

COMMENTS FROM RECIPIENT COUNTRIES IN LATIN AMERICA AND THE CARIBBEAN ON THE DOCUMENTS AND DISCUSSIONS FROM THE SECOND REPLENISHMENT MEETING HELD IN INDIA, September 10-11, 2013

The region upholds the general comments provided prior to the meeting in New Delhi and, in order to reiterate the concerns expressed in its verbal interventions during the second replenishment meeting, submits the following comments and thoughts:

Given that the GEF is the financing mechanism designated to help States implement the environmental **conventions**, it is critical that the GEF abide by the concepts agreed upon in international conventions. Concepts such as “landscape approach,” “climate smart agriculture,” among others, pose problems.

There is concern in the region that the GEF seeks to rank countries based on per capita income owing to the fact that this indicator does not meaningfully or adequately highlight the inequalities in our countries.

Cofinancing: Is there any document that is part of the GEF framework that specifically addresses the percentages or share of cofinancing that recipient countries must commit in order to have access to funding to finance projects?

Signature Programs: What are Signature Programs? What were the criteria for establishing the thematic areas for the programs? Where will the funding come from to implement the programs? If there is doubt regarding the size of the replenishment, why open new windows, particularly for programs that, in LAC’s view, go beyond the environmental sphere (for example, infrastructure under the Sustainable Cities program). How will these be accessed?

Although the Amazon countries would like to provide comments on the Signature Program planned for that subregion, there is great concern in the region overall regarding how the other programs were chosen and how they will be financed.

Some countries in LAC feel that a Signature Program on chemicals and waste should have been planned, while others believe that the Secretariat should have devised a specific one for Small Island Developing States (SIDS) when developing these proposals for programs. The bottom line is that the LAC countries would only be able to accept a pilot Signature Program if its financing will not affect the STAR allocations of any of the countries that are not part of the program.

Maintenance of STAR allocations to LAC countries is critical. Given the existence of new and additional commitments (such as new POPs and a new Mercury Convention), the LAC region cannot accept a scenario in which the status quo is maintained, much less one in which replenishment is reduced.

Both avenues are highly detrimental in view of the urgency of global environmental issues and the fundamental role that the GEF must continue to play.

The LAC region has already indicated its hope that STAR allocations to its countries are maintained and, if possible, increased. An **increase of minimum allocations to US\$10 million** would be a crucial step toward ensuring that LDCs, SIDS, and countries with very small allocations can fulfill their international commitments and help generate the necessary global benefits.

Raising the minimum and **maintaining allocations to recipient countries in the region** are essential steps.

Any differentiation between countries that does not appear in the texts of the conventions is unacceptable to us. GDP per capita is not a reliable indicator given that it does not reflect structural gaps in development and the urgent environmental issues present in our region.

The LAC region has already indicated its desire to have clear rules governing cofinancing and to see LDCs and SIDS be exempt from such cofinancing, particularly for climate change projects.

The region does not support a change in the nature of the fund. The use of **concessional loans** would exclude a large number of agencies and would distort the meaning and very nature of the Fund. There are other financial institutions that serve this purpose.

The region urges the Secretariat and other participants in the replenishment not to spend any more time discussing concessional loans, Signature Programs, and differentiation among countries different from those contained in the conventions, which are politically unacceptable and legally incompatible with the agreements set forth in the conventions within the purview of the GEF.

This past January a new, legally binding agreement was concluded: the Minamata Convention on Mercury. For the first time, a Multilateral Environmental Agreement (MEA) included reference to the GEF in its text; however, in that last generation text (signed a week ago) no reference is made to either middle-income countries or concessional loans. LAC views that discussion as fruitless and an attempt to reinterpret international agreements and divert the attention and focus of the replenishment.

The LAC recipient countries suggest that the replenishment focus on the following:

- **Increase the funds available for this replenishment noting the urgency of environmental degradation;**
- **Honor existing national STAR allocations;**
- **Increase minimum STAR allocations to at least US\$10 million;**
- **Reaffirm that priorities for global action are the ones agreed in MEAs and in other instruments and that the role of GEF is to support the implementation of these actions and not to bring new priorities, its own sets of goals, or views on the “drivers” of environmental degradation different from the ones already agreed in multilateral fora;**
- **Substantially increase the allocation for chemicals and waste, and honor the importance of the new Minamata Convention on Mercury;**
- **Review the situation of SIDS and consider exempting them from the cofinancing requirement, especially for climate change projects;**
- **Clarify the rules governing cofinancing, and in this context consider the special circumstances of LDCs and SIDS (waiver).**

With respect to STAR allocations, GEF Council Members representing the four LAC constituencies will convey their position at the next Council meeting in November, where this subject will be on the agenda.

The LAC region does not want to see a return to its pre-RAF model and will not accept a "**competition**" for funding, which is incomprehensible and is considered dangerous, and for which there is no basis or justification.

ADDITIONAL COMMENTS – NON OFFICIAL TRANSLATION FROM SPANISH

1. BIODIVERSITY FOCAL AREA

How does the GEF intend to promote private certification schemes without these private schemes turning into unjustified barriers to trade, to the detriment of developing countries? Would it not be better to promote national criteria and standards, which take into account the particular characteristics of developing countries?

2. CLIMATE CHANGE FOCAL AREA

What is the likelihood that the GEF will finance clean energy projects such as those relating to biomass?

GEF climate change programs focus on mitigation and only peripherally consider the subject of adaptation. Considering the great importance of adaptation for developing countries, it would be useful to know if it is possible for the GEF to devote more attention to adaptation in the future.

[The GEF must continue to support the National Communications and Biennial Update Reports.](#)

[The GEF must lend support to Nationally Appropriate Mitigation Actions \(NAMAs\).](#)

[The GEF must support the preparation of National Adaptation Plans \(NAPs\) for non-LDCs.](#)

The GEF must support financing for themes representing synergies between Conventions or other GEF programmatic areas in which climate change is key, for example the adaptation of large watersheds where climate change adaptation and international waters intersect, two lines that the GEF can link, unlike other assistance funds. A similar situation arises with the adaptation of large regions threatened by climate change, for example by drought.

3. INTERNATIONAL WATERS FOCAL AREA

In view of the fact that the term "water systems" is relatively new with regard to the subject of water, would it not be better to use the concept of watersheds? This term is already accepted internationally and is used in conjunction with Integrated Water Resources Management (IWRM).

4. LAND DEGRADATION FOCAL AREA

In keeping with the primary objective of the GEF—obtaining global benefits—should attention not be paid to strengthening areas that have not yet been prioritized, such as the aforementioned drought area, taking into account that sustainable land management should not only have

objectives related to maintaining production systems, as the document suggests, but should also be geared toward maintaining dryland ecosystems in general?

5. SUSTAINABLE FOREST MANAGEMENT (SFM) FOCAL AREA

- Bearing in mind the framework adopted during the most recent Session of the United Nations Forum on Forests, what is the GEF's position on creating a focal area specifically for forests?
- When the document refers to land-use change owing to agriculture and bioenergy production, does this support the concept of "indirect land-use change," the definition of which lacks a sound scientific basis? Caution is imperative. Would it not be preferable to replace "land-use change" with "direct land-use change"?

6. CHEMICALS AND WASTE

- Will the funds proposed for the three objectives under the chemicals and waste strategic area be sufficient to cover the proposed theme in view of the expansion of the window for chemicals and waste?
- Should Program 3, which aims to help countries present their reports to the conventions and develop implementation plans, not target all developing countries rather than Countries with Economies in Transition (CEITs) only?
- Could the GEF broaden the scope of the strategy it will use to obtain private sector assistance and participation in the chemicals and waste focal area?
- Consensus on the priority accorded to the Minamata Convention should be reflected in specific new and additional funding as indicated by the GEF Secretariat during the Intergovernmental Negotiating Committee (INC) process that negotiated that agreement.
- Regional activities and projects relating to chemicals and waste must be executed using the network of existing regional centers of the chemicals and waste conventions.
- The Strategic Approach to International Chemicals Management (SAICM) remains a priority in order to achieve the 2020 objective reaffirmed at Rio+20.

**COMMENTS FROM THE ARGENTINE REPUBLIC FOR THE SECOND NEGOTIATION MEETING ON THE
GEF-6 REPLENISHMENT.
NEW DELHI, INDIA. SEPTEMBER 10-11, 2013**

A. GENERAL CONSIDERATIONS

B. SPECIFIC COMMENTS BY FOCAL AREA ("Draft GEF-6 PROGRAMMING DIRECTIONS, Part 1 and Part 2" DOCUMENT)

C. COMMENTS ON THE “STRATEGIC POSITIONING FOR THE GEF” DOCUMENT

A. GENERAL CONSIDERATIONS

1. The Government of the Argentine Republic supports the idea that owing to the strategic role played by the Global Environment Facility (GEF) in the current global environmental situation, donor countries should be urged to make more funding available at the next replenishment. In conjunction with this, it is also necessary that donor countries honor their commitments in a timely manner and in due form, thereby avoiding the possibility of deficits that could result in cutbacks in future allocations.

2. The Argentine Republic supports the idea that the GEF's strategic documents should be even clearer and more concise and that the language used in the documents should be aligned with that used in international forums and conventions.

3. The Argentine Republic notes that it is important that projects continue to be executed based on demand from the country to ensure the ownership necessary for their success.

4. Cofinancing: The Government of the Argentine Republic understands that cofinancing is a fundamental principle underpinning the success of GEF-financed projects. However, despite the efforts made by the GEF Secretariat, there is still no specific document on this subject that would be applicable to all Executing Agencies. Clarification is therefore sought, given that neither concrete information on nor any mention of this subject can be found. Furthermore, it should be noted that in this regard and in the chemicals and waste sector, projects are being negotiated in which cofinancing at a ratio of 4 to 1 or 3 to 1 is required (through the Executing Agencies), when in previous years, a 1 to 1 ratio was requested. In many cases, an increasingly higher ratio determines the feasibility or impossibility of being able to move forward with a number of projects that are important for the country.

5. Executing agencies: The Government of the Argentine Republic supports the policy of beginning a new round of accreditation for agencies so that new national and regional agencies can join the current portfolio of GEF agencies. This accreditation would help strengthen national capacities in developing countries, simplify management processes, and avoid implementation costs for agencies. The Government also welcomes the fact that government agencies would have direct access to GEF funds.

6. Country Support Program and Cross-cutting Capacity Building Program: The Argentine Republic believes that these should be continued and improved to ensure that funding to support activities under the focal points are simpler and more effective. In particular, of the activities planned under the Country Support Program, it is important to resume the National Multi-Stakeholder Dialogues, which have not taken place since 2010.

7. Small Grants Programme: The Argentine Republic supports continuation and improvement of the program as it generates very significant environmental benefits at the local and community levels.

8. Private sector: The Argentine Republic supports the idea that financing for the private sector should be supplementary and additional, taking into account the importance that should still be

accorded to public sector financing, especially in the sectors associated with the transfer of technology and the selection and establishment of environmental services infrastructure and networks. Public-private partnerships, which are producing favorable results globally, could provide support to the chemicals and waste sector in particular.

9. STAR: With respect to the GEF financing modality, Argentina supports the System for Transparent Allocation of Resources (STAR) that was used at GEF-5. This system allocates resources to eligible countries based on transparent indicators that reflect the country's performance and its potential to achieve global environmental benefits, covering three main areas—biodiversity, climate change, and land degradation.

10. In paragraph 13, page 3 of the document, a “Differentiated Approach to Financing” is discussed. This paragraph maintains that GEF allocations should reflect the potential and abilities of recipient countries with regard to generating environmental benefits and that in view of the fact that many countries have grown economically in recent decades, a new financing framework could be proposed, starting with “Establish a pilot loan financing scheme for (i) middle income countries,” among other options.

In this regard, it should be noted that the majority of the world's poor live in that group of countries categorized as middle-income countries. The fact that some countries may have made progress in their development does not mean that those efforts should be penalized by calling on this group of countries (middle-income) to not only stop receiving the expected development financing, but also to become emerging donors.

During the replenishment process, countries should not be analyzed based on average income, nor should unilateral decisions be made on this issue, mainly because this "category of countries" is not mentioned anywhere in the texts of the environmental conventions.

11. GEF 2020 Strategy: Argentina welcomes the long-term exercise of the GEF 2020 vision and would like to receive more information about it.

12. Signature Programs: Argentina supports Signature Programs in so far as they are aligned with international conventions and do not jeopardize country allocations. Implementation of these Signature Programs gives rise to a number of concerns: what were the criteria for establishing the thematic areas for the programs; where will the funds come from to implement the programs (particularly in view of the very high amounts projected for some of them); how will countries have access to them, etc. On the other hand, Argentina is concerned that so many resources would be devoted to thematic areas that, despite being causes of environmental degradation, belong to areas outside the environmental sphere, which could result in the diversion of the GEF's efforts to matters such as the allocation of rights to fishing zones, energy, housing, infrastructure, etc.

By way of example, and with respect to the Fisheries Signature Program, which, according to the document, "will demonstrate success and build a constituency for analogous approaches on the Regional Fisheries Management Organizations (RFMOs) scale," Argentina believes that any program or activity relating to fisheries should be placed within the framework of the principles set forth in the 1982 United Nations Convention on the Law of the Sea (UNCLOS). Furthermore, consultation is recommended on the participation in this program that is expected of those countries that do not belong to an RFMO.

It should be noted that the Argentine Republic has traditionally maintained that RFMO regulations should be applicable to their member States and should in no way be interpreted as customary international law or applicable to States that are not parties to the New York Agreement of 1995 (which governs RFMOs and to which Argentina is not a party) nor belong to those organizations, given that Argentina recognizes as general international law only the content of the United Nations Convention on the Law of the Sea of 1982.

15. With respect to new and additional financing for the chemicals and waste agenda, Argentina supports the region's position that current GEF financing for this agenda is not sufficient to achieve the 2020 goal of sound chemicals and waste management, particularly the risks, concepts that were reaffirmed at Rio+20. This new and additional financing to enforce existing conventions (Stockholm, Basel, and Rotterdam), the future Minamata Convention, and the Strategic Approach to International Chemicals Management (SAICM) should be clearly identified and separate from the financing for other conventions and programs.

B. SPECIFIC COMMENTS BY FOCAL AREA

("Draft GEF-6 PROGRAMMING DIRECTIONS, Part 1 and Part 2" DOCUMENT)

Argentina supports the idea that the Strategy should be more concise, simplified, and should prioritize the areas in which the countries have legal obligations or clear commitments.

Both chapters of this document warrant specific comments from the Government of the Argentine Republic as it is evident that many of the comments made at the first negotiation meeting that took place in Paris last April 2013 will be reiterated given that they have not been addressed in the revised documents for this new round of discussions.

1. BIODIVERSITY FOCAL AREA

We have no objections to the proposal of new approaches and objectives.

- In several areas of the chapter on biodiversity, reference is made to the "productive landscape." It must be borne in mind that this term has not been agreed upon internationally and must be used with caution so that its use is not linked to agriculture, as this could imply the "multifunctionality of agriculture." Moreover, the Strategic Plan for Biodiversity 2011–2020, approved by the Conference of the Parties to the Convention on Biological Diversity (CBD) in 2010, recommends that the parties adopt an approach based on ecosystems and not on landscapes, hence the reason for suggesting replacing the term "landscape" with "ecosystem." This comment was already made at the time of the revision of a previous version of this document (GEF.R6.07, Draft GEF-6 Programming Directions, final, March 08, 2013.pdf).

- Paragraph 10 (page 7 of Part 1) states "the societal failure to adequately price the economic value of biodiversity and the ecosystem services it provides (...)." Reference is made to the concept of "societal failure" with regard to the economic value of biodiversity, whose scope is not clear.

Similarly, paragraph 13 reiterates the failure to calculate the full economic value of ecosystems and biodiversity. Rather than speak of "failure," it would be preferable to find positive terminology to describe a situation where several countries have not developed the concept of according value to biodiversity. In any event, the lack of an economic valuation of ecosystem services is not viewed as a societal failure. Such a situation can originate from a sovereign decision made by States not to attribute a value to it, for example owing to the lack of capacity and resources necessary to move forward with such a valuation.

- In paragraph 35 of the Strategy (page 16, Part 1), reference is made to the GEF's intent to promote positive incentives associated with biodiversity such as "biodiversity-friendly certification standards" for sustainable agriculture and forestry and fisheries production, to help ensure that production is certified and compliant with the standards that allow for entry into any market. Furthermore, on page 34 of the document, in the Results Framework table, the indicator "Landscapes and seascapes certified by internationally or nationally recognized environmental standards that incorporate biodiversity considerations (e.g. FSC, MSC) measured in hectares" is mentioned.

The Argentine Republic believes that the development of national standards should be promoted, and it should be borne in mind that independent certifiers should not present unjustified barriers to international trade, and that these certifiers should take into account the special characteristics of developing countries.

- In paragraph 72.c (page 26, Part 1), as well as in others, mention is made of the promotion of fiscal and market incentives to promote biodiversity on farms across the production landscape. The foregoing notwithstanding, with regard to the scope of the concept of the production landscape, we suggest that special attention be paid to the promotion of agriculture-related incentives, which could lead to the sanctioned establishment of related subsidies. In this regard, the comments made in the section on Sustainable Forest Management are reiterated to the extent that the incentives for biodiversity conservation with respect to agriculture need to be adapted to the World Trade Organization's Agriculture Agreement to ensure that they do not act as hidden agricultural subsidies.

- In paragraph 85 (page 30, Part 1), reference is made to innovative financial mechanisms that should be promoted, such as "habitat banking" and "tradable development rights and quotas." The scope of these terms is unclear. It should be noted that financial mechanisms are tools that are optional, voluntary, and supplementary to the CBD financial mechanism and cannot be substituted for it.

These comments were already made at the time of the revision of a previous version of the document (GEF.R6.07, Draft GEF-6 Programming Directions, final, March 08, 2013.pdf).

2. CLIMATE CHANGE FOCAL AREA

As the title suggests, the programs are focused on the subject of mitigation. Although the document mentions the subject of adaptation, it is barely addressed.

The document focuses on the financing of low-carbon technologies and the various mitigation options. In addition, it highlights mitigation in areas related to land use and agriculture.

The Argentine Republic has noted that the subject of "adaptation" was not included among the climate change objectives stipulated for the new GEF operation. This raises the concern that there is an imbalance between adaptation and mitigation, particularly in view of the relationship that exists between the two. Furthermore, adaptation to the effects of climate change is a critically important theme for the agricultural sector owing to the need to contribute to food security in a context of an increasing demand for food. Therefore, incorporation of the theme of climate change adaptation in the program guidance for GEF-6 is viewed as very important.

The document includes a series of concepts with which the Argentine Republic is not comfortable:

The document mentions a "new climate regime" (paragraph 14). It also mentions the "transformation toward low-carbon development" (paragraph 17) and the "shift to low-carbon growth" (paragraph 25).

Paragraph 30 mentions a "global energy efficiency certification and standards program for greening the supply chain." The consequences of this are not clear.

Paragraph 34, on sustainable transport, states, "Options considered for GEF support may include: fuel and road pricing; policies and strategies to improve fleet fuel efficiency and promote low impact refrigerants for mobile air conditioning; support for alternative fuels and advanced engine technologies pilots; demonstrations of smart transport grids; and ICT applications for travel demand management." With regard to this sentence, although examples are provided of different mitigation options in the transport sector, it is recommended that the sentence end with "and other options that reduce GHG emissions."

Paragraphs 35, 38, 39, and 40 speak of "mechanisms for monitoring, reporting, and verification (MRV) of associated GHG emissions," a "performance-based financing mechanism," and "MRV system" and "performance-based mechanism." This can imply excessive control over the implementation of programs in Argentina. The inclusion of these concepts is premature in light of the progress made on this theme under the UNFCCC.

Paragraphs 50, 52, 56, and 60 address the subject of "Land use and Land-use change and forestry (LULUCF) and agriculture," whose relationship in the context of the UNFCCC is still not resolved. Similarly, the subject of MRV (paragraphs 51 and 62) is still with the Subsidiary Body for Scientific and Technological Advice (SBSTA).

Paragraph 70 says, "Another Convention-related activity involves countries developing and implementing NAMAs to reduce their GHG emissions. During GEF-6, efforts to produce and implement NAMAs will be considered for support. The evolving NAMA modalities may include domestic credit systems, cap and trade systems, and other voluntary new market mechanisms and could constitute single-sector, multi-sector, or economy-wide approaches." It is advisable to add a sentence referring to the consideration of the outcomes and progress of negotiations under the UNFCCC with respect to the themes addressed in this paragraph.

Paragraph 72 states, "Finally, as indicated earlier in the Strategy, GEF-6 climate change mitigation projects are expected to articulate relevance to the analysis and findings of national communications, BURs, or TNAs, or be part of a NAMA implementation plan." In this regard, the importance accorded by the GEF to Technology Needs Assessments (TNA) in light of the possibility of accessing financing

for those countries that have conducted studies in the context of the TNAs, such as Argentina, should be noted. Taking into account the activities and capacities evaluated, which were agreed upon by various stakeholders in the framework of the TNA process, the GEF would be a valuable tool for facilitating implementation of these evaluations.

Program 4 of Strategic Objective 2 on mitigation (page 45, Part 1 and subsequent paragraphs) refers to the term "Climate smart agriculture." This is a term promoted by the FAO Secretariat without the benefit of discussion to agree on an internationally acceptable definition. For this reason, it is recommended that the term be eliminated given that it is not an acceptable term. Instead, terms such as "good practices" could be used.

We note that there is an attempt in the new GEF strategy to include some issues that have still not been resolved in the primary climate change forum, namely the United Nations Framework Convention on Climate Change (UNFCCC), for example, the agriculture-forest ratio and GHG emission reductions in the maritime and aviation sector, which are still under discussion at the International Civil Aviation Organization (ICAO), the International Maritime Organization (IMO), and the UNFCCC.

Paragraph 23 of Program 1, "Promote the timely development, demonstration, and financing of low-carbon technologies and mitigation options," should be sufficiently generic so as to not exclude technological options or mention others that were not specified, such as biomass energy production.

With respect to the Commodities Signature Program, which makes some reference to the subject of climate change, Argentina is still considering the advantages or possible benefits of the program.

3. INTERNATIONAL WATERS FOCAL AREA

The text refers to "water systems," terminology that has not been adopted by our country, as its definition assumes a water system that covers agriculture, energy, industry, and domestic use, for surface water and groundwater, as well as waters not used for consumption but for shipping. In this regard, our country has traditionally opted for the watershed concept.

Program 2.1 proposes advancing conjunctive management of surface and groundwater through effective institutional, legal, and policy measures.

It further states that the GEF-6 will help create an enabling environment and the necessary capacity to achieve consistency of governance frameworks for watersheds and connected groundwater areas and indicates that these frameworks will be guided by the principles contained in current conventions on surface and groundwater.

In this regard, examples provided include the ECE Water Convention and the United Nations Convention on Non-navigational Uses of International Watercourses. We wish to note that neither of these has been ratified by Argentina.

The foregoing examples notwithstanding, Argentina encourages the application of regional and binational agreements related to surface and groundwater resources. In the case of South America, consideration should be given to the Guaraní Aquifer Agreement, concluded between Argentina, Paraguay, Uruguay, and Brazil.

4. LAND DEGRADATION FOCAL AREA

Reiterating the comments made earlier on the version of the document submitted for the Paris Meeting – GEF.R6.07, Draft GEF-6 Programming Directions, final, March 08, 2013.pdf:

It is important to maintain the land degradation financing window.

Although the process of land degradation, its overall consequences, and SLM tools are thoroughly addressed, the priority of drylands is not clearly and concisely demonstrated in accordance with the UNCCD mandate and in particular the Memorandum of Understanding between the COP and GEF as the financing mechanism for the UNCCD. Consequently, the amendment of paragraph 4 of the relevant section is requested, adding after "... important source of human-induced threats to the planet's life support system" **Desertification and** land degradation due to unsustainable use and deforestation is a major factor in the progressive...

We also request inclusion of the term "desertification" before the term "land degradation and after "major drivers of..." in the same paragraph.

In paragraph 6, we request replacement of the text after "... sometimes leading the conflict," with **Desertification and land degradation are therefore majors factors in the fight against poverty, ..., throughout the developing world. The desertification and land degradation-poverty nexus...**

In paragraph 10, it is important to accord priority to focusing on drylands, so that funding can be effectively allocated to the most affected countries, such as those with a greater surface area of drylands, higher poverty indices, and greater climate vulnerability, among the other characteristics typical of drylands. These are the countries that should receive more favorable consideration when resources are being allocated.

In paragraph 14, we suggesting adding "particularly in drylands" after "... rangelands and forest landscapes"; and at the end of the paragraph: "... for adaptation to a changing climate are major grounds for increasing environmental investments to combat **desertification and** land degradation".

In the section "UNCCD COP Guidance to the GEF," there is recognition of the role of the GEF as the financial mechanism of the UNCCD for specific ecosystem recovery activities, the term used instead of "landscapes," which has other implications, and for Sustainable Land Management (SLM) and other productive activities related to land degradation. And although the role with respect to "eligible" activities is recognized—the specific activities mandated by the Conference of the Parties, in particular support to countries affected by the alignment of National Action Programs (NAPs) with the UNCCD's Ten-year Strategy—it should be noted that the actual implementation of the UNCCD in the affected countries takes place through project implementation in the country (RAF) rather than solely through eligible activities. The latter are more policy and management tools and do not have much financial impact.

In the "Goal and Objectives" section of paragraph 19, the first part should be amended to read: "Investing in SLM to control and prevent **desertification and** land degradation in production landscape...". Also, and with reference to the comments in paragraph 10 in terms of the objectives sought by the GEF 6 here, reference is made only to the particular nature of drylands in deforestation processes in LD-2: *Generate sustainable flows of ecosystem services from forests, particularly in*

drylands. We wish to state the importance of including the drylands focus in all the objectives set in this focal area. We therefore recommend inclusion of “particularly in drylands” in paragraphs 26, 29, 30, and 39.

Consequently, it is important to be able to consider a more comprehensive approach to drylands and their particular features in terms of specific practices as well as their indirect impacts such as internal migrations or the lack of institutional capacity, given the complexity of ecosystems of this nature.

It should also be noted that sustainable land management should not be aimed solely at maintaining productive systems, as the document suggests, but should also seek to maintain dryland ecosystems in general.

Specifically, a recommendation should be made to the GEF to take the necessary steps to facilitate and streamline processes for the application of available resources so that better use can be made of them.

The GEF Secretariat should be urged to provide information on available resources for enabling activities in a more efficient and rapid form so that the processes for countries to obtain these resources can be streamlined.

5. SUSTAINABLE FOREST MANAGEMENT (SFM) FOCAL AREA

These comments have been expanded based on the document submitted for the next meeting in India.

In general terms, it should be noted that the GEF does not have a window or specific focal area. Consequently, GEF funds for SFM are largely derived from the focal areas for biodiversity, desertification, climate change, and REDD+.

In this regard, mention is made of the agreement reached between the parties at the Tenth Session of the United Nations Forum on Forests, held last April in Istanbul.

“The Parties... invite the GEF to consider ways to strengthen its support for sustainable forest management of all types of forests through, inter alia:

(a) Enhancing mobilization of financial resources for the GEF SFM strategy in the sixth, and subsequent replenishment periods;

(b) Considering the options of establishing a new focal area on forests during the next Global Environment Facility replenishment and continuing and seeking to improve existing forest finance modalities taking into account the results of the ongoing evaluation of SFM/REDD+ investment programme.

[The Parties:]

(c) Invite the GEF to improve and simplify access to its current and potential funding for SFM;

(d) Also invite the GEF to continue and strengthen the dissemination of information on financing for SFM to UNFF focal points directly, and indirectly through the national GEF focal points, the Forum's Secretariat, as well as the GEF implementing agencies;

(e) Further invite the GEF Secretariat to provide information to UNFF sessions on the mobilization of financial resources and funds dedicated to the sustainable management of all types of forests."

In light of the agreements reached at that meeting and the need to eliminate fragmentation with respect to forest financing, a suggestion could be made to the GEF to consider options for the establishment of a specific forest focal area.

In particular, we note the following comments:

- In paragraph 1, we suggest replacing "food insecure" with "food security," an internationally accepted term. In addition, forests make an important contribution to food security.
- In the document, many references are made to "landscape approach" as an internationally accepted term. It must be borne in mind that this term has not been agreed upon internationally and must be used with caution so that its use is not linked to agriculture, as this could imply the "multifunctionality of agriculture."

This approach links forests to the concept of ecosystem services, specifically the provision of landscapes and natural beauty. As used by a number of developed countries, the approach could be related to the "multifunctionality" of agriculture, according to which agriculture fulfills various functions, in addition to food and fiber production (protection of the environment, conservation of landscapes, etc.).

The concept of "multifunctionality" establishes objectives for agricultural activity that go beyond boosting production, with emphasis being placed on non-commercial concerns and other benefits (social, economic, cultural). A landscape-related function is assigned to agriculture, in addition to its productive function. This could serve to legitimize the granting of economic incentives (subsidies) for agriculture, which could have a distortionary effect and be incompatible with the obligations set forth in the WTO Agreement on Agriculture. For this reason, the use of "landscape approach" in a way that legitimizes distortionary agricultural subsidies should be avoided.

It should be noted that there was no consensus among the parties on this concept at the Tenth Session of the United Nations Forum on Forests. Consequently, the resolution of this session states that the landscape level approach will be applied by those countries that recognize it.

In light of this, we suggest replacing the references to "landscape approach" with promoting an "integrated intersectoral and interinstitutional approach to sustainable forest management." It is important to bear in mind that at the Rio+20 conference, it was acknowledged that there are different approaches, visions, models, and tools to achieving sustainable development. SFM should therefore not be linked solely to the landscape approach.

Furthermore, the objective of SFM 3 is to restore degraded forest landscapes. We suggest replacing this with degraded forest ecosystems or degraded forests. In paragraph 36, it is stated that the

objective will be to help reduce the loss of the environmental services provided by forest landscapes. It is very important to note that it is forests or forest ecosystems (and not landscapes) that provide these environmental services.

Since there is no specific focal area for forests, a portion of the SFM funds will come from projects related to biodiversity. In this regard, the Biodiversity 2011-2020 Strategic Plan, approved by the CBD in 2010, recommends that the parties adopt an ecosystem rather than landscape approach.

Paragraph 26 of Part I recommends the promotion of “enabling conditions for integrated national and landscape levels planning...” We suggest replacing “enabling environment” (as mentioned in the non-binding instrument on all forest types) with “sustainable forest management at the national level.”

- In addition, Paragraph 27 (page 142) mentions “effective land use.” In this regard, the criteria that could be used to measure effective land use are unknown, given that States use their own indicators and national criteria. It bears noting that at the most recent session of the United Nations Forum on Forests, many delegations, among them Argentina and Brazil, opposed the inclusion of this term.

In many passages, reference is made to land-use planning. It should be noted that this is a very sensitive issue that forms part of the sovereign rights of each country, depending on their priorities and national development plans. We therefore recommend caution in its use.

Agriculture is mentioned as one of the main causes of deforestation and loss of forest mass. Consideration should be given in this regard to the different productive methods of countries. The document should therefore be more balanced in terms of forest loss and agricultural development.

In paragraph 24 (page 141), reference is made to additional pressures on forest resources caused by biofuel production techniques. In this regard, it is important to bear in mind that the circumstances and contexts of biofuel production differ in each country. No generalizations should therefore be made about these concepts, bearing in mind the efforts being made by each country individually to develop different biofuel technologies.

Another instance is found in paragraph 28, which makes reference to land-use change owing to agriculture and bioenergy production. In this regard, it should be pointed out that the link between land-use change and bioenergy production, especially biofuel, could include and support the concept of “indirect land use.” We therefore suggest replacing “land-use change” with “direct land-use change.”

Indirect land-use change (ILUC) is usually defined as follows: “indirect land-use change occurs when the raw materials used for biofuel production do not lead to land-use change at the site but at another location, owing to the need to offset the loss in production capacity now diverted to biofuels.”

In this regard, ILUC is very controversial. It should be noted that this concept has been unilaterally promoted by the European Union in its legislation and that it lacks a solid scientific basis. Also, the use of this term could lead to unjustified barriers to the international trade in biofuels, with adverse effects for producers in developing countries.

- The document makes many references to “valuing natural capital” as a way of recognizing the value of multiple goods and services that forests can provide. In this regard, it must be pointed out that natural capital is not an internationally accepted concept, and at the most recent session of the United Nations Forum on Forests it was rejected by many delegations, such as Argentina, Brazil, and Bolivia. In this regard, we must highlight that not all countries regard natural resources as “capital” that can be incorporated into national accounts, while other countries do not have sufficient capacities for it. In addition, this vision emphasizes monetary compensation from forests, while there are other values of the forests that are very difficult or even impossible to quantify in monetary terms, such as the spiritual value of a forest for indigenous and local communities. In light of the foregoing, we suggest that special attention be paid to the use of these concepts.

- On many occasions, reference is made to “sustainable financial mechanisms.” We need clarification regarding this term since we do not understand its scope and it does not appear to be internationally accepted.

- In paragraph 29 (page 144), reference is made to the need to implement SFM based on sustainable practices, with a footnote indicating that “SFM is identified in line with the International Tropical Timber Organizations (ITTO) assessments.” It should be noted that the ITTO promotes such standards as independent or private certification. In this regard, Argentina maintains that these certifications are voluntary in nature and should not constitute barriers to international trade. Also, Argentina promotes the development of national standards.

- The document mentions Payments for Ecosystem Services (PES). Paragraph 33 in particular asserts that “PES can have important impacts on local and indigenous peoples’ livelihoods and the maintenance of services including carbon sequestration or water regulation for domestic and commercial uses such as agricultural production.” In this regard, it should be noted that all payment for ecosystems should be in line with international regulations in this regard, in particular WTO regulations such as the Agreement on Agriculture, which contains a number of requirements aimed at preventing these PES from becoming agricultural subsidies.

The PES concept emerges as a tool for financing sustainable land management and a way of internalizing the value of ecosystem services in decisions made by economic agents. It is important to note that in the analysis done by the FAO (2007) on PES— (FAO. The State of Food and Agriculture (2007); Paying Farmers for Environmental Services), emphasis is placed on agriculture in the supply of ecosystem services (ES). This analysis departs from the premise that ES include all products derived from agricultural activities, including food production.

In this regard, given the link between ES and agricultural production, any kind of PES must be in line with the provisions of Annex II of the WTO Agreement on Agriculture, which is binding on the 153 members of that organization. In the context of Green Box disciplines, this Agreement permits payment to farmers whose work is related to environmental preservation, provided that three key conditions, among others, are met:

i- The payments will not have a distortionary effect on trade or production or, at most, will have a minimal effect;

ii- The right to receive payment will be determined in the context of a clearly defined government environmental or conservation program;

iii- The amount of payment will be limited to non-recurring expenditures or income losses associated with carrying out the program.

- Paragraph 11 notes that “introducing best practices for private sector operations and catalyzing private sector investment in practices that protect and maintain forest resources is the ONLY way to achieve our vision for sustainable forest management.” In this regard, Argentina agrees that the private sector should be involved with SFM and it is the function of the State to promote this involvement. However, it does not agree that the private sector is the only method or way to achieve SFM. Since the State is the main advocate for SFM, a major effort must be made to strengthen the capacity of States. Also, consideration must be given to the special situation of the private sector in developing countries and to the principle of shared but differentiated responsibilities.

6. CHEMICALS AND WASTE

With respect to paragraph 11 of the document, the integrated approach presented by the UNEP Executive Director was not adopted by the UNEP Governing Council at its 27th meeting in February 2013. Instead, the Council first *welcomed* the idea of an integrated approach to financing the sound management of chemicals and waste, and second, *took note* of the Executive Director’s proposal to implement an integrated approach on financing sound management of chemicals and waste. Consequently, the proposal has not yet been accepted. It is important to make this distinction so that it is clear that the integrated approach presented by the UNEP Executive Director is a vision which, despite the attempt to incorporate the different proposals for the management of chemicals and waste, does not summarize all the work options that the parties raised and agreed upon as a point of departure for continuing the work.

With regard to the programs mentioned in the GEF document, the Secretariat of Environment and Sustainable Development [*Secretaria de Ambiente y Desarrollo Sustentable SAyDS*] thinks that the GEF should clarify the level of coverage and application of programs in order to ensure that they meet the objectives for the environmentally sound management of chemicals and waste. The SAyDS also suggests that Program 6, which is aimed at deploying alternatives and alternative techniques to reduce harmful chemicals, should include the concept of a “waste management ranking” that refers to waste management through the prioritization of prevention and minimization activities in the generation of waste (waste reduction), assigning greater value to reuse, recovery, and recycling, including in the energy field, and lastly, elimination (treatment and/or final disposal), a concept developed at Rio+20 under the three “Rs”—reduction, reuse, and recycling.

With regard to the funding established for each of the three strategic objectives, table 4 of the GEF document indicates that there is no certainty as to whether the amounts indicated (under the status quo and enhanced impact) will be enough to cover the thematic area proposed in the document in light of the expansion of the window to cover not only the persistent organic pollutants (POPs) included in the Stockholm Convention, but also the future Minamata Convention on Mercury and indirectly the Basel (waste) and the Rotterdam (Prior Informed Consent Procedures) Conventions; SAICM, and even the Montreal Protocol (ozone layer). Consideration should therefore be given to an even higher level of financial support at the next GEF replenishment so that these programs can be carried out effectively.

Program 3 “Support conventions reporting and national plans and promote their integration into national planning processes and actions,” aimed at helping countries report to the conventions and develop their implementation plans for meeting their obligations under the conventions, indicates that this program will apply only to Countries with Economies in Transition (CEITs). Given the potential scope of this program, this categorization should be changed to developing countries.

Program 7 is aimed at the phase-out of hydro-chloro-fluoro-carbons (HCFCs) in CEITs by supporting HCFC phase-out management plans and production sector plans, with emphasis being placed on the climate benefits from replacing HCFCs with low or zero global warming potential (GWP) alternatives.

This program seeks to cover those activities that are not eligible for funding under the Montreal Protocol Multilateral Fund and would introduce elements aimed at maximizing climate and ozone benefits, which would apply to Article 5 countries (developing countries) only when their projects are not eligible under Multilateral Fund financing guidelines and where these benefits cannot be captured through other means.

In this regard, it is important to note that the issue of maximization of climate benefits is addressed in the United Nations Framework Convention on Climate Change (UNFCCC). Consequently, this program, which is very useful, covers issues that are addressed in the UNFCCC, inasmuch as its mission is to focus on low or zero global warming potential (GWP) alternatives.

C. COMMENTS ON THE STRATEGIC POSITIONING FOR THE GEF

1. DRIVER-FOCUSED APPROACH

With regard to the strategic approach of the GEF for this new replenishment period, the document submitted for analysis states the following:

The GEF hopes to strengthen its focus on interventions that are closer to the underlying drivers of environmental change. By adopting a stronger focus on the drivers that lead to the unsustainable use of resources, the GEF will better be able tackle the root causes of environmental degradation, which will be critical to slow and eventually reverse environmental trends. In order to complement a “driver-focused approach,” it is critical for the GEF to identify the most effective way to catalyze the impact of its interventions. The GEF has historically employed a mix of six influencing models:

(i) investing in green infrastructure; (ii) transforming policy frameworks; (iii) creating demonstration effects through innovation; (iv) mobilizing diverse stakeholders; (v) measuring challenges and codifying solutions; and (vi) setting standards to shift markets. It is noted that in order for GEF-supported interventions to produce the systemic impacts at scale, the existence of an enabling environment is critical.

Investing in green infrastructure is marginally addressed; more importance should be attached to this area.

In particular, each of the focal area strategies attempt to address underlying drivers while continuing to address pressure points directly if urgent actions are required.

Comment on the foregoing information:

Although the approach put forward to supplementing the “driver-focused approach” falls within the conceptual framework used for analysis of the causes and consequences of degradation, it can create a wider opening for drivers of environmental degradation caused by factors that fall outside the areas being addressed in the GEF context. With this comes the possibility of including new thematic areas that can shift the focus away from the priority focal areas established to areas oriented more toward productive rather than environmental topics, and the broad areas covered by the latter.

Consequently, although from a purely technical standpoint the approach adopted as the conceptual framework is correct, it creates a challenge with respect to resource allocation based on this framework. By centering the assessment on drivers, an opening is created for multiple sectors that play the role of drivers but are not directly related to the environmental areas.

2. FINANCING

The GEF document related to this topic area states the following:

A move toward loan-based financing.

GEF co-financing ratios are higher for upper-middle-income-countries (UMICs) than for poorer countries.

GEF leverages a higher share of both public and private funding in higher income countries than in lower income countries.

Finally, the share of co-financing on non-concessional terms is higher for UMICs than in poorer countries.

Consequently, the total grant element in GEF financing to UMICs is significantly lower than for poorer countries.

From the perspective of the GEF Trust Fund, one advantage of moving away from purely grant financing is that loans would generate reflows to the GEF Trust Fund. This would, over time, create an element of self-sustainability of the GEF Trust Fund.

Comment on the foregoing information:

A move toward loan-based financing would reduce the GEF’s capacity to finance innovation and risk-taking, owing to the fact that grant financing offers maximum coverage from any type of risk that does not have a market price. Also, it is unlikely that the agencies will be able to manage loans of this nature. As a result, they would be excluded from applying for GEF projects in countries where assistance is loan-based.

The GEF document offers the following options that participants may consider:

- a) Continue GEF’s selective use of “non-grant instruments,” according to country demand
- b) Introduce country-based differentiated financing in the GEF (loans)
- c) Establish a pilot loan-financing scheme
- d) Establish differentiated grant element/leverage targets of overall project financing by country classification

Comment:

Option (a) *Continuing GEF's selective use of "non-grant instruments," according to country demand* is the most appropriate option to make efficient use of GEF resources given its critical objective of protecting the global environment. Consideration could perhaps be given to the application of option (c).

3. ADJUSTMENT OF THE RESOURCE ALLOCATION SYSTEM

On this issue, the GEF document states the following:

Since GEF-4, a resource allocation system has guided countries' funding envelopes. There are several options to adjust the resource allocation system:

(a) Increasing the weight of the GDP per capita index: Increasing the weight of the GDP per capita index in the STAR allocation formula shifts resources from higher to lower income countries.

(b) Lowering the ceilings imposed on large allocation recipient countries: Under the STAR, there are maximum allocations (ceilings) that any country cannot exceed within a focal area. The ceiling is 11 percent for climate change, and 10 percent each for biodiversity and land degradation, respectively.

(c) Increasing the floor allocations for each focal area: Modest levels of resources are being reallocated towards LDCs and SIDS from other country groups.

(d) introducing a competitive group allocation for large allocation recipient countries:

The proposed system would distinguish three groups of recipient countries: (i) 75 LDCs and SIDS; and (ii) the top five recipient countries – China, India, Brazil, Russia, and Mexico; and (iii) all the other 64 countries. First, "indicative country allocations" are calculated for all 144 eligible countries based on the same formula under the STAR in GEF-5. Then the resources are allocated for each of three groups. It should be noted that operationalization of this proposal would need careful preparation. The competitive mechanism would have to be developed.

Comment on the foregoing information:

Option (c) appears to be the most viable to adjust allocation levels

4. STRENGTHENING RESULTS AND KNOWLEDGE MANAGEMENT

The document being analyzed indicates that the GEF will aim to operationalize four key elements of an enhanced results-based management (RBM) system: (i) close the feedback loop; (ii) measure what matters; (iii) understand how GEF impact adds up; and (iv) lay the foundation for next-generation results management.

Comment on the foregoing information:

We agree that a better knowledge management system could allow the GEF to play a stronger catalyzing role to prevent pollution, curb degradation, or restore the global environment.

5. ENHANCING PRIVATE SECTOR ENGAGEMENT

According to the “Strategic positioning for the GEF” document, the first GEF-6 replenishment meeting discussed the critical need for the GEF to enhance its private sector engagement. There are compelling reasons why engaging the private sector is a higher priority in addressing global environmental challenges. The private sector is increasingly dependent on scarce natural resources, and has the most to lose as those resources dry up. The private sector is already reacting to the drivers of population growth, rising middle class, and increasing urbanization, recognizing that business as usual approaches are not sustainable. The private sector dominates the entire economic sphere, and therefore limited public sector resources need to be better utilized to redirect private sector activities towards environmentally sustainable approaches.

It is proposed that in GEF-6, a more holistic and comprehensive approach be undertaken by mainstreaming private sector engagement across GEF focal area strategies and proposed programs (in the form of public-private partnerships, for example). Furthermore, GEF will broaden its efforts to engage capital providers and test less frequently used intervention models.

Comment on the foregoing information:

It is useful for focal area strategies to identify potential opportunities to enhance private sector engagement and for programs to also explicitly include their involvement. In this regard, the private sector is more knowledgeable about what is produced or handled in the case of the goods and services production sector and can conduct research and innovate so as to use smaller amounts of chemicals and generate less waste. It is also responsible for marketing goods and services that are unsustainable or can affect the environment. It must therefore intervene in a responsible manner in the entire life cycle of chemicals and waste (principle of extended responsibility).

However, support for the public sector should not be overlooked bearing in mind that in the case of Argentina, most of the capacity has been achieved with financing from this sector.

6. MAINSTREAMING GENDER CONSIDERATIONS

In the document under review, several measures to strengthen gender aspects in GEF-6 have been proposed:

- Develop GEF guidelines on gender mainstreaming
- Mainstream gender in GEF program strategies
- Gender screening/categorization of GEF projects at entry and during Implementation
- Strengthen results-based management on gender mainstreaming
- Ensure GEF partner agencies’ compliance with the “GEF Policy on Gender Mainstreaming”

Comment on the foregoing information:

It is of critical importance to note that SAyDS agrees with the importance accorded to the gender dimension in the GEF context.

GEF/R.6/13

DRAFT GEF-6 PROGRAMING DIRECTIONS – PART 1

Based on this document, the GEF-6 programming scenarios are presented for two resource envelopes, namely: (i) \$4,250 million, representing the “status quo,” (ii) \$5,320 million, representing an increase of 25 percent compared to GEF-5.

The "status-quo" scenario is aimed at the rebalancing of resources among focal areas in responding to emerging priorities that have been expressed during the replenishment discussions so far. It presents an increased allocation to the chemicals and waste agenda in response to the invitation from the Intergovernmental Negotiating Committee (INC) for the GEF to serve as a key financial mechanism to the mercury convention.

The enhanced impact scenario aims for an overall increase of 25 percent compared to GEF-5. Such an increase would allow for a substantial increase to the biodiversity focal area and the chemicals and waste focal area, while accommodating modest increases in other GEF areas.

Comment on the foregoing information:

We agree with the adoption of an enhanced impact scenario, given that a 25 percent increase can have an extremely positive effect on the global environment.

Comments from Colombia GEF Operational Focal Point

We find the new GEF-6 approach, which is based on the SRC’s planetary boundaries model, extremely interesting. We also welcome the fact that the GEF is seeking to scale up its impact and promote innovative models that will ensure project sustainability and scalability. Our comments, which appear below, relate to a number of specific documents.

Distribution of Resources

Table 1: Proposed Indicative Resource Envelopes for GEF-6. The most significant change is a 10 percent reduction for the Climate Change focal area and a 24 percent increase for the Chemicals focal area. Under the second scenario, funding for the Biodiversity and Chemicals focal areas increases by 40 percent, while the Climate Change focal area has the lowest percentage increase. The figures provided in scenarios one and two confirm the trend toward:

1. A reduction in resources for Climate Change with the introduction of the Green Climate Fund, which means that we should expect the substantial GEF resources that we had for these focal areas to be managed by the GCF.
2. As we had expected from the negotiation process, there will be no significantly “new” resources for the Chemicals focal area from the GEF, the financial mechanism for the mercury convention, as under the first scenario Climate Change is essentially reduced by 10 percent and the allocation for Chemicals is increased (from US\$425 million to US\$525 million), while under the second scenario, the

Chemicals focal area will receive a 40 percent increase of just US\$175 million (from US\$425 million to US\$600 million). These sums appear inadequate given the scale of the commitments.

3. The signature programs as well will not have significant additional resources, as the proposal under the first scenario is to reduce the resources within this focal area by between 10 percent and 15 percent and allocate them to the focal area components of the signature programs, and under the second scenario, there is no increase (relative to the first scenario) in resources for the signature program.

4. Lastly, in the case of the Land Degradation focal area, a number of countries requested, under different scenarios, that resources be increased, and the trend shows that the situation has not changed; in fact, the allocation increases by a mere 22 percent in the better of the two scenarios (second scenario).

Corporate Programs Strategy

With respect to the Corporate Programs Strategy, the CCCD is key for projects such as the ones that the GEF-6 should promote, taking into account the cross-cutting nature of the themes and the need to involve and ensure the participation of other sectors in sustainable development efforts. Therefore, **country ownership** must be promoted and intersectoral coordination facilitated.

Involvement of Public and Other Stakeholders

This theme has been addressed under different scenarios based on the comprehensive analysis of fulfillment of commitments under the conventions and their synergies. It would be advisable for the GEF to spearhead a strategy that will provide a table indicating compliance by each country with all conventions, with a view to determining how much a project helps in the achievement of these goals. This requires an internal exercise in each country, which will consolidate and analyze this information.

Country Relations

Another recommendation from the last GEF workshop was not only Agencies should participate in the mid-term or final assessments of the projects, but that some projects, owing to their importance, should be selected and involve GEFSEC staff in such missions. In addition, the proposal that donor country representatives participate in these missions is desirable as it will allow for sharing of experiences and tailoring of the projects to suit local needs.

Programs

GEF Workshops

These workshops are essential for enhancing understanding by national teams during project formulation and monitoring. For this reason, ensuring the increased participation of various government entities responsible for the projects' technical aspects (e.g., research institutions, national parks) and not just of the convention focal points is recommended, as they are almost never involved in project formulation and monitoring. As regards the latter, the country must secure the participation of the convention focal points in project formulation.

GEF National Dialogues

It is critical that these dialogues be held on a regular basis and not only one per replenishment period. Another suggestion is that the procedure for accessing these resources should be simplified and that these resources should be executed through an agency, as is currently done with the Small Grants Programme.

GEF/R.6/12 Document

Differentiated Financing

Although this is a policy that the GEF and international financial institutions have been implementing, it should be pointed out that the economic growth and the performance of the economies of developing countries showing potential growth trends is not necessarily an indication that national investment in themes related to the environment and sustainable development is resulting in similar growth.

Given that [economic growth](#) is the sum total of many macroeconomic variables that are combined to ensure the stability, well-being, and development of the society as the beneficiary thereof, the GEF must exercise caution in the use of the criterion of providing resources in the form of a grant to developing countries in a restrictive manner, using economic growth as a basis for its selection, as it may prove counterproductive and, indeed, adversely affect strategies for the conservation and sustainable use of natural resources for countries where public investment and the country's overall budget for the environment is largely insufficient relative to needs.

In this respect, the GEF should refine its financial analysis tools in order to have a better understanding of public financing trends in the environmental sector and among sectors that spur economic growth in countries, in order to have more information to help determine the conditions under which financing for project development is provided, and, at the same time, focus more on a concept of "global sustainable development benefits," going beyond just "global environmental benefits."

GEF/R.6/13 Document

Biodiversity Focal Area

We support the approach of financing the Strategic Plan and Aichi Targets of the CDB as stipulated at COP-11, with an emphasis on achieving awareness of the monetary and non-monetary value of biodiversity. Maintaining and increasing private sector participation in project development, not only through counterpart financing commitments but also through the effective promotion of corporate social responsibility, is also a move in the right direction.

Although it is being proposed that the GEF-6 finance biodiversity focal area activities that are related to climate change, with the understanding that it is not one of main drivers of biodiversity loss, it is important to point out that these activities will always be secondary to the main objectives relating to habitat change, unsustainable use, and invasive alien species and, as such, care should be taken to ensure that the GEF Secretariat does not evaluate these activities as if they applied to the climate change window.

We believe that the programs listed below, which address the biodiversity, climate change, and SFM focal areas, are very useful:

Program 10 (BD): Integration of the Valuation of Biodiversity and Ecosystem Services into Development & Finance Planning

Program 7: Ridge to Reef (BD)+: Maintaining Integrity and Function of Coral Reef Ecosystems

Program 4: (CC)

To support innovative models and mechanisms for conservation of carbon stocks in forest and other land use, and reduction of GHG emissions in agriculture through Climate Smart Agriculture

Program SFM-3: Restored Forest Ecosystems: Reverse the loss of ecosystem services within degraded forest landscapes.

In the case of Program SFM-4—Increased Regional and Global Cooperation—it would be important to clarify that the focus here on forest monitoring methodologies does not refer to carbon MRV, as this is covered by Program 4 on Climate Change.

Chemicals and Waste Focal Area (GEF/R.6/12 and GEF/R.6/13):

1. With respect to the emerging issues, the strategy for this focal area should cover not only heavy metals (which would include lead), but all the emerging issues agreed on at the Third International Conference on Chemicals Management (ICCM 3) (chemicals in products; hazardous substances in electric and electronic products; nanotechnology and manufactured nanomaterials; management of perfluorinated chemicals and transition to safer alternatives and endocrine-disrupting chemicals), given that the information on and management capacity of these types of compounds and materials are limited or non-existent in many developing countries and CEITs.
2. It might be a good idea for the long-term goal (GEF/R.6/13- Part I, paragraph 27) to be expanded to include chemicals of global concern, which countries could identify as priorities under the Strategic Approach to International Chemicals Management (SAICM), in recognition of the need to support developing countries and CEITs with management of chemicals of global concern, and with a view to facilitating the participation of the industry and private sectors, taking into account the fact that the SAICM is a widely accepted political framework at the intergovernmental and intersectoral levels.
3. Taking into account the serious adverse effects that chemicals may have on human health and the management and use of many of them by the public in general (of the tens of thousands that have been manufactured and are available on the market, only a few have been covered by national and international control measures), it would be strategic for the Chemicals and Waste focal area to increase promotion of health and labor sector participation, as well as the execution of projects based on sustainable production and use. In this latter case, “green chemicals” could produce a strategy targeting solely the part of the production that, albeit important, is limited in relation to the need to achieve a culture and the participation of the different classes of society geared toward the prudent use and management of chemicals.
4. The question arises about the conditions required to ensure that this Chemical and Waste focal area is budgeted under the STAR.

Signature Programs

With respect to the Amazon Signature Program, it is very important for a major area to receive GEF resources, especially when it is based on a comprehensive approach with sustainable development as its focus. Furthermore, the management of the Amazon River Basin as a strategic ecosystem that covers forest and water issues is worthy of special mention.

As regards the Transboundary Waters program, the GEF-6 accords great value to the water convention (Europeo) to resolve the challenges in LAC transboundary basins. It should be noted that

Colombia and a number of other South American countries such as Argentina, Chile, Brazil, Venezuela, and Ecuador are not party to this convention.

It bears noting that neither the Amazon Signature Program nor the International Waters Focal Area refers to the OTCA as an international organization with experience and with the capacity to contribute to the GEF proposals.

SAINT LUCIA:

Some ideas that Saint Lucia is interested in highlighting/considered during the upcoming meeting of the Replenishment process:

As far as biodiversity was concerned it has been observed that the major bases as far as Saint Lucia is interested in, were covered.

Please note that Saint Lucia supports fully the following areas being included in the biodiversity programming strategy for GEF-6:

1. Protected Areas: GEF needs to include provisions in there to help countries arrive at the best mechanisms for declaring an area of global significance protected, for the benefit of the society, especially when it is not always politically convenient. Protected here means multiple use and conservation oriented more than preservation.
2. IAS: Saint Lucia has made many strides with its IAS developments that it would appreciate being continued in GEF-6. Just as wildlife protection is being considered, to be built up for the African continent, from work done in GEF-5, Saint Lucia would appreciate building on the work done in GEF-5, during its GEF-6 phase, to effectively implement measures to address IAS management in the country.
3. Synergies among biodiversity related conventions: Saint Lucia is very grateful for the synergies being considered among biodiversity related conventions in GEF-6 and fully endorses that development especially for the CBD and CITES. Considerations for synergies between the CBD and the Ramsar Convention on Wetlands should also be an integral part of that development.
4. Cartagena Protocol on Biosafety: Saint Lucia notes with pleasure the inclusion of the Cartagena Protocol on Biosafety in the portfolio for consideration of projects under biodiversity and is pleased that regional and subregional projects in that regard will be considered. However the country would be grateful if single country projects in that direction that are justified will also be included in that framework.
5. Kuala-Lumpur Protocol on Liability and Redress : The country is pleased that countries that are fully implementing their NBFs will be considered for help in ratifying and implementing that protocol, as Saint Lucia will be needing technical and financial help in that regard.
6. Natural capital accounting: The country endorses the national level interventions that will pilot closing the circle between theory and practice in natural capital accounting and will link biodiversity valuation and economic analyses with development policy and finance planning as a measure to

encourage countries to get their teeth into the practicality of natural capital accounting. It is hoped that the benefits that are derived from that process and the challenges encountered with recommendations, will be broadcast far and wide to developing countries and SIDS.

PERU

COMMENTS on the DRAFT GEF-6 PROGRAMMING DIRECTIONS (Part II) Signature Programs, GEF/R.6/13 Document of August 13, 2013, prepared by the GEF Secretariat

Brief comments on key aspects of the document

For each of the points for which comments are provided, the number of the corresponding paragraph in the GEF document appears in brackets.

1. We fully agree with the decision of the *Scientific and Technical Advisory Panel (STAP)* to articulate GEF's potential mission as one of "Securing the sustainable delivery of global environmental benefits through [investments in] collective action to sustain Earth's life-support systems, resulting in improved human well-being and social equity." We also agree with the message that "this approach would seek to encourage early adoption and scaling up of projects and programs that overcome focal area silos and build on the necessary linkages that help achieve sustainable development goals." [Introduction, paragraphs 1 and 2.]

2. It is a very positive development that the COMMODITIES SIGNATURE PROGRAM is focusing on ensuring the ongoing production of commodities without affecting the conservation of forests that are now experiencing deforestation because of this production. Its success is measured by a reduction in deforestation. It contributes to the objectives of all conventions (biodiversity, climate change, deforestation). An evaluation would be necessary to determine if access to funds would be possible for crops such as coffee that can also be produced at the expense of forests and thus result in deforestation, but can, however, contribute to their conservation, if managed appropriately.

3. We welcome the rather well-focused approach of the AMAZON SIGNATURE PROGRAM, in particular the statement that "The Program will implement sustainable development options, including opportunities in the forest-sector, that can help reduce poverty and stabilize the agricultural frontier." It also stresses the need to focus on conservation of the basin and ecosystem ("countries in the basin must jointly consider conservation and sustainable development at the basin level, as failing to do so will most likely result in the loss of a significant number of species and changes in the structure and function of the forests"), and the need to pay attention to the highland jungle because of its importance to the ecosystem. [2]

4. However, the document contains a number of factual errors, for example, where it states that the big leaf mahogany and dolphins are endemic to the Peruvian Amazon ("*Notable among the endemic species are the pink (Inia geoffrensis) and gray (Sotalia fluviatilis) Amazon River dolphins, and the big leaf mahogany (Swietenia macrophylla), one of the most valuable and overexploited hardwood species globally.*"[24])

5. The assessment describes the deforestation situation in the three countries reviewed (Brazil, Peru, and Colombia) in general terms (*“The major threats to the Amazon biome include transportation infrastructure (roads), extractive industries (mining, oil and gas), water infrastructure (dams, extraction, usage, waterways), and agricultural expansion driven primarily by commodity production, all of which, in direct and indirect ways, contribute to deforestation”*), thereby distorting the reality with regard to the drivers of deforestation in the case of Peru, where 75 percent of annual deforestation in the Amazon occurs on land measuring less than one hectare, thus making small-scale agriculture the main driver of forest cover loss.[30]

6. In addition, the reference to the oil and gas industry’s impact on deforestation appears more to be a reference to the situation in Ecuador (*“These indirect impacts are facilitated by the transportation infrastructure that allows an influx of people into areas previously occupied only by indigenous peoples and local communities.”*). [33]

7. The specificities of each country is, however, acknowledged further down in the document (*“Although common across the region, the manner in which threats to the Amazon forest manifest, and the degree of urgency of each, are different within Brazil, Colombia and Peru. In response to these pressures, common sustainable management responses are being implemented in each country.”*). [36]

8. The term “Transoceanic,” which is no longer in use in Peru, is used incorrectly to refer to the “Interoceanic.” The term “transoceanic” means that the ocean is being crossed, which is clearly not the case. [31]

9. A review of Brazil’s experience with green rural settlements may prove useful for efforts to address small-scale deforestation (*“To respond to the increase in the rate of deforestation in the agrarian reform resettlements, the Brazilian government created the Green Resettlements Program, a partnership between the National Institute of Agrarian Reform (INCRA) and public and private organizations, including grassroots organizations. The Program includes four lines of action: valorization of environmental assets and productive activities; environmental restoration and food security; land titling and environmental rural registry; and environmental monitoring and control.”*) [40]. This issue could be handled by MINAM, MINAGRI, and the regional governments (CIAM).

10. Brazil’s experience with formulating and implementing a deforestation policy and plan (*the PPCDAM¹, led to the reduction in deforestation*) [46] included the sanctioning of municipalities with the highest rates of deforestation and holding liable buyers of products that can lead to deforestation (*“One of the most impressive strategies of the PPCDAM was the use of financial safeguards to counter deforestation. According to presidential decree and a resolution of the Central Bank of Brazil, rural credit is restricted in municipalities with the highest rates of deforestation until they reduce deforestation and enroll farmers in the Rural Environmental Registry. In addition, the measures include making buyers liable for illegalities made in their supply chain with products from the Amazon.”*)[49] This could be reviewed for its application in Peru.

¹ **The Legal Amazon Deforestation Prevention and Control Plan (PPCDAM)**

Launched in 2004, the Legal Amazon Deforestation Prevention and Control Plan (PPCDAM) consists of over 200 territorial planning initiatives in forest areas, including land tenure, monitoring and inspection, and the promotion of sustainable development and productive forest management. It has contributed to the 71 percent reduction in the deforestation rates measured by INPE, the creation of 25 million hectares of conservation units in the Amazon Region, the ratification of 10 million hectares of indigenous land and the approval of new laws for the sustainable use of public forests. [http://www.brasil.gov.br/noticias-1/historia/2011/12/5/plande-accion-para-la-proteccion-y-el-control-de-la-deforestacion-en-la-amazonia-ppcdam/newsitem_view?set_language=es]

11. With regard to deforestation in Peru, while small-scale shifting agriculture is correctly identified as the main direct driver (*“shifting agriculture and cattle ranching”*), the palm oil industry is listed as the third driver (after gold, which could also be reviewed), and is accurately described as a new, rapidly expanding activity (*“Although a relatively new threat, this activity is rapidly expanding”*). However, the document erroneously states that unlike the two aforementioned drivers, this expansion is illegal (the other two are as well on a large scale: the first, through encroachment on forest land, which is linked to the sale of State land, and the second, through gold mining without a license within and outside of legal concessions), when this is not necessarily so in all cases. While farming is not illegal, the manner in which access to land is obtained may be. (*“Unlike the previous two deforestation drivers, this expansion is illegal but uses a series of loopholes to circumvent the restrictions on large scale change in land use which are in place precisely to avoid deforestation”*). There are no legal restrictions on change in land use for reasons of size, but rather with respect to the capacity for increased use and economic ecological zoning conflicts. However, no mention whatsoever is made of coffee growing as the main driver of deforestation in the highland jungle. [83]

12. While the study of various deforestation scenarios and models presented in Figure 10 is quite useful, the presentation of the different patterns (Figures 11-13) could give a distorted picture of the impact of each of these drivers [86]. It may be useful to compare them with the maps prepared during the design of Peru’s IP FIP.

13. The percentage contribution of deforestation to GHG emissions should be specified, as it is not consistent with the figures provided by MINAM (*“Deforestation represents at least 75 percent of the annual GHG emissions of Peru, estimated at around 50 Million Tons of CO2 equivalent”*). [89]

14. With respect to *“Policy and Institutional Frameworks,”* it is noted that *“Peru has made significant progress in its efforts to create and implement an effective framework for environmental management. From scattered Departments in charge of Wildlife Management, Natural Resources Evaluation, and Protected Areas in the late 1980s, Peru first created a high-level Commission of Multi-Sectoral Environmental Management (CONAM) in the 1990s, which became the basis for the recent creation of the Ministry of Environment (MINAM).”* This is clearly far from being the case. Only in the Forest Sector do we have a group of sectoral and regional authorities that we are endeavoring to link through SINAFOR (SERFOR, OSINFOR, regional authorities FFS, MINAM, etc.), not including the ANA, which is a centralized water authority. This distortion of reality could result in less attention than should be paid to the major problem of governance (institutional framework) that now exists for natural resources and forests in particular.

15. Special mention is made of the System of Protected Areas and PROFONANPE [96, 97], as well as the PNCB [98], to refer to conservation outside protected areas. Notably absent, however, is any mention of the forest institutional framework or the current reform process in that regard. The failure to include territorial reserves, conservation or ecotourism concessions, among others, in the analysis of major instruments such as the Indigenous Communities (CCNN), is a shortcoming. There is no mention of the land area included in forest management units.

15. The intervention strategy in the Amazon focuses on supporting integrated solutions for sustainable management that are relevant to each country’s social and economic development aspirations (*“The Amazon Signature Program will address these gaps by building on the significant baseline that exists in Brazil, Colombia, and Peru to support integrated solutions to the sustainable*

management of the Amazon Basin that are more relevant to the social and economic development aspirations of each country and the region as a whole, while generating significant global environmental benefits primarily in the GEF focal areas of biodiversity and climate change, but also in international waters and chemicals”).[103]

16. The projected map of deforestation in Amazonia in 2030 [Figure 1 **sic**] can be useful to Climate Change planning [*The projected map of Amazonia in 2030 assuming climatic conditions observed in the last 10 years are repeated in the future (PPT = precipitation). From: Nepstad, D.C., C. M. Stickler, B. Soares-Filho and F. Merry (2008)*], and confirms the strong correlation between roads and deforestation identified in Peru’s IP FIP.

17. In the case of Brazil, the GEF SP will focus on preventing the return to high rates of deforestation (*“will focus on preventing forest dieback through protected areas, indigenous lands, and a positive agenda involving sustainable production, conservation-based local and territorial economic arrangements and production chains, and remuneration of ecosystem functions and conservation services”). [107]*

18. In Colombia, which has a more complex situation that includes civil war, the GEF SP is proposing the consolidation of *“a large scale, multi-functional multi-stakeholder conservation landscape,[...] within a comprehensive framework that links human wellbeing [and], governance...” [109]*

19. In the case of Peru, the ASP presents an analysis of the issue that is fully in line with the presentation by the Interregional Amazon Council (CIAM) in its document “La Amazonía Vale un Perú,” and identifies the project’s role, as a result, in taking advantage of the potential of Peru’s Amazon region to promote sustainable development (*The economic and ecological points of view regarding the Amazon of Peru are on opposite extremes; they represent on the one hand a vision to quickly develop a vast expanse of useless territory; on the other, the need to conserve one of the largest repositories of the planet’s biodiversity. These opposing views, however, also represent a unique opportunity that the ASP aims to exploit: to take advantage of the vast ecological wealth of Peru’s Amazon region to promote sustainable development and create prosperity*) [110]. It notes further the existing opportunity to change perceptions and management actions to ensure that the ongoing ecological integrity and functionality of the Amazon is a foundation for sustainable development. This will require an understanding of its true value through actual experiences of value generation from standing forests. It also stresses the need to consolidate the system of protected areas, a point to which should be added the fact that it must be achieved through consolidation of Peru’s multi-level system that is focused on connectivity through corridors and mosaics grouped into regional systems, each of which is an integral part of the development plans of this region (*“Therefore, GEF has the opportunity to help Peru transform current perceptions and management actions such that the conservation and ecological integrity and functionality of the Peruvian Amazon become a foundation for sustainable development. Achieving this long-term objective within Peru will require a change in perception that can only be brought about through a better understanding of the true value of the forests; at the same time and for this shift in perception to be tangible, it needs to be complemented with actual experiences of value generation from standing forests. Finally, the great progress with the establishment and effective management of Protected Areas needs to be consolidated so that the gains become permanent.”*). [112]

20. Of interest is the approach adopted in the “*BioClimate Initiative (ARPA)+*,” which would be expanded from Brazil to cover the entire basin area, and is aimed at strengthening the protected areas networks and ensuring their connectivity. [121]

21. The program’s framework, which is summarized in Table 2, is simple, yet appropriate. In Component (c)—the first, but designated as such—on the Enabling Environment, it would be appropriate to note that harmonized and strengthened governance systems at the regional (Amazon Basin), national, and **subnational** (regional and local governments in the case of Peru) governments should be sought, given that a significant percentage of decisions, including with respect to zoning, are made at these levels.

22. The overall view presented for Component 1 is very appropriate, as it highlights the policy, regulatory, and institutional framework (which is the basis for the current forest reform process and the establishment of regional environmental authorities within the purview of CIAM), which will allow for the development of the extractive industries and other projects, with the certainty that their impact will be minimal and at acceptable levels. It also prioritizes the issue of land tenure and secure access to resources. Although not mentioned, finalization of the process for the recognition and titling of indigenous land is essential (“*The maintenance of the Amazon forests requires, first and foremost, policy, legal and regulatory frameworks that prioritize environmental sustainability. Implementation and adequate enforcement of these frameworks will then allow the development and implementation of infrastructure projects and the activities of the extractive industries without compromising biological, social and cultural values. However, the first order of business is to resolve land tenure issues. Without clarification of tenure, it is virtually impossible to stop deforestation. By having clarity over land tenure, Governments at all levels can design and effectively implement spatially-explicit plans and for the establishment of protected areas for a variety of purposes, including areas for multiple-use, and the extraction of timber and non-timber forest products.*”).

23. The specific reference to Peru in this component is once again almost a carbon copy of the approach adopted by the CIAM in *Amazonía Vale un Perú: desarrollar una Visión Nacional para el Desarrollo Sostenible de la Amazonía*. (“*Development of a National Vision for Sustainable Development for the Amazon. A critical challenge in Peru is to change the perception that the Amazon is a waste land by enhancing the development of new understandings and communicating the values of the Amazon to the Peruvian society as a whole. The end result will be the broad consensus that Amazon development must be based on a principle of maintaining forest cover and maintaining ecosystem functionality. Specific areas of work will include:*

(a) Changing Perceptions through focused valuation studies and communication campaigns, emphasizing practical examples where biodiversity and forests have already added value, or can add value to the economy (e.g., gastronomy, ecotourism, cosmetics, etc.).

(b) Development and Monitoring or Forest Conservation Targets, in collaboration with the various existing initiatives.

(c) Strengthening Coordination Mechanisms with other Government Sectors, Local Governments, NGOs and Academia, Indigenous Groups, and the Private Sector.

(d) Strengthening Governance and Capacity, including mechanisms for participatory management of resources.”). [125]

However, the concept underpinning the measures put forward is far less developed than the one proposed by CIAM, so there is room for significant improvement.

24. With regard to Component 2 (Conservation and the Sustainable-Use Landscapes), the emphasis is placed on protected areas, strengthening systems through the relevant institutions, securing financing, building capacity, supplementing the systems (mainly with IUCN V and VI), and integrating them into development processes at the respective political and administrative levels. [127]

25. With respect to Peru, strengthening the System of Amazonian Protected Areas has been identified as an initiative, but this is not the case. (*“Support the Consolidation of the System of Amazonian Protected Areas. The initiative will also support the continued consolidation of the Amazon network of PAs within this larger sustainable development framework, recognizing that PAs are the backbone of conservation.”* [135]. SERNANP’s objective is to give a boost to the Peruvian system that is based on “regional systems” that seek to integrate planning and the management of all categories of PAs, of national, regional, and private administration, as well as the forest management units, in such a way that they constitute functional corridors or mosaics to maintain the biodiversity and functions of the ecosystems that are also incorporated into territorial planning and the development plans of the regional governments. This must, without a doubt, be supported and would result in an expansion of the work already initiated—with restrictions—by the PRONANP project (GEF/WN/PROFONANPE/SERNANP). And, incidentally, the Amazon regions are found in the areas that have made the most progress using this approach.

26. The Production Systems component will focus on strengthening land-use planning and the enforcement of plans to ensure sustainable production that creates jobs, including forest management, bioprospecting, and biotechnology; limiting and mitigating the impacts of infrastructure development; and, implementation of REDD projects. (*(a) Strengthening land use planning and implementation and enforcement of land-use plans is required to ensure sustainable land uses around the network of protected areas and within the productive landscape more broadly. Areas to be targeted include Forest Reserves where timber and non-timber forest products are extracted. The promotion of such an agenda can facilitate job-creation based on managed forests and forest products, and other nature-based enterprises that are forest-reliant including bioprospecting and biotechnology. (b) The potentially negative impacts of infrastructure development can be limited and mitigated by effective implementation of transparent and strategic environmental impact assessments founded on robust scientific analysis, enforcement of appropriate environmental and social standards. (c) Implementation of REDD projects at the national and sub-national level and pilot projects where there is high potential for replication.”* [136]. It bears noting that mention was made of REDD projects and not REDD+ projects. It cannot be ascertained if it is only a question of classification or if it has an objective, although, given the integrative approach adopted in the entire document, REDD+ projects should be highlighted.

27. In the case of Brazil, special mention was made of a number of initiatives, including economic instruments such as ICMS Ecológico and tradable environmental certificates, as well as the promotion of concessions and public-private initiatives in protected areas [140], from which Peru can draw lessons. With respect to Colombia, the aim is to focus on 1) stabilization and sustainability in the agriculture frontier, through activities such as the promotion of the reconversion of areas to sustainable productive activities such as silvipastoral systems, REDD+ initiatives, the strengthening of the land-use planning capacity of municipalities, strengthening coordination with other sectors and with civil society and the private sector; 2) management of freshwater resources (management of watersheds to ensure the sustainability of water resources, strategic environmental planning for future hydroelectric developments); 3) sustainable forest management (employing financial instruments, strengthening authorities and coordination with actors—Pact for Legal Timber, land-use

planning at local levels); 4) sustainable use of biodiversity and biotrade (market incentives, value chains, green markets, technology transfer). [141]

28. In Peru, the aim is to support for the development and implementation of economically viable sustainable activities, focused on supporting a change in perception of Amazonian value with actual examples of value creation. This initiative recognizes the importance of engaging the private sector to promote an agenda that seeks to optimize economic growth, poverty reduction, and environmental sustainability. It identifies the development of benchmarks for extractive industries, the consolidation of a framework conducive to the development of REDD+, ecotourism development, the expansion of the use of various wood products, and the development of sustainable forest management through the development of incentives and the promotion of rights and best practices, were identified as promising opportunities (*Support the Development and Implementation of Economically Viable Sustainable Activities*). *It is imperative to support the perceptions of Amazonian value with actual examples of value creation. For this, the initiative recognizes that attempting to slow down private investment is not conducive to tangible results. Instead, it is important to engage the private sector to promote an agenda that seeks to optimize economic growth, poverty reduction, and environmental sustainability. The initiative will collaborate with various promising mechanisms and investment options that can create economic growth for the country and local people while maintaining the ecological integrity of the region, and on the basis of these experiences, support the development of a conducive policy framework (including issues related to property rights) to facilitate these types of investments. Promising among these are:*

(a) Development of Benchmarks for Extractive Industries. The experience of gas exploitation in Camisea has been highlighted as an example of best practice in hydrocarbon development globally because of its approach to conduct all exploration and exploitation without roads. As a result, local deforestation in the area has been less than 0.002 percent over the last 10 years (Figure 16), while at the same time Camisea has contributed over US\$60 Billion to the Peruvian economy. The initiative can draw lessons and elevate the benchmarks for how the industry operates in Peru and elsewhere. The initiative will also draw lessons to strengthen safeguards while promoting the adoption of this type of best practices in this and other extractive industries.

(b) The initiative will help consolidate current efforts to develop REDD towards the development of a private and commercially-friendly framework that attracts private investment into forest conservation.

(c) Ecotourism. The initiative will work with the tourism sector to learn successful experiences, understand current barriers to its continued expansion, and develop regulations and incentives on the basis of best practices.

(d) Non-timber Forest Products. Similarly, the initiative will study and learn successful experiences in Peru and beyond, understand current barriers to its continued expansion, and develop regulations and incentives on the basis of best practices, and with the objective of promoting investments at commercial scales for promising products (e.g., an incubator function). Some of these products can also include biodiversity-friendly organic products such as cacao and coffee ground in the shade.

(e) Sustainable Forest Management. The initiative will work closely with the relevant sectors to develop incentives on the basis of a better understanding of barriers, including lack of effective property rights, and identify and promote best practices. [146]

The proposed themes are consistent and have great potential for complementarity with several initiatives already under way, such as Peru's IP FIP, the PNCF (umbrella program for forest conservation and climate control), projects with JICA, CAF, KfW, and USAID, primarily. Regional governments must be involved in their implementation, even if this fact is not mentioned in the document.

29. A fourth component—Regional Actions—presents interventions covering three areas: a) Regional policy, legal, and regulatory framework that would include monitoring of deforestation and harmonization of legal frameworks to address deforestation, with the participation of the OTCA and the Amazon Fund); b) Conservation and sustainable-use landscapes that include transboundary protected areas in three zones: La Paya-Gueppi-Cuyabeno; Madre de Dios-Acre-Pando–MAP; and the Sierra del Divisor; as well as filling gaps in the PA system; and c) Production Systems, including addressing the issue of illegal alluvial mining, cooperation in agricultural research). [147]

30. The final version of this document will frame the program and provide its general direction. The suite of national and regional activities to be supported by the project will be described in detail and a comprehensive implementation plan will be formulated.

30. Funding: The estimated cost is US\$100 million, with each participating country having the possibility of accessing between US\$20 million and US\$40 million of GEF resources. Significant co-financing is anticipated [150]. It would therefore be advisable to link this opportunity with other resources currently being planned or negotiated, in order to link them as counterpart funding, as well as the PNCB Budget Program, as resources contributed by the country.

Conclusions and Recommendations

1. The integrated approach to project activities proposed by the GEF is a positive development and should be supported and used by the country.

2. The Commodities program, which focuses on the ongoing provision of commodities without affecting forest conservation, may be of value to Peru, as it complements the Amazon program, in particular for products such as coffee and potentially palm oil. It creates the opportunity for collaboration between MINAM, MINAGRI, and the regional governments in the productive regions (highland jungle, primarily, for coffee, and San Martín, Ucayali, Huánuco, and Loreto for palm oil).

3. While the Amazon Program is well targeted, some of the information on Peru needs to be corrected, such as the information on deforestation drivers and processes or on progress with respect to the forest institutional framework. This should be done during the phase following project preparation, for which the progress noted in Peru's IP FIP can be used as a basis.

4. There is relevant information on the experiences and initiatives in Brazil and Colombia to address deforestation worth analyzing in greater detail and assess their potential for replication or adaptation in Peru e.g., the PPCDAM, the ICMS Ecológico, the green rural settlements, and tradable environmental certificates), and link access to financing to comply with land-use change regulations.

5. With respect to Peru, the SINANPE, SERNANP, and the PNCB, and not the forest institutional framework or forest management, were cited as areas in which considerable progress has been made, and to a certain extent a basis for future intervention. The proposal for intervention in the Peruvian Amazon is largely similar to the CIAM's proposal outlined in *Amazonía Vale un Perú*, albeit not as comprehensive.

6. Overall, the components are appropriate, although their content requires further improvement in the case of Peru. It has great potential for complementarity with other initiatives under way (such as

Peru's IP FIP; projects with JICA, CAF, USAI, KfW, and others; the development of the National Forest and Wildlife Plan; the Forest and Climate Change Strategy for the Amazon, spearheaded by CIAM). The final approval of this program is a top priority for the PNCB in particular and MINAM as a whole. It must therefore receive the backing of the appropriate entities.

Lima, August 2013

GSF/

CONTRIBUTION FROM BARBADOS:

The members of the GEF Caribbean Constituency view engagement with the GEF as vital to establishing and maintaining compliance with the Multilateral Environmental Agreements (MEAs) to which they are signatories, and for which the GEF serves as the/a financial mechanism. In this regard, over the duration of my tenure as Alternate and Council Representative (2007-2010) for the group, discussions regarding policy and operational frameworks of the Facility have always been lively and stimulating. These were often founded in the lack of full understanding and appreciation of the complex and seemingly dynamic rules of access, and a perception of marginal consideration of, and sensitivity to, SIDS issues within the GEF process and by its partners.

Beyond the execution of community based projects through the Small Grants Programme (SGP), the history of access and utilization of financial resources available through the GEF by the Constituency is largely dominated by the execution of enabling activities and participation in regional projects. This is despite the noted preference of both partners (the GEF and Countries) for nationally developed project activities that (a) advance beyond the preparation of communication reports and action plans, (b) attend to the real business of delivering "on the ground" outputs that contribute to the generation of Global Environmental Benefits (GEBs), and (c) also supports national sustainable development aspirations.

Small Island Developing States (SIDS)

The majority of the members of the Caribbean Constituency are Small Island Developing States that, in addition to small physical size, are characterized, among others, as –

having small open economies with limited potential for diversification; possessing limited natural resource assets; and being highly vulnerable to economic shocks and natural hazards.

Combined, these characteristics present phenomenal challenges to medium to long term development planning efforts. The reality is that on any given day a singular event can have a devastating effect on the entire economy, thus influencing the prevailing policy priorities and decisions on the allocation of resources. Indeed, this may very well be at the core of the

concerns repeatedly expressed by countries on the matters of co-financing, incremental costs and the time lag between project identification and the receipt of funds for implementation.

Informed by the experience derived from the GEF-4 replenishment cycle, the policy reforms of GEF-5 now offer new opportunities for engagement of SIDS with the Facility. Those targeted at enhancing country ownership which are of particular note to the Constituency include –

• Direct access to funding resources to support the preparation of national communication reports to the conventions, and the conduct of National Portfolio Formulation Exercises (NPFE’s);

• The provision of predictable funding level through the System for the Transparent Allocation of Resources (STAR); and

• Allowing full flexibility in the use of STAR allocations for Countries under a certain threshold. Efforts at further streamlining the project cycle to affect the speedier disbursement of funds for project activity, and broadening the GEF partnership to provide a wider range of modalities through which countries may pursue project activity, are also viewed a progressive steps in the right direction for the Facility. With the foregoing, the question of relevance to the Constituency is as follows – “Considering the particular challenges and vulnerabilities of Caribbean SIDS, do the GEF-5 policy reforms go far enough to stimulate enhanced engagement of countries with the Facility such that they may contribute to the generation of GEBs in ways that are measurable and may be verified?” Though not exhaustive, and with all other things being equal, Table 1 summarizes my own perspectives as to the key benefits of the GEF-5 Country Ownership policies referenced above on Caribbean SIDS capacity to contribute to the generation of GEBs.

Table 1: The Caribbean Constituency in GEF-5 – benefits and constraining factors to enhanced engagement with the Facility.

Item No	GEF Policy Description	Benefit to Caribbean SIDS	Constraining factors	Generate GEBs
1	Direct Access	<ul style="list-style-type: none"> Speedier access to funding resources for selected items. Timely preparation of reports to conventions. 	<ul style="list-style-type: none"> National capacity to access and programme resources 	No
2	Provision of predictable STAR Allocations	<ul style="list-style-type: none"> Allows for ease of programming 		No
3	full flexibility	<ul style="list-style-type: none"> Stimulate enhance interest in 	<ul style="list-style-type: none"> National capacity to 	Yes
	in the use of STAR	<p>the region by of GEF Agencies.</p> <ul style="list-style-type: none"> May facilitate national project 	<p>access and programme resources</p> <ul style="list-style-type: none"> Co-financing and incremental 	

allocations

identification, development, and execution at required scale.

cost considerations

- Enhanced opportunities to generate project level outputs beyond enabling activities, and longer term GEB impacts.

This suggests that though providing positive benefits to the region, the reforms are not sufficient to assure an enhanced level of engagement with the Facility and identifies co-financing and incremental cost as the two outstanding constraints yet to be addressed. National capacity to access and programme resources is also identified as a constraint. However, it is felt that this is also influenced by the co-financing and incremental costs requirements.

In this regard, it is proposed that the Secretariat and Council give serious consideration to establishing a true grant-making SIDS support window within the GEF by appending the relaxation of co-financing and incremental cost considerations to the existing GEF-5 Enhancing Country Ownership policies, particularly for those countries that are at or below the threshold that allows for the full flexibility of STAR resources. The risk associated with pursuing such is considered to be marginal as it does not jeopardize the condition of ensuring that “90% of resources is guaranteed to be programmed under the focal area for which it was intended” utilized to arrive at the “full-flexibility” policy measure. The perceived benefits of such a reform would be to greatly enhance unencumbered national GEF programming in the Caribbean Constituency (and possibly all SIDS) and the generation of GEBs in one or all of the focal areas captured within the STAR allocation. All other operation policies regarding project approval, monitoring and reporting would remain as important safeguards for sound management of the Trust Fund.

In time, and with the collection of sufficient evidence, this approach might be extended to cover all of the GEF Focal Areas.

I hope that the discourse above proves to be of interest to you and, at least in some small way, adds to the further development of the Facility.
