and to support management, advocacy, partnership building and professional development. During GEF-5 the Secretariat will undertake selective and targeted field learning monitoring. These missions will allow for in-depth review of selected themes and learning objectives, factors affecting progress towards results or process issues. Current and relevant information will be essential for updating strategies to minimize risks on an ongoing basis.

210. Specific learning objectives are outlined in each focal area strategy and in addition to the above mentioned field learning monitoring; processes will be put in place to track progress, to report on and learn from interim results, and to look critically at risks affecting the ability to deliver. Topic priorities for GEF-5 will be developed in tandem with the development of each Focal Area strategy in consultation with STAP, the TAGS and the GEF Agencies. STAP would be called upon to support the gathering of lessons, and undertaking the generation and dissemination of knowledge products and targeted research.

211. Examples of learning objectives include:

*Enhancing Social Impacts through Improved Understanding of the Causal Relationships between Environmental Management and Local Community Welfare including the management of protected areas, landscapes under SLM and SFM, and under transboundary water management . For Climate change mitigation employment generation and market expansion of clean energy could be examined.*

*Enhancing the catalytic effect of GEF financing with the aim of: identifying, scaling up and replicating best practices, improving the science evidence base to develop projects, strategies and policies, and capture learning from demonstrations across all focal areas. The Secretariat will also work with GEF Agencies to ensure that performance and risks are more carefully rated and tracked at the portfolio level.*

212. The GEF corporate approach to knowledge management brings the contributions of all partners together, using tools, systems and standards that would allow comparability, analysis and replication of project specific learning.



## Benefits of RBM

213. The main benefits of strengthening RBM in GEF-5 are:

- (a) **Greater catalytic impact from GEF financing.** A more strategic development of projects, policies, and strategies based on a standardized and regular flow of performance information will result in greater benefits from GEF financing. Replicating good practice and avoiding repeated weaknesses will improve outcome achievement and portfolio effectiveness.
- (b) **Improved portfolio performance and management.** RBM will contribute to more efficient processes to support project development, monitoring and reporting based on regularly updated monitoring information. Attention will be given to working with GEF Agencies in order to reduce project development time and costs, replicate good practice, and provide stakeholders with timely feedback;

## **PROPOSED RESOURCE ENVELOPES FOR GEF-5**

214. The resource envelopes for GEF-5 are based upon the focal area strategies, cross-cutting strategies, and corporate program strategies as outlined in this document. The strategies have been developed to support an approach to programming that would be supported by a substantial increase in the replenishment of the GEF.

215. In formulating the specific indicative target amounts to program for each focal area and theme, it is important to take into account the following: (i) any reserves for foreign exchange and investment income volatility implemented by the Trustee; (ii) the likelihood of unfulfilled GEF-5 pledges; and (iii) the risk of non-payment of GEF-5 Instruments or Commitment or Qualified Instruments of Commitment (i.e., new arrears). Each of these events impacts the actual funding capacity during a replenishment period. Consequently, the GEF-5 resource allocation system has to be adjusted on an ongoing basis to reflect each of these three factors. The Trustee and the Secretariat will coordinate in order to reflect the required adjustments in the Corporate GEF Business Plans presented for Council review during the GEF-5 period.

216. Table 8 presents the proposed indicative funding levels for each focal area and theme, at a targeted replenishment level of \$4.2 billion, which represents a 34 percent increase over GEF-4 levels and provides for modest increases in all focal areas.

**Table 8: Proposed Indicative Resource Envelope for GEF-5**

<b>Focal Areas/Themes</b>	<b>GEF-4 Allocations (millions of USD)</b>	<b>GEF-5 Programming Target (millions of USD)</b>
<b>BIODIVERSITY</b>		
1. Improve sustainability of protected area systems		700
2. Mainstream biodiversity conservation and sustainable use into production landscapes, seascapes, and sectors		250
3. Build capacity for the Cartagena Protocol on Biosafety		40
4. Build capacity on access to genetic resources and benefit sharing		40
5. Integrate CBD obligations into national planning processes through enabling activities		40
Contribution to Sustainable Forest Management		130
<b>Total - Biodiversity</b>	<b>941</b>	<b>1,200</b>
<b>CLIMATE CHANGE</b>		
1. Promote the demonstration, deployment, and transfer of advanced low-carbon technologies		300
2. Promote market transformation for energy efficiency in industry and the building sector		250
3. Promote investment in renewable energy technologies		320
4. Promote energy efficient, low-carbon transport and urban systems		250
5. Conserve and enhance carbon stocks through sustainable management of land use, land-use change		50
6. Continue to support enabling activities - national communications to the Convention		80
Contribution to Sustainable Forest Management		100
<b>Total - Climate Change</b>	<b>941</b>	<b>1,350</b>
<b>INTERNATIONAL WATERS</b>		
1. Catalyze multi-state cooperation to balance conflicting water uses in transboundary surface and groundwater basins while considering climatic variability and change		130
2. Catalyze multi-state cooperation to rebuild marine fisheries and reduce pollution of coasts and Large Marine Ecosystems (LMEs) while considering climatic variability and change		180
3. Support foundational capacity building, portfolio learning, and targeted research needs for joint, ecosystem-based management of transboundary water systems		90
4. Promote effective management of Marine Areas Beyond National Jurisdiction (ABNJ) directed at preventing fisheries depletion – joint with GEF Biodiversity Focal Area		20

<b>Focal Areas/Themes</b>	<b>GEF-4 Allocations (millions of USD)</b>	<b>GEF-5 Programming Target (millions of USD)</b>
<b>Total - International Waters</b>	<b>332</b>	<b>420</b>
LAND DEGRADATION		
1. Maintain or improve flow of agro-ecosystem services to sustaining the livelihoods of local communities		200
2. Generate sustainable flows of forest ecosystem services in drylands, including sustaining livelihoods of forest dependant people		30
3. Reduce pressures on natural resources from competing land uses in the wider landscape		135
4. Increase capacity to apply adaptive management tools in SLM		15
Contribution to Sustainable Forest Management		20
<b>Total - Land Degradation</b>	<b>279</b>	<b>400</b>
CHEMICALS		
1. Phase out POPs and reduce POPs releases		340
2. Phase out ODS and reduce ODS releases		25
3. Pilot sound chemicals management and mercury reduction		20
4. POPs Enabling Activities		35
<b>Total - Chemicals</b>	<b>319</b>	<b>420</b>
<b>Total- Focal Areas/Themes</b>	<b>2812</b>	<b>3790</b>
Corporate Programs	62	70
Small Grants Program	110	140
<b>Total - Corporate Programs</b>	<b>172</b>	<b>210</b>
Outreach to the Private Sector	56	80
Corporate Budget	93	120
<b>TOTAL-GEF Trust Fund Replenishment<sup>26</sup></b>	<b>3,133</b>	<b>4,200</b>

217. The corporate budget, which was provisioned at around 3 percent of the replenishment for GEF-4 will be maintained at the same share for GEF-5. The nominal increase in corporate budget is essential for the increased role of the Secretariat in managing corporate programs, including supporting countries to undertake voluntary national GEF portfolio identification exercises, and prepare national communications to the conventions, besides the overall increase in coordination and programming activities resulting from enhanced level of resources in the focal areas.

<sup>26</sup> Total allocations for Sustainable Forest Management (SFM) from biodiversity, climate change, and land degradation are \$230 million and \$250 million respectively for the two scenarios.

218. The proposed indicative targets in Table 8 should be reviewed on an annual basis. Depending on the outcome of such review, the CEO of the GEF may adjust the indicative programming targets for focal areas and Corporate Programs taking into consideration the priority programming by focal area and the quality of the pipeline.

## Annex 1: Expected Private Sector Engagement Outcomes for GEF-5

This Annex is intended to include expected private sector engagement outcomes for all the GEF focal area strategies, and is not limited to proposed activities of the GEF Earth Fund.

### Climate Change

The proposed goal for GEF-5 in this focal area is to support developing countries and economies in transition towards a low-carbon development path, through the implementation of six objectives. These objectives and their anticipated private sector engagement outcomes are as tabulated below:

Objectives	Expected Private Sector Engagement Outcomes
(i) Promote the demonstration, deployment and transfer of advanced low-carbon technologies	<ul style="list-style-type: none"> <li>- Technologies successfully demonstrated, deployed and transferred.</li> </ul>
(ii) Promote market transformation for energy efficiency in industry and the building sector	<ul style="list-style-type: none"> <li>- Sustainable financing and delivery mechanisms established.</li> <li>- Increased market penetration of energy efficient technologies and products.</li> </ul>
(iii) Promote investment in renewable energy technologies	<ul style="list-style-type: none"> <li>- Increased investment in renewable energy technologies.</li> <li>- Increased access to electricity from renewable sources.</li> </ul>
(iv) Promote energy efficient, low-carbon transport and urban systems	<ul style="list-style-type: none"> <li>- Innovative technologies, practices and financing mechanisms introduced.</li> <li>- Increased investment in less GHG-intensive transport and urban systems.</li> </ul>
(v) Conserve and enhance carbon stocks through sustainable management of land use, land-use change and forestry	<ul style="list-style-type: none"> <li>- Good management practices in LULUCF adopted both within the forest land and in the wider landscape.</li> <li>- Restoration and enhancement of carbon stocks in forests and non-forest lands, including peatland.</li> <li>- Sustainable financing mechanisms established.</li> </ul>
(vi) Continue to support enabling activities and capacity building	<ul style="list-style-type: none"> <li>- Enabling conditions created for private sector investment, including: access to financing, conducive policy environments, appropriate business models and management skills, sufficient information and awareness, and technological factors.</li> </ul>

## Biodiversity

The proposed goal for GEF-5 is to contribute to the conservation and sustainable use of biodiversity and the maintenance of ecosystem goods and services through the implementation of four objectives. These objectives and their anticipated private sector engagement outcomes are as tabulated below:

Objectives	Expected Private Sector Engagement Outcomes
(i) Improve sustainability of protected area systems	<ul style="list-style-type: none"> <li>- Payment mechanisms for ecosystem goods and services.</li> <li>- Private sector participation in sustainable financing plans.</li> </ul>
(ii) Mainstream biodiversity conservation and sustainable use into production landscapes/seascapes and sectors	<ul style="list-style-type: none"> <li>- Sustainable social and economic development around protected areas through SME activities.</li> <li>- Certified products from private sector supply chains.</li> </ul>
(iii) Build capacity for the implementation of the Cartagena Protocol on Biosafety (CFB)	<ul style="list-style-type: none"> <li>- Appropriate regulation of safe use and application of biotechnology.</li> </ul>
(iv) Build capacity on access to genetic resources and benefit sharing	<ul style="list-style-type: none"> <li>- Limited at present.</li> </ul>

## Land Degradation

The proposed goal for GEF-5 is to contribute to arresting and reversing current global trends in land degradation, specifically desertification and deforestation, through the implementation of four objectives. These objectives and their anticipated private sector engagement outcomes are as tabulated below:

Objectives	Expected Private Sector Engagement Outcomes
(i) Maintain or improve the flow of agro-ecosystem services to sustain the livelihoods of local communities	<p>Small and medium agro-business development</p> <p>Eco-labeling for crops and livestock (organic, sustainably managed, biodiversity friendly...)</p> <p>Technology development and transfer (tools, small machinery, irrigation equipment, organic fertilizer, manure management techniques, biogas technology etc).</p> <p>Input and output markets for smallholder producers</p>
(ii) Generate sustainable flows of forest ecosystem services in arid, semi-arid and sub-humid zones, including sustaining livelihoods of forest-dependent	<p>Technology options for sustainable harvesting and processing of non-timber forest products (e.g. medicinal and</p>

Objectives	Expected Private Sector Engagement Outcomes
people	<p>cosmetic plants, honey)</p> <p>Eco-labeling and value chains for timber and non-timber products (sustainably managed – e.g. FSC, biodiversity friendly...)</p> <p>Technology development and transfer (e.g. technology related to reduced and low-impact logging, biofuel technology for wood residues etc).</p>
(iii) Reduce pressures on natural resources from competing land uses in the wider landscape	<p>Combination of the above</p> <p>Extractive industries and SLM (mining, forestry) e.g. for off-setting land cover and land use change through TF arrangements for local farmers;</p> <p>PES, especially in watersheds for water services (potential for involving water companies with interest to ensure water quality and quantity)</p> <p>Addressing siltation in dams</p>
(iv) Increased capacity to apply adaptive management tools in sustainable land management	Limited

## International Waters

The proposed goal for GEF-5 is the promotion of collective management of transboundary water systems to sustainable use and maintenance of ecosystem services, through the implementation of five objectives. These objectives and their anticipated private sector engagement outcomes are as tabulated below:

Objectives	Expected Private Sector Engagement Outcomes
(i) Build foundational capacity for collective, multi-state engagement of transboundary surface, groundwater and marine systems	- Early engagement of private sector stakeholders in diagnostic analyses.
(ii) Catalyze multi-state and SIDS cooperation to balance competing uses of transboundary surface and groundwater basins while considering climate change and variability	- Innovative solutions demonstrated, with private sector involvement, for reduced water use, reduced pollution, habitat conservation/restoration and sustainable groundwater management.
(iii) Catalyze integrated, ecosystem-based approaches to improved management of large marine ecosystems and their coasts while taking account of climate change and variability	- Innovative solutions demonstrated, with private sector involvement, for reduced pollution, sustainable fisheries and aquaculture and habitat conservation/restoration.
(iv) Support improved management of marine areas beyond national jurisdiction (cooperative pilot with the Biodiversity focal area)	<ul style="list-style-type: none"> <li>- Introduction of sustainable fishing methods.</li> <li>- Certification of food products from</li> </ul>



<b>Objectives</b>	<b>Expected Private Sector Engagement Outcomes</b>
	sustainable high seas fisheries.
(v) Demonstrate reduced pollution from persistent toxic substances, particularly endocrine disruptors (cooperative pilot with Chemicals FA)	- Pollution prevention for PTS adopted in private sector operations.

## Chemicals

The proposed goal for GEF-5 is to promote the sound management of chemicals throughout their life-cycle in ways that lead to the minimization of significant adverse effects on human health and the environment, through the implementation of three objectives. These objectives and some of their anticipated private sector engagement outcomes are as tabulated below:

<b>Objectives</b>	<b>Expected Private Sector Engagement Outcomes</b>
(i) Phase out POPs and reduce POPs releases	<ul style="list-style-type: none"> <li>- Specific POPs phased out from production.</li> <li>- Environmentally sound alternative products, practices and techniques promoted.</li> <li>- Enterprises implementing ESM for PCBs.</li> <li>- Sustainably reduced or avoided releases of POPs byproducts from industrial sectors.</li> <li>- Facilities available, certified and/or registered for environmentally sound disposal of PCBs and PCB-contaminated oils and parts.</li> </ul>
(ii) Phase out ODS and reduce ODS releases	<ul style="list-style-type: none"> <li>- Specific ODS phased out from production.</li> <li>- Environmentally sound alternative products, practices and techniques promoted.</li> </ul>
(iii) Pilot sound chemicals management and mercury reduction	<ul style="list-style-type: none"> <li>- Environmentally sound alternative products, practices and techniques promoted.</li> </ul>

## Annex 2: GEF Corporate Results Framework

<b>STRATEGIC GOALS</b>	<b>Key Expected Results and Targets under \$4.2 Billion Replenishment Target</b>
<b>1.1 - Strategic Goal 1 -- Conserve, sustainably use, and manage biodiversity, ecosystems and natural resources globally, taking into account the anticipated impacts of climate change</b>	
Improved Sustainability of Protected Area Systems	Effective conservation and management of 170 million hectares of protected areas
Sustainably managed landscapes and seascapes that integrate biodiversity conservation increased	Sustainable use and management of biodiversity in 60 million hectares of production landscapes and seascapes
Arrested or reversed current global trends in land degradation, specifically desertification and deforestation	Sustainable management of agriculture, range and forest landscapes, including in drylands and affected transboundary areas: <ul style="list-style-type: none"> <li>• 100 million hectares in agriculture</li> <li>• 200,000 hectares of forest landscapes</li> <li>• 175 million hectares in wider production landscapes</li> </ul>
Catalyzed multi-state cooperation to balance conflicting water uses in transboundary surface and groundwater basins	Adoption/implementation of national/local reforms in 50% of States and demonstration results in at least 50% of States participating in 6-7 transboundary water systems
Catalyzed multi-state cooperation to rebuild marine fisheries and reduce pollution of coasts and Large Marine Ecosystems (LMEs)	Adoption/implementation of national/local reforms in 50% of States and demonstration results in at least 50% of States participating in 5-6 LMEs
<b>1.2 - Strategic Goal 2 – Reduce global climate change risks by: 1) stabilizing atmospheric GHG concentrations through emission reduction actions; and 2) assisting countries to adapt to climate change, including variability</b>	
Slowed growth in GHG emissions to the atmosphere from demonstration and transfer of advanced low-carbon technologies and deployment and diffusion of technologies in energy efficiency, renewable energy, and sustainable transport and urban systems	<ul style="list-style-type: none"> <li>• 500 million tons of CO<sub>2</sub> equivalent avoided – CC</li> <li>• Demonstration of 3-4 innovative technologies in 10-15 countries - CC</li> <li>• 0.5 gigawatt new renewable energy capacity installed - CC</li> </ul>

STRATEGIC GOALS	Key Expected Results and Targets under \$4.2 Billion Replenishment Target
Conserved and enhanced carbon sinks from reduced GHG emissions from Land Use, Land Use Change and Forestry (LULUCF) activities.	315 – 675 million tons of CO <sub>2</sub> equivalent avoided - SFM
<b>1.3 - Strategic Goal 3 – Promote the sound management of chemicals throughout their life-cycle to minimize adverse effects on human health and the global environment</b>	
Phased out and reduced releases of POPs, ODS, and other chemicals of global concern	<p>10,000 tons of obsolete pesticides, including POPs pesticides, disposed of in an environmentally sound manner</p> <p>23,000 tons of PCBs, PCB-related wastes disposed of, or decontaminated</p>
<b>1.4 - Strategic Goal 4 - Build national and regional capacities and enabling conditions for global environmental protection and sustainable development</b>	
Enhanced institutional capacities to plan, develop policies and legislative frameworks for effective implementation of global conventions	<p>National plans, policies and legal frameworks developed, disaggregated by focal area:</p> <ul style="list-style-type: none"> <li>• 80% of projects meet or exceed their target for a fully operational and effective bio-safety framework – BD</li> <li>• 100% of eligible countries receive funding for enabling activities and report to the UNFCCC in accordance with COP guidance – CC</li> <li>• At least 45 countries receive support for NIP update - CHEM</li> <li>• 80% of GEF supported countries meet their reporting obligations under the Montreal Protocol - CHEM</li> <li>• 50% of GEF financed projects support priorities in UNCCD 10-year Strategy and national reporting process - LD</li> <li>• 7-8 new transboundary water bodies with Strategic Action Programmes-IW</li> <li>•</li> </ul>
Enhanced capacity to monitor and evaluate environmental impacts and trends, and manage knowledge	<p>Monitoring systems established that monitor environmental trends:</p> <ul style="list-style-type: none"> <li>• Knowledge platforms established to share lessons among CBOs and CSOs across 90 countries – GEF wide</li> <li>• 50% of GEF projects incorporate emerging knowledge from targeted research projects – LD</li> <li>• National forest carbon monitoring systems in place – SLM</li> <li>• Monitoring systems in place to track vulnerability to climate change, including variability - CC</li> </ul>

STRATEGIC GOALS	Key Expected Results and Targets under \$4.2 Billion Replenishment Target
<p>Strengthened capacities for management and implementation, including funding for convention implementation</p>	<p>50% of CBD parties that revise NBSAPs integrate measurable biodiversity conservation and sustainable use targets into development and sectoral planning frameworks</p> <p>Sustainable financing mechanisms in place at national level, disaggregated by focal area:</p> <ul style="list-style-type: none"> <li>• 80% of projects reduce protected areas funding gap (meeting or exceeding project set targets) – BD</li> <li>• \$3.6 billion in investment mobilized – CC</li> <li>• \$Value of investment in SLM</li> <li>• \$ Value of total revenue from carbon markets– SFM</li> </ul>
<p>Consultative mechanisms established for proactive and constructive engagement of all interested stakeholders</p>	<p>National coordination mechanisms in place to coordinate GEF's investments in recipient countries:</p> <ul style="list-style-type: none"> <li>• 56 GEF constituency level workshops/meetings organized</li> <li>• 20 Country dialogue workshops and seminars organized</li> <li>• 60 Constituency meetings</li> </ul> <p>100% of GEF national coordination committees established involve CSOs</p> <p>100% of voluntary national portfolio identification exercises represent a consensus view of diverse stakeholders on GEF 5 program priorities</p> <p>In 132 GEF Small Grants Program (SGP) countries National Steering Committees and National Focal Groups actively participate in national coordination mechanisms</p> <p>80% of projects increase global and local benefits, meeting project targets, through effective involvement of local stakeholders, including through SGP</p> <p>70% of GEF operational focal points with increased capacities to manage GEF 5 programs based on perception score</p>

## GEF Corporate Results Framework - Effectiveness and Efficiency

### ***Secure financing and financing mechanisms***

	Target
1.1 – Increased and diversified contributions	
1.1.1 – Total value of contributions (US\$)	\$X billion
1.1.2 – Number of donors	32
1.1.3 – Actual contributions against pledges	100 %
1.1.4 – Materialized co-financing per dollar of promised co-financing (%)	100 %
1.1.5 – Ratio of total GEF resources against co-financing	1 to 4
1.2 – More efficient cost structure	
1.2.1 – Agency fees against total GEF resources	10 %
1.2.2 – Project management fees against total GEF resources	10 %
1.2.3 – GEF Secretariat expenses as % of total expenditures	< 5 %
1.2.4 – Total disbursements vs. committed	95 %

### ***Enhance visibility of GEF***

	Target
2.1 – Increased advocacy and political awareness of GEF	
2.1.1 – Number of mentions of GEF in traditional media (print) in major countries	Baseline under construction
2.1.2 – Number of mentions of GEF in alternative media (online) in major countries	“”
2.1.3 – Number of hits on GEF website	“”
2.1.4 – Peer review rating of GEF	Baseline from RAF MTR

### ***Improve Efficiencies in Project Cycle***

	Target
3.1 – Improved timeliness of program design	
3.1.1 – Average turn-round response time on request for PIF/PPG endorsement or approval	10 day service standard
3.1.2 – Number of projects over 12 month preparation standard – Number of projects over 22 month preparation standard	12 months - MSP 22 months - FSP
3.1.3 – First PIF submission to Council Approval - FSP - MSP	40 days 30 days
3.1.4 – Average time from CEO endorsement to first project disbursements	4 months
3.1.5 – Average time for extension of project endorsement date	1 month
3.1.6 – Average time for extension of project closure date	0 months
3.1.7 – Percent of PIRs submitted in complete form and meeting deadline	80 %

### **Quality of Entry**

4 – Quality of Entry	Target
4.1 – Average time spent to review a FSP PIF from submission to CEO clearance	Calculate baseline in year 1
4.2 – Percent of project with outcomes aligned to country programme (national priorities) outcomes, broken down by Full Size project, Medium Size project, Focal area, Region	100 %
4.3 – Percent of projects with baselines completed at CEO approval/endorsement	100 %
4.4 – Percent of project with M and E plan in place at CEO approval/endorsement	100 %
4.5 – Percent of projects that include gender analysis	100 %
4.6 – Percent of projects that conduct socioeconomic assessments and analysis	100 %
4.7 – Percent of projects that include climate change risk and vulnerability assessment	90 %
4.8 – Percent of new projects that incorporate learning (evaluation, monitoring, study results) into the design	100 %

### **Ensure staff, including gender representation**

5.1 – Gender sensibility and equality ensured	Target
5.1.1 – Percentage of international professional staff (by gender and geographical distribution): <ul style="list-style-type: none"> <li>▪ women</li> <li>▪ geographical distribution from developing countries</li> </ul>	50 %
5.2 – Skilled and motivated staff hired and retained	Target
5.2.1 – Average staff satisfaction rating (%) based on survey results	2010 survey baseline
5.2.2 – Annual staff loss rate <sup>27</sup>	10 %
5.2.3 – Average time to fill professional vacancies	

### **Results Driven Implementation**

6.1 – Grant Performance Rating	Target
6.1.1 – Percentage of projects that have received good/satisfactory performance ratings	80 %
6.1.2 – Percent of projects that are on track to reach stated objectives	80 %
6.2 – Learning is part of project implementation	Target
6.2.1 – Percent of projects with ongoing learning as reported in the PIR	95 %
6.3 – Efficient Reporting	Target
6.3.1 – Percentage of PIRs that are submitted on a timely basis	85 %

<sup>27</sup> Percentage of staff separation and retirements of total staff.

**Effective Collaboration**

7.1 – Conflicts and complaints resolved successfully on a timely basis	Target
7.1.1 – Percentage of conflict cases reported to the CEO that are resolved successfully	80 %
7.1.2 – Percentage of complaint cases reported to the CEO that are successfully resolved	100 %
7.2 – Conflict of Interests standards and public disclosure policy made available to GEF entities	
7.2.1 – Standards and policy approved by council; process for implementation put in place	Nov. 2010 June 2011
7.3 – Enhanced Partnerships at the global, regional and country levels	
7.3.1 – Percentage of projects with collaboration with CBOs and CSOs	80%
7.3.2 – Average number of projects implemented by GEF agency, broken down by focal area	Baseline to be established before GEF 5

**ANNEX B: POLICY RECOMMENDATIONS FOR THE FIFTH REPLENISHMENT  
OF THE GEF TRUST FUND**



## Table of Contents

Introduction.....	103
Integrated Approach to Generating Global Environmental Benefits.....	104
Policy Recommendations.....	105
Enhancing Country Ownership.....	105
Reforming Corporate Programs.....	105
Funding of National Communications to Conventions .....	106
Developing and Implementing a More Flexible System for the Allocation of GEF Resources.....	106
Broadening the GEF Partnership .....	107
Improving the Effectiveness and Efficiency of the GEF Partnership.....	108
Enhancing Accountability to the Conventions .....	108
Streamlining the Project Cycle and Refining the Programmatic Approach .....	109
Enhancing Engagement with the Private Sector.....	110
Implementing the Results-based Management Framework.....	110
Clarifying the Roles and Responsibilities of GEF Entities.....	111
Cooperation with Civil Society Organizations .....	112
<b>Annexes</b>	
Annex 1. Clarifying Roles and Responsibilities of the GEF Entities .....	115
<b>Tables</b>	
Table 1. Action Plan for Implementing GEF-5 Policy Recommendations .....	113
Table 2. Roles and Responsibilities of GEF Entities.....	117

## INTRODUCTION

1. Participants emphasize the key role played by the GEF partnership as a multi-lateral, multi-convention financing mechanism for providing assistance to developing countries to generate global environmental benefits. The GEF, in its more than fifteen years of operations after its restructuring, has established a track-record of helping recipient countries deliver results in the different focal areas under its mandate.
2. The GEF serves as the financial mechanism for the Convention on Biological Diversity (CBD), the United Nations Framework Convention on Climate Change (UNFCCC), and the Stockholm Convention on Persistent Organic Pollutants. In this capacity, the GEF functions under the guidance of the Conventions. The GEF also provides financing for the purposes of the United Nations Convention to Combat Desertification (UNCCD). In addition, it provides support for the Montreal Protocol on Substances that Deplete the Ozone Layer, and for those activities that concern chemicals management as they relate to the GEF focal areas; moreover, the GEF supports activities related to international waters.
3. In addition to the GEF Trust Fund, the GEF manages two funds mandated to it under the UNFCCC: (i) the Special Climate Change Fund (SCCF); and (ii) the Least-Developed Country Fund (LDCF). Since 2008, the GEF has been providing secretariat services to the Adaptation Fund Board, and has helped the Board develop the strategies, policies and institutional architecture of the Adaptation Fund under the Kyoto Protocol.
4. The GEF is built around a core partnership between developed and developing countries, which is directed toward stewardship of the global environment. This partnership is articulated through the decision-making structure of the GEF Assembly and the GEF Council, and the policy formulation and implementation network of the GEF Secretariat, the GEF Trustee, the Scientific and Technical Advisory Panel (STAP), and the GEF Agencies.<sup>1</sup> The GEF Evaluation Office plays a key role in keeping the focus of the partnership on delivering results. Participants reaffirm the importance of close collaboration and communication among the various entities that comprise the GEF partnership.
5. Participants agree that the GEF should continue to strengthen the strong and transparent delivery mechanism with governments, civil society organizations, the private sector, and other stakeholders that has already helped achieve results-on-the-ground.
6. During the GEF-4, the GEF has been implementing a number of key reforms directed towards improving the effectiveness and efficiency of the partnership:
  - (a) the design and implementation of the Resource Allocation Framework to direct funds to countries under a more objective set of criteria, and to put countries in the lead when it comes to setting programming priorities;
  - (b) the development of programmatic approaches so that issues of national, regional and global importance can be better tackled in coordination with GEF Agencies and other co-financiers;

---

<sup>1</sup> Implementing Agencies, and Executing Agencies under the Policy of Expanded Opportunities.

- (c) the continued streamlining and shortening of the project cycle on the basis of an independent joint evaluation, and the development of rules and procedures for the management of project cycle processes to increase efficiency and transparency;
- (d) the design of a results-based management strategy to show how GEF delivers on its objectives;
- (e) the development of a new simplified methodology of applying incremental cost on the basis of the report of the GEF Evaluation Office;
- (f) the creation of a strengthened communications and outreach strategy;
- (g) the establishment of a level playing field among all GEF Agencies to equalize program and project-level opportunities among those with similar comparative advantages;
- (h) the launch of the Earth Fund to enhance engagement with the private sector; and
- (i) the establishment of minimum fiduciary standards and the review of compliance by the GEF Agencies.

7. Re-affirming the critical role of the GEF in providing resources for global environmental protection, and recognizing the important strides that it has made in its evolution, Participants agree that the replenishment of the GEF at a significant level over the GEF-4 is critical. Participants emphasize the importance of building upon the reforms of the GEF-4 to provide the GEF with a resilient structure within the framework of the GEF Instrument.

### **Integrated Approach to Generating Global Environmental Benefits**

8. One of the major strengths of the GEF as a financial mechanism is its ability to support activities in recipient countries that can meet their commitments to more than one global convention within the context of their sustainable development needs. The climate change problem is well articulated, and has finally caught the attention of decision-makers at all levels. In its wake there is a series of other complex interacting drivers impacting natural systems – in particular biodiversity, forests, land, and water. Widespread changes are starting to systematically affect the provision of ecosystem goods and services, from climate stability globally and regionally all the way to local services on which rural and coastal communities depend for their survival and livelihood on a daily basis.

9. Participants emphasize that even while strategies are articulated focal area by focal area, project development, design and implementation approaches should seek synergies and connections across the different focal areas, embodying an ecosystem approach, and reflecting the actual needs of recipient countries as they work to contribute to both global goals and national priorities. Participants highlight that addressing gender and social issues in GEF projects are critical as they are important drivers and incentives for achieving global environmental benefits and for the overall success of projects.

## POLICY RECOMMENDATIONS

10. Participants have developed the policy recommendations for the GEF-5 on two main pillars: (i) enhancing country ownership; and (ii) improving effectiveness and efficiency of the GEF partnership. The elements comprising the two pillars are mutually dependent and are aimed towards further developing the GEF partnership to meet emerging challenges.

11. Participants recommend that when these policy recommendations are developed and presented as detailed proposals for Council review in the GEF-5, each proposal be accompanied by an analysis of the costs and benefits of implementing the proposal.

### ENHANCING COUNTRY OWNERSHIP

12. Participants note that a key finding from the Fourth Overall Performance Study (OPS4) is that when projects are developed in a strategic context in a country, there are higher success rates in terms of impact. Building on this finding, participants agree on the following set of policy recommendations to strengthen country ownership, covering: (i) reform of corporate programs; (ii) direct funding of national communications; (iii) developing a flexible resource allocation system; and (iv) broadening of the GEF partnership.

### Reforming Corporate Programs

13. Participants support the reforms proposed in the design and implementation of Corporate Programs, as outlined in the *GEF-5 Programming Document*. These reforms will be centered on: (i) support to recipient countries to undertake portfolio identification exercises for GEF Programming; and (ii) delivery of a reformed *Country Support Program* that includes the *National Dialogue Initiative*. Both these activities will be facilitated by the GEF Secretariat directly with the recipient countries,<sup>2</sup> with the support of the Implementing Agencies.

#### *Country Support Program*

14. Participants support the proposal, as outlined in the *GEF-5 Programming Document* (GEF/R.5/31) of a Country Support Program, managed by the GEF Secretariat, and composed of the following elements: (i) multi-stakeholder dialogues along the lines of the current National Dialogue Initiative; (ii) constituency-level workshops to keep GEF national focal points, convention focal points, and other key stakeholders, including civil society, abreast of GEF strategies, policies and procedures, and to encourage coordination; (iii) Council Member support; (iv) direct support to operational focal points; (v) knowledge management tool; and (vi) familiarization seminars.

#### *Voluntary National Portfolio Identification Process*

15. Participants support the proposal of providing GEF resources to recipient countries to undertake a national GEF portfolio identification process, on a voluntary basis, to provide a framework for programming GEF resources. It is suggested that such identification exercises be

---

<sup>2</sup> The voluntary national portfolio identification exercise will be country-executed, while the Country Support Program will be executed by the GEF Secretariat.

coordinated by the GEF operational focal point in the country through a broad stakeholder consultation process. Countries may consider establishing national steering committees to guide this task. Countries that choose to identify portfolios through a participatory and consultative process will help raise the awareness of global environmental issues among stakeholders and decision-makers, and help place these issues more prominently on the national sustainable development agenda. The portfolio identification exercise will not be mandatory, and will not be a requirement for obtaining GEF grants. At the request of a country, the portfolio identification exercises will be facilitated by the Secretariat, and coordinated with the GEF Agencies, to ensure that planning for GEF programming is undertaken on a level playing field, while maintaining the primary role for countries that will directly manage the resources provided for this exercise.

16. Detailed proposals shall be prepared by the GEF Secretariat, in collaboration with the World Bank as the entity that provides administrative support for the Secretariat, and in consultation with the other two Implementing Agencies, for Council review in June 2010 for: (i) a reformed Country Support Program; and (ii) funding the voluntary national portfolio identification exercise.

### **Funding of National Communications to Conventions**

17. Participants note that the funding of national communications/reports to the conventions is a fundamental obligation of the GEF as the financial mechanism of various conventions, and is an activity that can benefit from a streamlined, cost-effective and expedited provision of resources.

18. Detailed proposals shall be prepared by the GEF Secretariat, in collaboration with the World Bank as the entity that provides administrative support for the Secretariat, and in consultation with the other two Implementing Agencies, for Council review in June 2010 for funding the preparation of national communications/reports to the conventions.

19. Participants note that recipient countries will also have the option to continue to receive resources and technical support for national communications through GEF Agencies as is current practice.

### **Developing and Implementing a More Flexible System for the Allocation of GEF Resources**

20. The GEF Resource Allocation Framework (RAF) implemented in GEF-4 for biodiversity and climate change projects has helped to strengthen country ownership, at least where countries have an individual allocation. However, the independent mid-term review carried out by the Evaluation Office also found many limitations with the current system.

21. Participants welcome the decision of the GEF Council at its November 2009 meeting to adopt a more flexible System for Transparent Allocation of Resources (STAR) to be applied to the land degradation focal area in addition to the biodiversity and climate change focal areas, and to be implemented by the effectiveness of the GEF-5. In the document to be presented at the June 2010 Council meeting on the operationalization of the STAR, participants request the Secretariat to provide a proposal on actions and timeframes for the implementation of the agreed, more flexible STAR, including a timetable for the agreed review to determine the next steps beyond the GEF-5, in line with the Council decisions of November 2009.

## **Broadening the GEF Partnership**

22. Participants note that the GEF Instrument (paragraph 22) designates UNDP, UNEP, and the World Bank as Implementing Agencies of the GEF, and holds them accountable to the Council for their GEF-financed activities. Paragraph 28 of the Instrument notes that, “the Secretariat and the Implementing Agencies under the guidance of the Council shall cooperate with other international organizations to promote achievement of the purposes of the GEF. The Implementing Agencies may make arrangements for GEF project preparation and execution by multilateral development banks, specialized agencies and programs of the United Nations, other international organizations, bilateral development agencies, national institutions, non-governmental organizations, private sector entities and academic institutions, taking into account their comparative advantages in efficient and cost-effective project execution. Such arrangements shall be made in accordance with national priorities.” Paragraph 28 further notes that, “the Council may request the Secretariat to make similar arrangements in accordance with national priorities.”

23. Accordingly, the Council and the World Bank acting as Trustee have interpreted the Instrument to allow for a variety of executing agencies to work with the GEF, either through the Implementing Agencies or directly through the Secretariat and Trustee. However, experience has demonstrated that additional overhead and management costs are incurred when both Implementing and Executing Agencies are involved in the same project.<sup>3</sup> To counter this, the evolution of engagement of the GEF Agencies in the partnership has gone through three phases: (i) from the inception of the GEF to 1999, when only the three Implementing Agencies had direct access to GEF resources and other agencies had to access GEF resources through the Implementing Agencies; (ii) from 1999 to 2006, when seven Executing Agencies<sup>4</sup> were added through a phased approach, and progressively gained direct access to GEF resources; and (iii) the post-2006 period, when a level playing field was established for all ten GEF Agencies based on a clarification by the Council of the comparative advantages of the GEF Agencies in supporting the design and implementation of projects and programs, as well as through the abolishment of the corporate budget for the Implementing Agencies.

24. Participants note the key roles played by the Implementing Agencies in the GEF partnership and emphasize that in addition to assisting countries with project preparation and implementation, Implementing Agencies should enhance their engagement in the policymaking and strategy formulation processes in the GEF. Further, it is suggested that UNDP undertake coordination with respect to the UN Agencies, an approach that should help further advance the one UN principle. UNEP should continue its close collaboration with the partnership to bring cutting edge scientific and technical knowledge to the work of the GEF.

25. Participants recommend that the seven Executing Agencies maintain their current status in the GEF partnership having direct access to GEF resources for projects.

---

<sup>3</sup> Total overhead costs including project management costs could be as high as 30 percent for a project with two agencies in the line of delivery.

<sup>4</sup> African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), Food and Agriculture Organisation (FAO), International Fund for Agricultural Development (IFAD), Inter-American Development Bank (IADB), United Nations Industrial Development Organisation (UNIDO).

26. Participants acknowledge there might be benefits from having more entities cooperate with the GEF partnership, including direct collaboration with the Secretariat and Trustee. This could provide countries with more choice, but also could reduce the overhead costs of resource delivery, if structured properly. Participants agree that such entities could collaborate with the GEF only if: (i) the proposal is endorsed by the country's GEF operational focal point; and (ii) if the entity meets the GEF minimum fiduciary standards, and the cost of such an assessment is borne by the entity; and (iii) the entity demonstrates a clear comparative advantage. Such entities will receive a fee only for project cycle management and not for participation in corporate activities.<sup>5</sup>

27. Participants request the Secretariat, in collaboration with the GEF Trustee, to prepare a proposal for Council review in June 2010 to allow additional agencies referred to in paragraph 28 of the Instrument to cooperate with the Secretariat and Trustee directly subject to Council approval, and in accordance with national priorities, to assist recipient countries in preparing and implementing GEF-financed projects. The proposal should include analysis of the pros and cons for each type of institution and detail the modalities for the engagement of such institutions.

#### IMPROVING THE EFFECTIVENESS AND EFFICIENCY OF THE GEF PARTNERSHIP

28. A second pillar of the GEF-5 reform process is to further improve the effectiveness and efficiency of the GEF partnership through: (i) enhancing accountability to the conventions; (ii) streamlining the project cycle and refining the programmatic approach; (iii) enhancing engagement with the private sector; (iv) implementing the results-based management framework; (v) clarifying roles and responsibilities of GEF entities, including sharing responsibilities for the mobilization of resources; and (vi) enhancing engagement with civil society organizations.

#### **Enhancing Accountability to the Conventions**

29. Participants emphasize the *raison d'être* of the GEF as the operating entity of the financial mechanism of three international environmental conventions; the GEF formally functions under the guidance of, and is accountable to, the Conferences of the Parties of these conventions.<sup>6</sup> Participants support the proposal whereby convention secretariats would be invited to participate in Council discussions related to focal area strategies and programming, and request the Secretariat, in consultation with the convention secretariats, to table a detailed proposal for Council review in November 2010.

30. In addition, the GEF is encouraged to work with the convention secretariats to explore additional steps to strengthen the relationships with conventions, possibly including:

- (a) Periodic and increased consultations between the GEF and the convention secretariats, including more engagement during the replenishment process;

---

<sup>5</sup> The current project cycle management fee of 10 percent for Implementing Agencies and Executing Agencies includes a notional 1 percent for participation in corporate activities.

<sup>6</sup> The GEF Council has taken a decision to recommend to the Fourth Assembly of the GEF that the GEF be available to serve as a financial mechanism of the UNCCD.

- (b) Strategic engagements between the GEF and the conventions in developing and implementing convention guidance;
- (c) Systematic of the various convention focal points at the country-level in country dialogue and voluntary national GEF portfolio identification exercise;
- (d) Involvement of the convention secretariats in GEF national dialogues and other sub-regional meetings;
- (e) Participation by the GEF, to the extent possible, in the various awareness raising, scientific and technical workshops organized by the conventions;
- (f) Refinement of the GEF reporting process to the conventions; and
- (g) Sharing of the outcomes of the national GEF portfolio identification exercises with the conventions.

### **Streamlining the Project Cycle and Refining the Programmatic Approach**

#### *Project Cycle*

31. Participants acknowledge the efforts made over the last several years by the Secretariat and the Agencies to streamline the GEF project cycle. Nevertheless, there is a need to continue exploring options to further streamline policies, procedures and criteria associated with the project cycle for stand-alone projects.

32. Participants support the need to further enhance the efficiency of the GEF project cycle and recommend that the Council consider further modifications to the two-step Council project approval process for full-sized stand-alone projects (FSPs). The Secretariat, in collaboration with the GEF Agencies, the Trustee, and other stakeholders, shall prepare a detailed proposal for project cycle reform for Council review in June 2010 that covers both the GEF cycle and the Agencies' own streamlining efforts.

#### *Programmatic Approach*

33. Participants acknowledge the advantage of using programmatic approaches over the project-by-project approach, specifically in: (i) shifting national economic sectors that are negatively affecting the global environment to a more sustainable path; (ii) enhancing opportunities to generate synergies across the focal areas of the GEF within the framework of national and/or regional sustainable development; (iii) increasing the scope for catalyzing action, replication, and innovation; (iv) improving opportunities for maximizing and scaling up global environmental benefits; (v) disbursing effectively and efficiently large-scale GEF resources to countries and regions without losing accountability and other MRV standards; and (vi) creating opportunities for interested donors and other partners, including the private sector, to invest additional and focused funding, at a program-level.

34. Participants note several deficiencies in the current approach on financing programs, inter-alia: (i) an obligation for each project (under a Council-approved program) to go through the entire project cycle; (ii) a lack of delegated authority for all or some steps in the project cycle for projects under an approved program; and (iii) no funding envelope being set-aside by the Council when approving a program.



35. Participants support the general approach where, following the Council approval of the Program Framework Document, and the project identification forms (PIFs) of all associated projects are approved either by the Council (for full-sized projects) or the CEO (for medium-sized projects), projects implemented by Agencies with Executive Boards skip the CEO endorsement stage and are approved by the Agencies following the Agency's own processes, while projects implemented by Agencies without Executive Boards are reviewed and endorsed by the CEO prior to approval by the Agencies following Agency's own processes.

36. The Secretariat, in collaboration with the GEF Agencies, the Trustee, and other stakeholders, shall prepare a detailed proposal for refining programmatic approaches for Council review in June 2010.

### **Enhancing Engagement with the Private Sector**

37. Participants appreciated the initial efforts of the Earth Fund, established by the Council in May 2008, to demonstrate ways to more systematically engage with the private sector to foster innovation and open new markets, and demonstrate the potential for strategic partnerships than generally achievable through working with the private sector on individual projects through the normal GEF project cycle.

38. Participants recommend that an evaluation be undertaken of the structure and operation of the Earth Fund, following which the Council should consider the proposal to further capitalize the Earth Fund with an infusion of additional resources during the GEF-5, as outlined in the programming document. It is important to leverage resources from the private sector through the Earth Fund, and structure the Fund to be a financially sustainable mechanism by maximizing the reflow of resources to the Fund. In addition, Participants emphasized the need for the GEF's private sector strategy to be broader than the recapitalization of the Earth Fund.

### **Implementing the Results-based Management Framework**

39. Participants acknowledge that Results Based Management (RBM) has been on the GEF agenda for several years, that it is codified in policy and embedded in strategy at the focal area level, and that it helps to drive reporting. While these steps have generated well-documented successes, a number of challenges still remain in order to consistently report outcome level results, such as: (i) paying more attention to employing information for management; (ii) tracking the contribution of GEF funding to results more consistently; and (iii) focusing more on immediate outcomes, outputs and other measures of performance that are good proxies or progress for achieving higher-level results.

40. Participants commend the fact that RBM has been given a central place in GEF-5 strategy development, and that all focal area (and corporate program) strategies have been developed with results-frameworks that are integrated within the overall corporate results framework.

41. Participants support the implementation of RBM, and the role of the Secretariat in portfolio monitoring, as outlined in the GEF-5 Programming Document and they request the Secretariat, in collaboration with the GEF Agencies and the GEF Evaluation Office, to present a work-plan for the implementation of activities associated with RBM for Council review in November 2010. The work plan should establish a process to ensure the quality of objectives,

baselines, and results indicators, where each step of the results chain can be easily defined and tracked. Participants recommend that a progress report on the implementation of RBM be submitted for Council review at its meeting in November 2011.

#### *GEF-wide Knowledge Management Initiative*

42. Participants support robust lessons learned and knowledge management in the GEF, and support a GEF-wide knowledge management initiative to be linked to the results-based management framework. The Secretariat, in collaboration with the GEF Agencies, Evaluation Office, and STAP, shall prepare a knowledge management proposal for Council review in November 2010.

#### **Clarifying the Roles and Responsibilities of GEF Entities**

43. Participants recognize that in order to implement many of the recommendations outlined in this document, it is essential to clarify roles and responsibilities of the different entities in the GEF partnership.

44. Participants reaffirm their commitment to the GEF as a partnership facility, and acknowledge the need to review the roles and responsibilities of the GEF entities, given developments that have taken place in the GEF over the last several years. Clarification of these roles and responsibilities is aimed at facilitating and building synergies in the context of the operations of the GEF, a multi-lateral organizational arrangement that embodies partnerships at different levels and dimensions that involve countries, conventions, an Assembly, a Council, the Secretariat, the Trustee, Implementing and Executing Agencies, Scientific and Technical Advisory Panel (STAP), and civil society organizations. GEF operations must conform to national priorities and country strategies, and its activities should be consistent with the guidance from the global environmental conventions for which it serves as the financial mechanism.

45. Paragraph 21 of the Instrument provides guidance regarding the role of the Secretariat. With regard to the roles of the Implementing Agencies, Executing Agencies and other bodies, guidance is provided by paragraphs 22, 23 and 28 of the GEF Instrument. The Instrument outlines the role of the STAP in paragraph 24. Annex B of the Instrument provides guidance regarding the role of the Trustee.

46. Participants recognize that the Council's last discussion of this subject during 2002-2003 resulted in the document, GEF/C.21/Inf.5, *Clarifying the Roles and Responsibilities of the GEF Entities*, submitted to the May 2003 Council meeting. The GEF partnership has evolved in the last nine years, and it would be useful to revisit the roles and responsibilities of the various partners.

47. Participants note and support the clarification of roles of the different entities, presented in Annex 1, prepared by the Secretariat in consultation with the other GEF entities and request the Secretariat to present this document for approval by the council in June 2010.

## **Cooperation with Civil Society Organizations**

48. Participants acknowledge the positive and influential roles played by civil society organizations (CSOs), both through the GEF-NGO Network and through the participation in the design and implementation of GEF projects. In order to further enhance the cooperation between the GEF partnership and CSOs, the Secretariat shall, in cooperation with the appropriate GEF entities and the GEF-NGO Network, undertake a review of the policies and programs for engaging CSOs in the work of the GEF, and prepare a proposal for enhancing such engagement for Council review in November 2010.

**Table 1: Action Plan for Implementing GEF-5 Policy Recommendations**

Date	Action
Council meeting in June 2010	<ul style="list-style-type: none"> <li>• Council to consider proposals, prepared by the Secretariat, in consultation with the GEF Agencies, countries, and other stakeholder, for (i) reforming the country support program; (ii) funding voluntary national portfolio identification exercises; and (iii) funding national communications/reports to the conventions.</li> <li>• Council to consider a proposal prepared by the Secretariat, and the Trustee for the involvement of additional agencies referred to in paragraph 28 of the Instrument in the preparation and implementation of GEF-financed projects.</li> <li>• Council to consider a proposal, prepared by the Secretariat, in consultation with the GEF Agencies, the Trustee and other stakeholders, to streamline the project cycle that covers both the GEF cycle and the Agencies' own streamlining efforts.</li> <li>• Council to consider a proposal, prepared by the Secretariat, in consultation with the GEF Agencies, the Trustee and other stakeholders, to refine programmatic approaches.</li> <li>• Council to consider a document, prepared by the Secretariat, in collaboration with the Trustee, Evaluation Office, GEF Agencies, and STAP, delineating the roles and responsibilities of GEF entities.</li> <li>• Council to consider the document on the operationalization of the STAR, including the timetable for the agreed review, in line with Council decisions of November 2009.</li> </ul>
Council meeting in November 2010	<ul style="list-style-type: none"> <li>• Council to consider proposal prepared by the Secretariat, in consultation with the convention secretariats, to enhance the participation of the conventions in Council decision-making processes associated with relevant focal area strategies and work programming.</li> <li>• Council to review a work plan, prepared by the Secretariat, in consultation with the Evaluation Office, the GEF Agencies, Evaluation Office, and STAP, to (i) implement the GEF results-based management framework; and (ii) to establish a GEF-wide knowledge management initiative.</li> <li>• Council to review a proposal, prepared by the Secretariat, in cooperation with the appropriate GEF</li> </ul>

Date	Action
	entities and the GEF-NGO network, to enhance the engagement of CSOs in the work of the GEF.
Council meeting in November 2011	<ul style="list-style-type: none"> <li>• Council to review a progress report, prepared by the Secretariat, in the implementation of the GEF Results-based Management Framework.</li> </ul>

Note

The Secretariat will present for Council review the private sector strategy, at the Council Meeting following the one where an evaluation of the Earth Fund by the GEF Evaluation Office is reviewed by the Council.

## **Annex 1: Clarifying Roles and Responsibilities of the GEF Entities**

- 1.1. The Instrument for the Establishment of the Restructured Global Environment Facility outlines the broad roles and responsibilities of the GEF entities: the Assembly, the Council, the Secretariat, the Trustee, STAP and the Implementing Agencies.
- 1.2. The Assembly reviews and evaluates the general policies and operation of the Facility. The Assembly also considers, for approval, amendments to the Instrument on the basis of recommendations by the Council.
- 1.3. The Council is responsible for developing, adopting, and evaluating the operational policies and programs for GEF-financed activities, implementing the guidance of the Conferences of the Parties of the conventions for which the GEF serves as an operating entity of the financial mechanism. The Council provides oversight for the financial management of GEF resources, and the implementation of GEF policies and operations.
- 1.4. The Secretariat services and reports to the Assembly and the Council, and is responsible for implementing their decisions. The Secretariat is responsible for facilitating and coordinating GEF-financed activities, coordinating and collaborating among the GEF Agencies and with the Secretariats of other relevant international bodies. It chairs the inter-agency group meetings, and in coordination with the GEF Agencies, the Secretariat ensures the implementation of the operational policies of the GEF.
- 1.5. The Trustee is responsible for managing the resources in the GEF Trust Fund, including transfer of resources to the GEF Agencies. The Trustee is responsible for the mobilization of resources for the GEF Trust Fund.
- 1.6. The Scientific and Technical Advisory Panel (STAP) provides scientific and technical advice to the GEF. STAP's terms of reference was revised in June 2007 to enhance its advisory functions. These include: support to the Secretariat in making operational convention guidance; preparation of GEF strategies; review of project concepts and project documents and review of program framework documents. STAP also liaises with scientific bodies of conventions, gathers lessons learned, and undertakes the generation and dissemination of knowledge products.
- 1.7. The Implementing Agencies. The GEF Instrument identifies UNDP, UNEP, and the World Bank as the Implementing Agencies of the GEF. The Implementing Agencies are responsible for the preparation, cost-effectiveness and for the implementation their GEF-financed activities. They are also responsible for the implementation of the operational policies, strategies and decisions of the Council within their respective areas of competence and in accordance with an interagency agreement. UNDP plays a primary role in ensuring the development and management of capacity building programs and technical assistance projects. UNEP plays a primary role in catalyzing the development of scientific and technical analysis and in advancing environmental management in GEF-financed activities. UNEP provides the STAP's Secretariat and operates as the liaison between the Facility and the STAP. The World Bank plays a primary role in ensuring the development and management of investment projects. It promotes investment opportunities and mobilizes private sector resources.
- 1.8. The Executing Agencies. The Policy of Expanded Opportunities adopted by the Council in 2006 granted to seven additional agencies the opportunity to develop and implement GEF-financed activities within their respective areas of competence.

1.9. The Evaluation Office undertakes independent evaluations of the GEF strategies and operations, according to the GEF Monitoring and Evaluation Policy, adopted by the Council in February 2006. The Office also provides oversight over monitoring and evaluation undertaken by the Secretariat and the GEF Agencies.

1.10. The CEO and Chairperson, appointed by the Council, heads the Secretariat, co-chairs Council and Replenishment meetings and periodically convenes meetings with the heads of the Implementing Agencies and transmits their conclusions and recommendations to the Council.

1.11. To help provide clarity in GEF operations, the roles and responsibilities of the GEF entities as outlined in the Instrument were reviewed in the past for the purpose of articulating them a little more specifically. At its meeting in May 2002, the Council reviewed a document, prepared by the Secretariat, clarifying the roles and responsibilities of the different GEF entities,<sup>7</sup> and taking note of the agreement among the GEF Secretariat, the Trustee and the Implementing Agencies concerning lead responsibilities for institutional roles and functions within the GEF, amended and endorsed the document at its meeting in May 2003.<sup>8</sup>

1.12. This Council-endorsed document served as a reference in preparing the current matrix. It reflects recent developments in the GEF partnership, as well as the international context within which the partnership functions.

1.13. The attached matrix outlining the roles and responsibilities of the GEF entities reflects the following nine broad categories:

- (a) General Responsibilities;
- (b) Relations with Conventions;
- (c) Resource Mobilization;
- (d) Country Coordination and Programming;
- (e) GEF Policy and Program Development;
- (f) Programmatic Approaches;
- (g) Monitoring;
- (h) Evaluation;
- (i) Communications and Information Dissemination.

1.14. The matrix identifies the GEF entity with the lead responsibility for a function in the partnership. The identified lead entity will work with other entities in the partnership, as appropriate, to ensure that the referenced function is executed appropriately.

1.15. It is important to note that lead responsibilities identified vis-à-vis various functions listed in the 2003 document have not changed. However, since 2003, the Council has directed the GEF to undertake new functions and lead responsibilities have been identified against these new functions.

---

<sup>7</sup> Document GEF/C.19/8, *Clarifying the Roles and Responsibilities of the GEF Entities*.

<sup>8</sup> Document GEF/C.21/Inf.5, *Clarifying the Roles and Responsibilities of the GEF Entities*.

**Table 2: Roles and Responsibilities of GEF Entities**

ROLE	SUGGESTED LEAD FOR GEF-5		AS NOTED IN GEF/C.21/INF.5, DATED APRIL 16, 2003
	LEAD RESPONSIBILITY	SUPPORTING PARTNER (S)	
<b>General Responsibilities</b>			
Review the general policies of the GEF  Review and evaluate the operation of the GEF on the basis of reports submitted by the Council  Keep under review the membership of the GEF  Consider, for approval by consensus, amendments to the GEF Instrument on the basis of recommendations by Council	Assembly	Council	Assembly and council
Serve as Trustee for the GEF Trust Fund  Prepare periodic financial reports on GEF Trust Fund to the Council  Provide financial reporting necessary to support GEF programming.	World Bank		World Bank
Approve amendments to the GEF Instrument	Assembly, UNDP, UNEP, World Bank		Not a new function, but not included in April 2003
Ensure implementation of Council and Assembly decisions	Secretariat  Evaluation Office (for matters related to M&E policies)	GEF Agencies and other GEF entities, as appropriate	Secretariat
Provide administrative support for the Secretariat	World Bank		World Bank
Provide scientific and technical advice	STAP	GEF Agencies	STAP
Provide Secretariat support for STAP	UNEP		UNEP
Organize mediation, and conflict and dispute resolution for issues brought to the attention of the GEF Secretariat	Secretariat	GEF Agencies	New function



ROLE	SUGGESTED LEAD FOR GEF-5		AS NOTED IN GEF/C.21/INF.5, DATED APRIL 16, 2003
	LEAD RESPONSIBILITY	SUPPORTING PARTNER (S)	
Organize consultations with Civil Society Organization (CSOs)  Organize inter-agency consultations  Organize GEF Council meetings  Organize GEF Assemblies  Prepare summaries of GEF Council meetings and reports of GEF Assemblies	Secretariat, Evaluation Office for matters related to M&E policies.		Not a new function, but not included in April 2003
Prepare documents for Council meeting and Assembly	Secretariat, Trustee, GEF Evaluation Office, STAP, GEF Agencies, as appropriate.		Not a new function, but not included in April 2003
Implement GEF operations at country- level	GEF Agencies <sup>9</sup>	Recipient countries	Implementing Agencies
<b>Relations with Conventions on GEF Related Activities</b>			
Prepare GEF reports to the conventions	Secretariat	GEF Agencies, Evaluation Office, STAP	Not a new function, but not included in April 2003
Approve GEF reports to conventions and MOUs with conventions	Council		Council
Ensure that GEF-financed activities related to conventions conform to the guidance of the conventions	Council	Secretariat, GEF Agencies, recipient countries	Council
Coordinate with convention secretariats	Secretariat		Secretariat
Represent GEF at meetings of convention bodies (COPs and subsidiary)	Secretariat	STAP (liaise with scientific bodies of conventions) Evaluation Office (on evaluations)	Secretariat
Promote dialogue with stakeholders (including CSOs) participating in Conventions	Secretariat	GEF Agencies, Evaluation Office (on evaluations)	Secretariat
Operationalize convention guidance	Secretariat	GEF Agencies, STAP	Secretariat

<sup>9</sup> Implementing Agencies and Executing Agencies.

ROLE	SUGGESTED LEAD FOR GEF-5		AS NOTED IN GEF/C.21/INF.5, DATED APRIL 16, 2003
	LEAD RESPONSIBILITY	SUPPORTING PARTNER (S)	
<b>RESOURCE MOBILIZATION</b>			
Mobilize resources for the GEF Trust Fund and prepare studies and arrangements as may be required for this purpose	Trustee		World Bank as Trustee
Mobilize project and program co-financing	GEF Agencies/Countries		Implementing Agencies/Executing Agencies
<b>COUNTRY COORDINATION &amp; PROGRAMMING</b>			
Identify national priorities, utilizing a multi-stakeholder process that includes civil society organizations  Ensure consistency with national priorities for conventions through coordination with national focal points for conventions  Ensure that projects proposed for GEF financing conform to national priorities and country strategies	Operational Focal Point in consultation with the GEF National Steering Committee	Secretariat	Participating country
Undertake <i>National GEF Portfolio Exercise</i>	Operational Focal Point in consultation with the GEF National Steering Committee/ GEF Secretariat	GEF Agencies	New function
Coordinate strategic dialogue with countries on overarching GEF issues	Secretariat	GEF Agencies, Political Focal Point, Operational Focal Point, Evaluation Office (on M&E issues)	New function
Dialogue with countries on GEF program and project-related issues and on sector policies	GEF Agencies	Secretariat, Political Focal Point, Operational Focal Point	Implementing Agencies
Act as Country contact for Council matters and constituency coordination	Political Focal Point		Political Focal Point

ROLE	SUGGESTED LEAD FOR GEF-5		AS NOTED IN GEF/C.21/INF.5, DATED APRIL 16, 2003
	LEAD RESPONSIBILITY	SUPPORTING PARTNER (S)	
Act as Country contact for national policy and project coordination and endorse programs and projects to be submitted for GEF approval	Operational Focal Point		Operational Focal point
Prepare and implement GEF support programs for national focal points and constituencies, including their representation and coordination  Prepare and implement the program of national, sub-regional and regional dialogue workshops, <sup>10</sup> including chairing of an interagency Steering Committee for these workshops	Secretariat	GEF Agencies, Evaluation Office (on M&E issues)	Secretariat  Secretariat (strategic partnership with UNDP)
Approve support programs for national focal points and constituencies, including their representation and coordination  Approve program of national, sub-regional and regional dialogue workshops	Council		Council
<b>GEF STRATEGY &amp; POLICY DEVELOPMENT</b>			
Prepare GEF strategies (including focal area strategies), policies, GEF Corporate Business Plan, with the exception of M&E issues (see below)  Develop GEF program and project cycle and review criteria for programs and projects	Secretariat	GEF Agencies, STAP	Secretariat
Prepare GEF Corporate Budget	Secretariat	Evaluation Office for GEFEO budget, Trustee, STAP	Not a new function, but not included in April 2003
Prepare GEF Monitoring and Evaluation Policy	Evaluation office	Secretariat, STAP, GEF Agencies	New function
Approve GEF strategies (including focal area strategies), policies, GEF Corporate Business Plan, GEF Corporate Budget	Council		Council

<sup>10</sup> National, sub-regional, and regional workshops will promote, among other things:

- a) national coordination;
- b) dialogue on national strategies and priorities;
- c) exchange of information on GEF strategic priorities and business plan as well as GEF policies and procedures; and
- d) dissemination of lessons learned.

ROLE	SUGGESTED LEAD FOR GEF-5		AS NOTED IN GEF/C.21/INF.5, DATED APRIL 16, 2003
	LEAD RESPONSIBILITY	SUPPORTING PARTNER (S)	
Approve GEF program and project cycle and review criteria for programs and projects			
Promote multi-stakeholder consultations and access to information	Secretariat	GEF Agencies, GEF NGO Network Evaluation Office (on evaluations)	NGO network
<b>GEF PROJECT CYCLE MANAGEMENT</b>			
With the Support of the GEF Agencies prepare project concept (Project Identification Form) in line with the <i>National GEF Portfolio Identification</i> .	National Project Executing Agencies, Other national entities, as appropriate	GEF Agencies	Implementing Agencies/Executing Agencies
Help the project executing agency develop detailed project design and prepare final project document	GEF Agencies		Implementing Agencies/Executing Agencies
Review project concepts and project documents for consistency with GEF review criteria	Secretariat	STAP	Secretariat
Approve project concepts and project documents at appropriate stages in the project cycle	Council and CEO, as appropriate, at different stages of the project cycle		
Supervise the implementation of projects.	GEF Agencies	Countries	Implementing Agencies/Executing Agencies
Project development for voluntary national portfolio identification exercise, and national communications/reports to conventions <sup>11</sup>	Recipient countries	Secretariat, STAP, Evaluation Office	Proposed new function
<b>Programmatic Approaches</b>			
Identify opportunities for programmatic approaches	Recipient Countries, GEF Agencies	Secretariat STAP	Implementing Agencies
Help participating country/countries prepare the Program Framework Document	GEF Agencies		Implementing Agencies
Review Program Framework Document for consistency with GEF program review criteria	Secretariat	STAP	Secretariat
Approve Program Framework Document	Council		
Help program executing agency develop individual project proposals within the approved program framework	GEF Agencies		Implementing Agencies

<sup>11</sup> For Council decision.

ROLE	SUGGESTED LEAD FOR GEF-5		AS NOTED IN GEF/C.21/INF.5, DATED APRIL 16, 2003
	LEAD RESPONSIBILITY	SUPPORTING PARTNER (S)	
Review and approve individual project proposals within the framework of the agreed program <sup>12</sup>	GEF Secretariat or GEF Agencies (depending upon the degree of delegation agreed by the Council)	GEF Agencies, STAP	New function
Monitor implementation progress of program as agreed under the program framework	Secretariat	GEF Agencies	New function
<b>MONITORING</b>			
Undertake project monitoring, mid-term reviews, including for projects under programmatic approaches	GEF Agencies		Implementing/Executing Agencies
Review of GEF M&E requirements in project proposals  GEF portfolio monitoring and reporting. Undertake activities associated with implementation of GEF Results-based Management Framework	Secretariat	GEF Agencies	Not a new function, but not included in April 2003
Prepare Annual Monitoring Report for Council review (based on reviews of project and program implementation reports prepared by GEF implementing and executing agencies, and other monitoring activities)	Secretariat	GEF Agencies	Monitoring and evaluation unit
Gather lessons learned, undertake generation and dissemination of knowledge products	Secretariat & GEF Agencies, STAP as appropriate.		Not a new function, but not included in April 2003
<b>Evaluation</b>			
(based on GEF M&E Policy approved by Council, Feb 2006) <sup>13</sup>			
Accountability and Oversight of GEF performance: develop and approve policy-making on M&E, oversight of M&E functions, enabling environments for M&E in GEF through adequate resources and due independence.	Council		New function
Approval of GEFEO evaluation work program and budget	Council	Evaluation Office	Council
Independent evaluations, including the Overall Performance Evaluation of the GEF every replenishment period	Evaluation Office	GEF Agencies' evaluation offices	Monitoring and evaluation unit

<sup>12</sup> For Council decision.

<sup>13</sup> The GEF Council has requested the Evaluation Office to undertake a consultative process with all GEF partners to prepare a revision of the GEF Monitoring and Evaluation Policy to be presented to the Council in November 2010.

ROLE	SUGGESTED LEAD FOR GEF-5		AS NOTED IN GEF/C.21/INF.5, DATED APRIL 16, 2003
	LEAD RESPONSIBILITY	SUPPORTING PARTNER (S)	
Oversight of M&E	Evaluation Office	Secretariat, GEF Agencies, participating countries	New function
Setting minimum requirements for M&E	Evaluation Office	Secretariat (for monitoring)	New function
Corporate Agency evaluations Project and program evaluations	GEF Agencies		Implementing/Executing Agencies
Advice on scientific and technical matters  Support on scientific and technical matters	STAP	Secretariat and Evaluation Office	New function
<b>COMMUNICATIONS AND INFORMATION DISSEMINATION</b>			
Approve strategy for communication and information dissemination	Council		Council
Promote GEF awareness and visibility  Undertake outreach for countries, convention meetings, CSOs, private sector	Secretariat	GEF Agencies	Secretariat
Manage GEF-wide relationships with CSOs, private sector, bilateral development cooperation agencies and others	Secretariat	GEF Agencies	Secretariat
Disseminate project level information	GEF Agencies	Secretariat	Implementing Agencies/Executing Agencies
Disseminate GEF policy and project information to multi-stakeholders including CSOs	Secretariat	GEF Agencies, GEF NGO Network	NGO network
<b>REPLENISHMENT</b>			
Request the Trustee, in cooperation with the Secretariat, to initiate replenishment negotiations	Council		Not a new function, but not included in April 2003
Chair replenishment meetings	Trustee & Secretariat		Not a new function, but not included in April 2003
Preparation of documents for replenishment meeting	Trustee, Secretariat and other GEF entities as appropriate		Not a new function, but not included in April 2003
Preparation of Overall Performance Study	Evaluation Office		New function

<b>ROLE</b>	<b>SUGGESTED LEAD FOR GEF-5</b>		<b>AS NOTED IN GEF/C.21/INF.5, DATED APRIL 16, 2003</b>
	<b>LEAD RESPONSIBILITY</b>	<b>SUPPORTING PARTNER (S)</b>	
Preparation of Summary of Replenishment Negotiations	Trustee & Secretariat		Not a new function, but not included in April 2003
Take note of the Summary of Negotiations, and endorse the programming document and resource allocations, policy recommendations , and draft Replenishment Resolution of the GEF Trust Fund	Council		Not a new function, but not included in April 2003
Adopt the Replenishment Resolution for the GEF Trust Fund	World Bank (Executive Directors)		Not a new function, but not included in April 2003

**ANNEX C: DRAFT RESOLUTION NO. [\_\_\_\_], GLOBAL ENVIRONMENT FACILITY  
TRUST FUND  
FIFTH REPLENISHMENT OF RESOURCES**



**RESOLUTION NO. [\_\_\_\_], GLOBAL ENVIRONMENT FACILITY TRUST FUND  
FIFTH REPLENISHMENT OF RESOURCES**

WHEREAS:

(A) The participants contributing to the Global Environment Facility Trust Fund ("the GEF Trust Fund"), (jointly, "the Contributing Participants", each "a Contributing Participant") having considered the prospective financial requirements of the GEF Trust Fund, have concluded that additional resources should be made available to the GEF Trust Fund for new financing commitments for the period from July 1, 2010 to June 30, 2014 (the "Fifth Replenishment") and have agreed to ask their legislatures, where necessary, to authorize and approve the allocation of additional resources to the GEF Trust Fund in the amounts set out in Attachment 1, as such amount may be revised in accordance with Attachment 4, and according to the provisions set forth herein;

(B) The Council of the Global Environment Facility (the "GEF" or "Facility") (the "Council") having considered the Summary of The Negotiations on the Fifth Replenishment, including the policy recommendations made on the basis of the Fourth Overall Performance Study of the GEF, other reports emanating from the GEF monitoring and evaluation program during the prior replenishment period, and the views and proposals of the Participants, has requested the Executive Directors of the International Bank for Reconstruction and Development (the "World Bank") to authorize the World Bank as Trustee of the GEF Trust Fund to hold in trust and manage the resources made available for the Fifth Replenishment;

(C) It is desirable to administer any remaining funds from the fourth replenishment of the GEF Trust Fund authorized by the Instrument for the Establishment of the Restructured Global Environment Facility, as amended (the "Instrument"), and approved by Resolution No. 2006-0008 of the World Bank, adopted on October 19, 2006 (the "Fourth Replenishment"), as part of this Fifth Replenishment;

(D) The World Bank, as provided for in Paragraph 8 and Annex B of the Instrument (adopted on May 24, 1994, pursuant to Resolution No. 94-2 of the Executive Directors of the World Bank), is Trustee of the GEF Trust Fund and, in that capacity, will hold in trust and manage the resources made available for the Fifth Replenishment.

NOW THEREFORE the Executive Directors of the World Bank hereby note with approval the replenishment of the GEF Trust Fund in the amounts and on the basis set forth herein and authorize the World Bank as Trustee of the GEF Trust Fund (the "Trustee") to manage the resources made available for the Fifth Replenishment as follows:

## **Contributions**

1. The Trustee is authorized to accept contributions to the GEF Trust Fund; (a) by way of a grant from each Contributing Participant in the GEF Trust Fund in the amount specified for each Contributing Participant in Attachment 1, as such amount may be revised in accordance with Attachment 4; and (b) otherwise as provided herein.

## **Instruments of Commitment**

2. (a) Contributing Participants to the Fifth Replenishment shall deposit with the Trustee an instrument of commitment substantially in the form set out in Attachment 2 ("Instrument of Commitment"), subject to sub-paragraph 2(b).

(b) When a Contributing Participant agrees to pay a part of its contribution without qualification and the remainder is subject to enactment by its legislature of the necessary appropriation legislation, it shall deposit a qualified instrument of commitment in a form acceptable to the Trustee ("Qualified Instrument of Commitment"); such Contributing Participant undertakes to exercise its best efforts to obtain legislative approval for the installment amounts of its contribution by the payment dates set out in sub-paragraph 3(a) below.

(c) At every Council meeting, the Trustee will inform the Council of the status of Instruments of Commitment and Qualified Instruments of Commitment deposited with the Trustee.

## **Payments**

3. (a) Contributions to the GEF Trust Fund under sub-paragraph 1(a) that a Contributing Participant agrees to pay without qualification shall be paid to the Trustee in four equal installments by November 30, 2010, November 30, 2011, November 30, 2012 and November 30, 2013, provided that:

- (i) The Trustee and a Contributing Participant may agree to earlier payment;
- (ii) If the Fifth Replenishment shall not have become effective (as described in sub-paragraph 6(a) below) by October 31, 2010, payment of any installment which would otherwise have been due prior to the Effective Date (as defined in sub-paragraph 6(a) below) shall become due 30 days after the Effective Date;
- (iii) Upon the written request of a Contributing Participant, the Trustee may agree to allow such Contributing Participant to postpone the payment of any installment, or part thereof, up to, but not beyond, June 30 of the calendar year following the year in which such installment is due. Payments made pursuant to any such agreement with the Trustee shall constitute timely payments; and

- (iv) If any Contributing Participant shall deposit an Instrument of Commitment with the Trustee after the date on which any installment of the contribution is due, payment of any such installment(s) shall be made to the Trustee within 30 days after the date of deposit of such Instrument.

(b) Contributions to the GEF Trust Fund under sub-paragraph 1(a) that a Contributing Participant agrees to make pursuant to a Qualified Instrument of Commitment shall be paid to the Trustee as follows:

- (i) If any Contributing Participant deposits a Qualified Instrument of Commitment with the Trustee after the date on which any installment of the contribution would have been due under sub-paragraph 3(a) if the Contributing Participant had deposited an unqualified Instrument of Commitment, payment of any such installment(s), or part thereof, shall be made to the Trustee within 30 days after the date of deposit of such Instrument to the extent that such Instrument has been unqualified.
- (ii) If any Contributing Participant that has deposited a Qualified Instrument of Commitment thereafter notifies the Trustee that an installment, or part thereof, is unqualified after the date when such installment would have been due under sub-paragraph 3(a) if the Contributing Participant had deposited an unqualified Instrument of Commitment, payment of such installment, or part thereof, shall be made within 30 days of such notification.

(c) Payments under sub-paragraph 1(a) shall be made, at the option of each Contributing Participant, (i) in cash or (ii) through the deposit of notes or similar obligations (such as letters of credit) issued by the government of the Contributing Participant or the depository designated by the Contributing Participant, which shall be non-negotiable, non-interest bearing, and payable at their par value on demand to the account of the Trustee on the following terms:

- (i) Subject to sub-paragraph 3(a)(iii), payment in cash may be made on terms agreed between the Contributing Participant and the Trustee that shall be no less favorable to the GEF Trust Fund than payment made through the deposit of notes or similar obligations pursuant to sub-paragraph 3(c)(ii).
- (ii) The Trustee shall encash notes or similar obligations on an approximately pro rata basis among Contributing Participants, at reasonable intervals as needed for disbursement and transfers referred to in paragraph 8, as determined by the Trustee. An indicative encashment schedule is set out in Attachment 3. At the written request of a Contributing Participant experiencing exceptionally difficult budgetary circumstances, the Trustee may permit postponement of encashment for (i) up to two years in respect of a Contributing Participant that is also an eligible recipient under the GEF

Trust Fund, and (ii) up to 45 days in respect of all other Contributing Participants.

- (iii) At the request of a Contributing Participant, the Trustee may agree to encash notes or similar obligations on a basis other than a pro rata basis; provided that, subject to sub-paragraph 3(c)(iv), the schedule of encashment agreed for such notes or obligations shall be no less favorable to the GEF Trust Fund than the schedule that would apply according to the pro rata basis provided for under sub-paragraph 3(c)(ii).
- (iv) If the sum total of a Contributing Participant's notes or similar obligations deposited with the Trustee is insufficient to meet the indicative encashment schedule referred to in sub-paragraph 3(c)(ii) (as such schedule may be amended from time to time), such Contributing Participant shall exercise its best efforts, subject to its domestic budgetary and legislative practices and requirements, to meet a schedule of encashment for the notes or similar obligations it thereafter deposits with the Trustee that would be no less favorable to the GEF Trust Fund than the schedule that would otherwise have applied according to the pro rata basis provided for under sub-paragraph 3(c)(ii).

(d) Sub-paragraph 3(c) does not apply to, or affect, the schedule for the payment of installments set out in sub-paragraph 3(a) or, in the case of a Contributing Participant that has deposited a Qualified Instrument of Commitment, the obligations undertaken pursuant to sub-paragraph 2(b). Further, nothing in sub-paragraph 3(c) authorizes the Trustee to increase a Contributing Participant's contribution or to impose financial penalties for any reason.

(e) Contributions to the GEF Trust Fund under sub-paragraph 1(b) shall be paid in accordance with the terms on which such contributions are accepted by the Trustee.

(f) The Trustee shall make regular reports to the Council on the status of Contributing Participants' contributions.

### **Timely Availability of Resources**

4. (a) If (i) a Contributing Participant does not make payment in accordance with sub-paragraph 3(a) or 3(b); or (ii) a Contributing Participant that has deposited a Qualified Instrument of Commitment, is unable, despite its best efforts undertaken in accordance with sub-paragraph 2(b), to obtain legislative approval to unqualify a sufficient amount of its contribution to meet the payment dates set out in sub-paragraph 3(a), and such delay continues for 30 days, the Trustee shall notify the Contributing Participant of the delay. In doing so, the Trustee shall request the Contributing Participant to make payment promptly, or, as appropriate, to exercise its best efforts to obtain legislative approval to unqualify sufficient funds to make payment promptly. The Trustee shall also remind the Contributing Participant of the obligation it will incur under the further requirements of this sub-paragraph if the delay persists. If payment has not been made 30 days before the date of the Council meeting following the date on which the delay was incurred,

the responsible Minister of the Contributing Participant concerned shall provide the Chief Executive Officer/Chairperson of the Facility (the "CEO") with a written communication stating the reasons for the delay and the measures being taken to address it. The CEO shall forward any such communication to the Council, with a copy to the Trustee.

(b) As provided in sub-paragraph 25(c) of the Instrument, for the purpose of determining voting power in the event of a formal vote by the Council, a Contributing Participant's total contributions shall consist of the actual cumulative contributions made by a Contributing Participant to the GEF Trust Fund, including actual contributions made to the Fifth Replenishment, contributions made to the Global Environment Trust Fund (the "GET"), and the grant equivalent of co-financing and parallel financing made under the GEF pilot program, or agreed with the Trustee before the effective date of the GEF Trust Fund.

### **Currency of Denomination and Payment**

5. (a) Contributing Participants shall denominate their contributions in Special Drawing Rights ("SDR"), or in a currency that is freely convertible, as determined by the Trustee, except that if a Contributing Participant's economy experienced a rate of inflation in excess of ten percent per annum on average in the period 2006 to 2008 as determined by the Trustee as of the date this Resolution is adopted, its contribution shall be denominated in SDR.

(b) Contributing Participants shall make payments in SDR, a currency used for the valuation of the SDR, or with the agreement of the Trustee, in another freely convertible currency. The Trustee may, in its discretion, freely exchange contributions received for any such currencies.

(c) Each Contributing Participant shall maintain, with respect to its currency paid to the Trustee and the currency of such Contributing Participant derived therefrom, the same convertibility as existed on the date on which this Resolution is adopted.

### **Effective Date**

6. (a) The Fifth Replenishment shall become effective on the date when Contributing Participants whose contributions aggregate not less than SDR 1.37 billion shall have deposited with the Trustee Instruments of Commitment or Qualified Instruments of Commitment (the "Effective Date").

(b) The Trustee shall promptly notify all Contributing Participants when the Fifth Replenishment becomes effective.

(c) If the Fifth Replenishment does not become effective by March 31, 2011, the Trustee shall so inform the Contributing Participants and consult with them on possible steps to be taken to prevent any interruption of GEF financing. The Trustee, in collaboration with the CEO, will inform the Council of the results of such consultations, and seek the Council's guidance on the steps to be taken, including, as may be necessary, the convening of a meeting of the Contributing Participants.

## **Advance Contributions**

7. (a) In order to avoid an interruption in the Trustee's ability to make financing commitments pending the effectiveness of the Fifth Replenishment, and if the Trustee shall have received Instruments of Commitment or Qualified Instruments of Commitment from Contributing Participants whose contributions aggregate not less than SDR 456 million, the Trustee may deem, prior to the Effective Date, one quarter of the total amount of each contribution for which an Instrument of Commitment or Qualified Instrument of Commitment has been deposited with the Trustee as an advance contribution, unless the Contributing Participant specifies otherwise in its Instrument of Commitment or Qualified Instrument of Commitment.

(b) The Trustee shall specify when advance contributions pursuant to sub-paragraph 7(a) above are to be paid to the Trustee.

(c) The terms and conditions applicable to contributions to the Fifth Replenishment shall apply also to advance contributions until the Effective Date, when such contributions shall be deemed to constitute payment towards the amount due from each Contributing Participant for its contribution.

## **Commitment or Transfer Authority**

8. (a) Contributions shall become available for commitment by the Trustee, for disbursement or transfer as needed to cover the work program, the administrative budget of the GEF, and any other expenses approved by the Council under the Instrument, upon receipt of payment by the Trustee of the contributions set out in sub-paragraphs 1(a) and (b) except as provided in sub-paragraph 8(c) below. Paid in but unallocated resources included in the carryover reflected in Attachment 1 hereto (excluding any amount for which commitment by the Trustee is deferred under any prior replenishment of the GEF Trust Fund) and investment income shall become available for commitment by the Trustee, for disbursement or transfer as needed to cover the work program, the administrative budget of the GEF, and any other expenses approved by the Council under the Instrument, upon adoption of the resolution by the Executive Directors of the World Bank.

(b) The Trustee shall promptly inform all Contributing Participants if a Contributing Participant that has deposited a Qualified Instrument of Commitment and whose contribution represents more than 5 percent of the total amount of the resources to be contributed pursuant to the Fifth Replenishment has not unqualified at least 50 percent of the total amount of its contribution by November 30, 2011, or 30 days after the Effective Date, whichever is later, and at least 75 percent of the total amount of its contribution by November 30, 2012, or 30 days after the Effective Date, whichever is later, and the total amount thereof by November 30, 2013, or 30 days after the Effective Date, whichever is later.

(c) Within 45 days of the dispatch of notice by the Trustee under sub-paragraph 8(b) above, each Contributing Participant receiving such notice may notify the Trustee in writing that (i) the commitment by the Trustee of the second, third or fourth installment, whichever is applicable, of such Contributing Participant's contribution shall be deferred while, and to the

extent that, any part of the contribution referred to in sub-paragraph 8(b) remains qualified; or (ii) it wishes to extend the decision period for the right to defer commitment of its contribution from 45 days to 120 days. The Trustee shall make no commitments in respect of the resources to which the notice pertains unless the right of the Contributing Participant is waived pursuant to sub-paragraph 8(d) below.

(d) The right of a Contributing Participant under sub-paragraph 8(c) above may be waived in writing, and it shall be deemed waived if the Trustee does not receive, within the 45-day period or 120-day period specified in sub-paragraph 8(c), as appropriate, a written notice informing the Trustee pursuant to such sub-paragraph that the Contributing Participant has decided to defer commitment of a portion of its contribution.

(e) The Trustee, in collaboration with the CEO, shall consult with the Contributing Participants and seek the Council's advice on possible steps to be taken where, in its judgment: (i) there is a substantial likelihood that the total amount of the contributions referred to in sub-paragraph 8(b) above shall not be committed to the Trustee without qualification by June 30, 2014, or (ii) as a result of Contributing Participants exercising their rights under sub-paragraph 8(c), the Trustee is, or may shortly be, precluded from entering into new commitments for disbursement or transfer.

(f) Commitment and transfer authority shall be increased by:

- (i) The income earned on the investment of resources held in the GEF Trust Fund pending disbursement or transfer by the Trustee; and
- (ii) Payments received by the Trustee as repayment, interest or charges on loans made by the GEF Trust Fund.

(g) The Trustee may enter into agreements to provide financing from the GEF Trust Fund, conditional on the commitment of such financing becoming effective and binding on the GEF Trust Fund when resources become available for commitment by the Trustee.

#### **Administration of the Fourth Replenishment**

9. Funds, receipts, assets and liabilities held by the Trustee under the Fourth Replenishment, including the full carryover reflected in Attachment 1 hereto, will be administered under the Fifth Replenishment.

(Adopted on [\_\_\_\_\_])

**ATTACHMENT 1: GLOBAL ENVIRONMENT FACILITY TRUST FUND  
FIFTH REPLENISHMENT OF RESOURCES  
TABLE OF CONTRIBUTIONS \*\***

Contributing participants 1	CONTRIBUTIONS (in millions)							
	GEF-5 Shares and Basic Contributions <i>a/</i>		Supplemental Contributions	Adjustment Towards Full Funding	GEF-5 Actual Shares	Total Contributions		
	(%)	SDR	SDR	SDR	(%)	SDR	Currency <i>b/</i>	Currency
2	3	4	5	6	7	8	9	
Australia	1.46%	40.47	-	-	1.78%	40.47	<i>c/</i>	AUD
Austria	1.21%	34.66 <i>d/</i>	5.50	-	1.76%	40.15	42.60 <i>k/</i>	EUR
Belgium	1.55%	44.51	32.55 <i>d/</i>	-	3.38%	77.05	78.00 <i>l/</i>	EUR
Brazil	0.00%	4.00 <i>e/</i>	-	-	0.18%	4.00	6.13	USD
Canada	4.28%	122.89	12.28	-	5.93%	135.17	238.40 <i>d/</i>	CAD
China	0.00%	4.00 <i>e/</i>	5.79	-	0.43%	9.79	15.00 <i>d/</i>	USD
Czech Republic	0.00%	4.00 <i>e/</i>	0.60 <i>d/</i>	-	0.20%	4.60	116.91	CZK
Denmark	1.30%	37.33	11.07	-	2.12%	48.40	400.00	DKK
Finland	1.00%	28.71	27.48 <i>d/</i>	-	2.47%	56.20	57.30	EUR
France	6.76%	194.16	-	-	8.52%	194.16	215.50 <i>d/ l/</i>	EUR
Germany	10.89%	312.64	-	-	13.73%	312.64	347.00	EUR
Greece	0.05%	1.44	2.92	-	0.19%	4.35	4.44 <i>m/</i>	EUR
India	0.00%	4.00 <i>e/</i>	2.39 <i>d/</i>	-	0.28%	6.39	9.00	USD
Ireland	0.11%	3.16	2.46 <i>d/</i>	-	0.25%	5.62	5.73	EUR
Italy	2.89%	82.89	-	-	3.64%	82.89	92.00	EUR
Japan	11.48%	329.55	-	-	14.47%	329.55	48,377.08	JPY
Korea	0.17%	4.89	-	-	0.21%	4.89	9,689.22 <i>m/</i>	KRW
Luxembourg	0.05%	1.44	2.56	-	0.18%	4.00	4.44	EUR
Mexico	0.00%	4.00 <i>e/</i>	2.53 <i>d/</i>	-	0.29%	6.53	124.30	MXN
Netherlands	2.60%	74.69	-	-	3.28%	74.69	82.90 <i>d/</i>	EUR
New Zealand	0.12%	3.45	0.55	-	0.18%	4.00	9.92	NZD
Nigeria	0.00%	4.00 <i>e/</i>	-	-	0.18%	4.00	921.93	NGN
Norway	1.34%	38.47	-	-	1.69%	38.47	376.00	NOK
Pakistan	0.00%	4.00 <i>e/</i>	-	-	0.18%	4.00	499.64 <i>m/</i>	PKR
Portugal	0.12%	3.45	0.55	-	0.18%	4.00	4.44 <i>m/</i>	EUR
Russian Federation	0.00%	6.53	0.58 <i>d/</i>	-	0.31%	7.10	10.00 <i>m/</i>	USD
Slovenia	0.03%	0.86	3.85 <i>d/</i>	-	0.21%	4.71	4.80	EUR
South Africa	0.00%	4.00 <i>e/</i>	0.35	-	0.19%	4.35	51.56 <i>m/</i>	ZAR
Spain	0.97%	27.76	-	-	1.22%	27.76	30.81	EUR
Sweden	2.29%	65.65	19.78	-	3.75%	85.43	1,015.00 <i>k/ l/</i>	SEK
Switzerland	2.10%	60.30	-	14.01	3.26%	74.31	124.93	CHF
Turkey	0.00%	4.00 <i>e/</i>	-	-	0.18%	4.00	9.57 <i>m/</i>	TRY
United Kingdom	6.92%	198.70	-	-	8.72%	198.70	194.59 <i>f/</i>	GBP
United States	13.07%	375.23	-	-	16.47%	375.23	575.00	USD
1	New Funding from Contributing Participants	72.74%	2,129.80	133.80	14.01	100.00%	2,277.61	
2	Additional Contributions Including Credits							
3	Projected Investment Income						73.13 <i>g/</i>	
4	Projected Carryover of GEF Resources						421.50	
	Paid-in Unallocated Resources						78.61 <i>h/</i>	
	Paid-in Deferred Contributions						151.64	
	Unpaid Resources						191.25 <i>i/</i>	
5	<b>Total Projected Resources to Cover GEF-5 Work Program</b>						<b>2,772.24 <i>j/</i></b>	

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



Footnotes:

- a/ The GEF-5 basic shares reflect those of the GEF-4 except for Austria, France, Germany, Italy, Japan, Korea, The Netherlands, Norway, Spain, Sweden, Switzerland and the United States.
- b/ As agreed by the Contributing Participants at the October 14-15, 2009 GEF-5 replenishment meeting, the reference exchange rates to convert between the SDR amounts and the national currency amounts will be the average daily exchange rates over the period from March 1, 2009 to September 30, 2009.
- c/ The amount of Australia's pledge is authorized, however a final pledge from Australia will be confirmed. The final pledge will represent a basic share of at least 1.46% of the Total Projected Resources.
- d/ Contributing Participants have the option of taking a discount or credit for accelerating their payment/encashment schedule and: (i) including such credit as part of their basic share; (ii) counting such credit as a supplemental contribution; or (iii) taking such discount against the national currency contribution. Austria has opted to include such credit as part of its basic share. Belgium, Czech Republic, Finland, India, Ireland, Mexico, the Russian Federation, and Slovenia have opted to take the credit for accelerated encashment as a supplemental contribution. Canada, China, France and The Netherlands have opted to take a discount against the national currency contribution.
- e/ For those Contributing Participants that do not have a basic share, this represents the agreed minimum contribution of SDR 4 million.
- f/ The amount shown for the United Kingdom is an indicative amount calculated by the Trustee. It does not represent a pledge by the United Kingdom, which has informed the Trustee that it will be able to formulate a final position on its pledge to the GEF-5 only after a new government has been formed.
- g/ Investment income is projected using a USD 2 billion average cash balance and estimated investment return of 1.4% per annum.
- h/ This amount represents GEF-4 paid-in but unallocated resources (excluding amounts for which commitment by the Trustee is deferred under any prior replenishment of the GEF Trust Fund) and investment income.
- i/ This amount comprises Instruments of Commitments not yet deposited plus arrears (late payments under deposited Instruments of Commitments or Qualified Instruments of Commitment).
- j/ This SDR amount is equivalent to USD 4,248 million using the agreed GEF-5 reference exchange rates.
- k/ The Governments of Austria and Sweden wish to note that their contribution amounts include, respectively, EUR 6.1 million and SEK 235 million in recognition of their commitments to support Fast-Start Climate Financing.
- l/ The Governments of Belgium, France and Sweden wish to note that their contribution amounts include, respectively, EUR 10 million, EUR 75 million and SEK 100 million to support Fast-Start Climate Financing for Sustainable Forest Management.
- m/ The pledges from these Contributing Participants are subject to confirmation.

**ATTACHMENT 2: GLOBAL ENVIRONMENT FACILITY TRUST FUND  
FIFTH REPLENISHMENT OF RESOURCES**

**INSTRUMENT OF COMMITMENT**

Reference is made to Resolution No. [ ] of the Executive Directors of the International Bank for Reconstruction and Development (the "World Bank") entitled "Global Environment Facility Trust Fund: Fifth Replenishment of Resources" which was adopted on [ ] (the "Resolution").

The Government of \_\_\_\_\_ hereby notifies the World Bank as Trustee of the Global Environment Facility Trust Fund, pursuant to paragraph 2 of the Resolution, that it will make the contribution authorized for it in Attachment 1 of the Resolution, in accordance with the terms of the Resolution, in the amount of \_\_\_\_\_.

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Name, Title and Office)

**ATTACHMENT 3: GLOBAL ENVIRONMENT FACILITY TRUST FUND  
FIFTH REPLENISHMENT OF RESOURCES**

**INDICATIVE ENCASHMENT SCHEDULE**

<u>Fiscal Year</u>	<u>Percentage of Total Pledge</u>
2011	8.0
2012	11.0
2013	14.0
2014	14.5
2015	14.0
2016	12.0
2017	10.0
2018	8.0
2019	5.0
2020	3.5
<u>Total</u>	<u>100.0</u>

**ATTACHMENT 4: GLOBAL ENVIRONMENT FACILITY TRUST FUND  
FIFTH REPLENISHMENT OF RESOURCES**

**REVISED CONTRIBUTION AMOUNTS**

1. Each Contributing Participant for which the Trustee has included an indicative contribution amount (the “Indicative Contribution Amount”) in Attachment 1 shall confirm the amount of its contribution to the Trustee in writing by September 30, 2010. The Trustee shall promptly inform in writing all Contributing Participants of such confirmed amount (the “Confirmed Contribution Amount”).
2. If the Confirmed Contribution Amount of a Contributing Participant for which the Trustee has included an Indicative Contribution Amount is less than 90 percent of its Indicative Contribution Amount, the Trustee shall (a) calculate the revised percentage of actual shares of all Contributing Participants (the “Revised Share Percentage”) and (b) notify the Contributing Participants of their Revised Share Percentage.
3. Within 20 business days of the dispatch of notice by the Trustee under paragraph 2 above, each Contributing Participant receiving such notice may notify the Trustee in writing that it wishes to reduce the amount of its contribution specified in Attachment 1 (the “Original Contribution Amount”) to maintain its actual share percentage specified in Attachment 1 (the “Original Share Percentage”).
4. Within 5 business days of the dispatch of notice by a Contributing Participant under paragraph 3 above, the Trustee shall notify in writing such Contributing Participant of the amount by which the Original Contribution Amount of such Contributing Participant would need to be reduced in order to maintain its Original Share Percentage (the “Maximum Reduction Amount”).
5. Within 20 business days of the dispatch of notice by the Trustee under paragraph 4 above, the corresponding Contributing Participant shall notify the Trustee in writing of the amount by which such Contributing Participant wishes to reduce its Original Contribution Amount. Such amount shall not exceed the Maximum Reduction Amount (the revised contribution amount of such Contributing Participant, the “Revised Contribution Amount”).
6. The right of a Contributing Participant under paragraph 3 above shall be deemed waived if the Trustee does not receive, within the 20-business day period specified in paragraph 3 above, a written notice informing the Trustee that such Contributing Participant has decided to reduce its Original Contribution Amount.
7. Once the Revised Contribution Amounts of all the corresponding Contributing Participants have been determined, the Trustee shall:
  - (a) Update Annex 1 to reflect the Revised Contribution Amounts and provide a copy of such updated Annex to all Contributing Participants; and

- (b) If a Contributing Participant exercising its right to reduce its Original Contribution Amount has prior to that time provided an Instrument of Commitment or a Qualified Instrument of Commitment to the Trustee for an amount equal to its Original Contribution Amount (the “Original Contribution Amount Instrument”), such Contributing Participant shall provide to the Trustee a new Instrument of Commitment or Qualified Instrument of Commitment for an amount equal to the Revised Contribution Amount (the “Revised Contribution Amount Instrument”). Upon receipt of the Revised Contribution Amount Instrument, the Trustee shall return to the Contributing Participant the Original Contribution Amount Instrument.