

Second Meeting for the Seventh Replenishment of the GEF Trust Fund

GEF-7 REPLENISHMENT

PROGRAMMING DIRECTIONS

AND

POLICY AGENDA

(PREPARED BY THE SECRETARIAT)

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List of acronyms

- ABNJ:** Areas beyond national jurisdiction
- ABS:** Access and benefit sharing protocol
- AfDB:** African development bank
- APEC:** Asia-Pacific economic cooperation
- ARPA:** Amazon region protected areas
- ASGM:** Artisanal and small-scale gold mining
- ASL:** Amazon sustainable landscapes program
- BIOFIN:** Biodiversity finance initiative
- BUR:** Biennial update report
- C&W:** Chemicals and waste
- CACILM:** Central Asian countries' initiative for land management
- CAFI:** Central Africa initiative
- CARPE:** Central African regional program for the environment
- CBD:** Convention on Biological Diversity
- CBIT:** Capacity-building initiative for transparency
- CBNRM:** Community based natural resources management
- CCCD:** Cross-cutting capacity development program
- CE:** Circular economy
- CGF:** Consumer goods forum
- CIF:** Climate investment fund
- CITES:** Convention on international trade in endangered species of wild fauna and flora
- CO₂:** Carbon dioxide
- COMIFAC:** Central African forests commission
- COP:** Conference of the parties
- COP-MOP:** The conference of the parties serving as the meeting of the parties
- CPB:** Cartagena protocol on biosafety
- CPIC:** Coalition for private investment in conservation
- CRIC:** Committee to review the implementation of the convention
- CSO:** Civil society organisation
- CSP:** Country support program
- CTCN:** Climate technology center and network
- CWR:** Crop wild relatives
- DDT:** Dichlorodiphenyltrichloroethane
- ECOFAC:** Regional program for the conservation & rational utilization of forest ecosystems in central Africa
- EEZ:** Exclusive economic zone
- ESA:** European space agency
- ESG:** Environmental, social and corporate governance
- ESOP:** Employee stock ownership plan
- E-waste:** Electrical and electronic waste
- FAO:** Food and Agriculture Organization
- FINTECC:** Finance and technology transfer center for climate change
- FR_{ESH}:** Food reform for sustainability and health
- FSP:** Full sized project
- GCF:** The green climate fund
- GCIP:** Global cleantech innovation program
- GDP:** Gross domestic product
- GEF:** Global environment facility
- GEF-4:** Global Environment Facility fourth replenishment period
- GEF-5:** Global Environment Facility fifth replenishment period
- GEF-6:** Global Environment Facility sixth replenishment period
- GEF-7:** Global Environment Facility seventh replenishment period
- GEFSEC:** Global environment facility secretariat
- GHG:** Greenhouse gas
- GIZ:** German development agency

GloBallast: Globallast partnership program
GPS: Global positioning system
GPSC: Global platform for sustainable cities
GSIA: Global sustainable investment alliance
GW: Giga watt
GWP: Global partnership on wildlife conservation and crime prevention for sustainable development program
Habitat III: The United Nations conference on housing and sustainable urban development
HBDCD: Hexabromocyclododecane
HBDE: Hexabromodiphenyl ether and heptabromodiphenyl ether
HCB: Hexachlorobenzene
HCFC: Hydrochlorofluorocarbons
HCV: High conservation value
HFC: Hydrofluorocarbon
HHP: Highly hazardous pesticides
IAP: Integrated approach pilot
IAS: Invasive alien species
ICLEI: International council for local environmental initiatives
IEO: Independent evaluation office
IFC: International finance corporation
IMO: International maritime organization
INDC: Intended nationally determined contribution
IP: Impact program
IPCC: Intergovernmental panel on climate change
IUCN: International union for conservation of nature
IUU: Illegal, unreported, unregulated
IW: International waters
IW-LEARN: International waters learning exchange & resource network
KBA: Key biodiversity area
LD: Land degradation

LDC: Least developed country
LDCF: Least developed countries fund
LDFA: Land degradation focal area
LDN: Land degradation neutrality
LME: Transboundary large marine ecosystems
M&E: Monitoring and evaluation
MA: The millennium ecosystem assessment
MAT: Mutually agreed terms
MEA: Multilateral environmental agreement
MFA: Multi focal area
Mha: Million hectares
MIA: Minamata convention initial assessment
MNA: Middle East North Africa
MPA: Marine protected areas
MSP: Medium sized project
MT: Megaton
NAP: National action program
NBF: National biosafety framework
NBSAP: National biodiversity strategy and action plan
NC: National communication
NDC: Nationally determined contribution
NGI: Non-grant-instrument
NGO: Non-government organization
NIP: National implementation plan
NO_x: Nitrogen oxides
NPK: Nitrogen, phosphorus and potassium
NUA: New urban agenda
ODP: Ozone depletion potential
ODS: Ozone depleting substances
OECD: Organization for economic co-operation and development
OPS: Overall performance study
PA: Programmatic approach
PBDE: Polybrominated diphenyl ethers
PCB: Polychlorinated biphenyl
PCBS: Polychlorinated biphenyls

PCCD/PCDF: Polychlorinated dibenzo-p-dioxins and dibenzofurans
PCN: Polychlorinated naphthalenes
PCP: Pentachlorophenol and its salts and esters
PeCB: Pentachlorobenzene
PES: Payment for ecosystem services
PFD: Programmatic framework document
PFOS/PFOA: perfluorooctane sulfonate and perfluorooctanoic acid
PIC: Prior informed consent
PMIS: Project management information system
POP: Persistent organic pollutant
PSC: Program steering committee
R&D: Research and development
REDD +: Reducing emissions from deforestation and forest degradation in developing countries
RFMO: Regional fisheries management organization
Rio+20: United Nations conference on sustainable development
S&P: Standard & Poor's
SAICM: Strategic approach to international chemicals management
SAP: Strategic Action Program
SBN: Sustainable banking network
SCCF: Special climate change fund
SDG: Sustainable Development Goal
SEEA: System of Environmental-Economic Accounting
SEforALL: Sustainable energy for all
SFI: Sustainable forestry initiative
SFM: Sustainable forest management
SGP: Small grants program
SIDS: Small island developing states
SLM: Sustainable land management
SME: Small medium enterprise

SO_x: Sulphur oxides
STAR: System for the transparent allocation of resources
tCO₂e: Ton carbon dioxide equivalent
TDA: Transboundary Diagnostic Analyses
TEEB: The economics of ecosystems and biodiversity
TFA2020: Tropical forest alliance 2020
TFCA: Trans frontier conservation areas
TNA: Technology needs assessments
tRFMO: Tuna regional fisheries management organization
TWAP: Transboundary Waters Assessment Program
UCLG: United cities and local governments
UNCBD: United Nations convention on biological diversity
UNCCD: United Nations convention to combat desertification
UNDP: United Nations development program
UNEP: United Nations environment program
UNFCCC: United Nations framework convention on climate change
UNFF: United Nations forum on forests
UPOP: Unintentionally produced persistent organic pollutant
USAID: United States agency for international development
USD: United States Dollars
WAVES: Wealth accounting and valuation of ecosystem services
WISP: World initiative for sustainable pastoralism
WOCAT: World overview of conservation agriculture techniques
WRI: World resource institute
WWF: World Wildlife Fund

EXECUTIVE SUMMARY

This document sets the stage for discussions at the 2nd GEF-7 Replenishment meeting to be held in Addis Ababa, Ethiopia, on October 3–5, 2017. It builds on the documents discussed at the first replenishment meeting in Paris in March 2017, two informal notes shared with participants in May and July 2017, respectively, written comments received from a number of participants and observers during July and August 2017, and a range of consultations across the GEF partnership including with recipient countries, Agencies, convention secretariats, STAP and IEO. The document summarizes the evolving external context for GEF-7. In the draft Programming Directions the document presents proposed Focal Area Strategies for the GEF’s five focal areas, descriptions of three proposed cross-cutting “Impact Programs” and four proposed “Frontier Investments”. It also presents two financing scenarios and preliminary work on GEF-7 targets. Finally, the document provides further inputs and options for the GEF-7 Policy Agenda, as identified by Participants, covering issues related to resource allocation, differentiation, effectiveness and efficiency, accreditation, gender, private sector and knowledge management.

Context for GEF-7

- 1. GEF-7 comes at a defining moment for the future of the planet and for human well-being.** Global ecosystems, biomes and processes that regulate the stability and resilience of the Earth system are being stretched to a breaking point. According to science, several “Planetary Boundaries” have been breached, namely 1) biodiversity, which is being lost at a rate not seen in the past 65 million years, 2) land-use change, where—largely driven by agricultural expansion¹—global forest cover continues to decline, and 3) climate, where atmospheric CO₂ concentrations now exceed 400 ppm, making it increasingly urgent to reverse global emissions trends.
- 2. A radical transformation of key economic systems will be required to reduce our environmental footprint.** Looking ahead, four systems are of particular importance for the prospects of the future of the planet and its peoples: 1) the food system, as population growth and dietary changes are projected to increase global demand for food by 70% by 2050, 2) the energy system, which represents 68% of GHG emissions today and will see a 30% increase in electricity demand by 2040, 3) cities, which are projected to be home to two-thirds of the global population by 2050, up from slightly more than half today, and 4) the global production/consumption system, where the current “take-make-waste” model has nearly quadrupled global waste creation since 1970.
- 3. Nations of the world have recognized the seriousness and urgency of the situation.** In the past couple of years, significant global agreements have been reached. First, in September 2015, Agenda 2030 with its Sustainable Development Goals (SDGs) was universally agreed by all UN member states setting ambitious targets for the world. Implicit in the SDGs is the recognition that social and economic development will not be achievable in the absence of a stable and

¹ The related Planetary Boundary for biogeochemical cycles has also been transgressed, as agricultural fertilizer use has dramatically altered the global phosphorous (P) and nitrogen (N) balance.

healthy Earth system. Moreover, the historic climate agreement adopted in Paris in 2015 brings countries together under a common global framework to reduce emissions and build resilience to climate impacts.

4. **Unleashing the private sector holds huge potential for the global sustainability agenda.** The formal, multilateral processes are being underpinned by a number of multi-stakeholder initiatives focusing on delivering concrete progress in specific areas, from tropical forest protection, to renewable energy expansion, to local government action. Environmental issues dominate the global risk landscape as perceived by businesses, while the drive to sustainability at the same time is opening up significant global business opportunities—in the order of USD 12 trillion annually for the SDGs as a whole. Against this background, there is a large potential for the GEF to seek catalytic engagements through targeted collaboration with the private sector.

5. **The international landscape for environmental finance is evolving rapidly.** Climate finance illustrates just how rapidly the landscape can shift: private investment in renewable energy grew by 26% in 2014, reaching USD 243 billion. Public climate financing from developed countries to developing countries is also expected to grow, from USD 44 billion in 2014 to USD 67 billion in 2020. The Green Climate Fund has already committed USD 2.2 billion in climate-related finance, and is expected to be an important channel for multi-lateral climate finance going forward. In addition, private conservation finance is gradually emerging as an important source of funding for investments in conservation of ecosystem system services, and could reach USD 200 billion in the medium term.

The Opportunity of GEF-7

6. **Given its timing, the evolving context, and the challenges facing the global environment, GEF-7 presents an important opportunity to:**

- ***Reaffirm the GEF's unique mandate across multiple multilateral environmental agreements.*** The GEF has a formal mandate as a financing mechanism under CBD, UNCCD, UNFCCC, the Minamata Convention and the Stockholm Convention, and it supports countries with economies in transition in their implementation of the Montreal Protocol. GEF support has been critical in allowing countries to translate these agreements into action, and in ensuring transparency of action through effective reporting from countries to conferences of the parties.
- ***Amplify the GEF's impact on the global environment through integrated programming.*** An important objective for GEF-7 would be for the GEF to become more focused to more strategically deploy resources where it can support the transformation of key systems that drive environmental degradation, so that impacts can be maximized. It is therefore proposed that, aligned with country priorities, GEF-7 programming directions include a limited number of “Impact Programs” that hold the potential to support systems change aligned with countries’ commitment under the various conventions for which the GEF serves as financial mechanism. The Impact Programs will enhance synergies and

deliver multiple benefits across the GEF's thematic priorities. Collectively, they address major drivers of environmental degradation, promote a more effective use of resources, and enable the GEF to better utilize the capacities of its various Implementing Agencies.

- **Enhance the GEF's ability to catalyze private sector action.** The GEF-6 "NGI Pilot" illustrated the GEF's potential role in terms of participating in blended finance operations—where scarce public resources can unlock significant private finance—especially outside "traditional" low-carbon projects. In GEF-7, the GEF should aim to do more in this area. In addition, the GEF can play an important role in catalyzing private sector action both by helping governments strengthen enabling environments and by facilitating multi-stakeholder partnerships around particular environmental challenges—GEF-6 examples of the latter include the GEF's support for deforestation-free commodity supply chains, and the "GEF GOLD" partnership, which aims to reduce commercial mercury use in supply chains. In GEF-7, the Impact Programs offer significant opportunities for crowding-in the private sector.
- **Further improve the GEF's effectiveness, efficiency and results focus.** A broad suite of policy improvements can be achieved in GEF-7, including measures to 1) improve the GEF's resource allocation system by increasing the flexibility given to countries to program their STAR allocations; 2) strengthen the GEF's focus on the poorest and most vulnerable countries; 3) further improve the GEF's results architecture to enhance accountability and transparency; 4) strengthen the GEF's gender responsiveness building on progress under the GEF-6 Gender Equality Action Plan; 5) strengthen operational processes and enhance efficiency and transparency; and 6) further leverage the GEF's knowledge assets.
- **Sharpen up the GEF's value proposition in the context of a rapidly changing global financing landscape.** It is important that the proposed GEF-7 Programming Directions as much as possible take advantage of 1) the GEF's ability to focus on a broad range of environmental objectives, which enables the GEF to take an integrated and systems approach to tackling issues and generating multiple benefits; 2) the GEF's proven record in funding demonstration and pilot activities; and 3) the GEF's long-standing support for institutional strengthening to help lay the foundation for enhanced action.
- **Align GEF support with SDG implementation.** The GEF's mission to safeguard the global environment by supporting countries in meeting their commitments under multilateral environmental agreements through national, regional and global partnerships is closely aligned with the SDGs. Specifically, goals number 13, 14, and 15—on climate action, life below water, and life on land—align very closely with the GEF's mission. In addition, the GEF's investments in areas like forests, cities and oceans will help support the achievement of a number of other of economic and social SDGs, like e.g. equity and gender.

GEF-7 Financing Scenarios

7. **The volume of resources, and decisions about their deployment in priority areas, are at the core of a successful replenishment and an effective GEF-7.** The GEF-7 replenishment amount will be allocated across the GEF’s five focal areas (Biodiversity, Climate Change, Land Degradation, Chemicals & Waste, International Waters), as well as other budget lines (Non-Grant Instrument Pilot, Corporate Programs, and Corporate Budget). The allocation for the three “Rio” Focal Areas (Biodiversity, Climate Change, and Land Degradation) is further split between country allocations and set-asides. Country allocations would be determined by the GEF’s formula-based System for the Transparent Allocation of Resources (STAR). Set-aside allocations fund enabling activities, global and regional programs, and incentives for country participation in Impact Programs.

8. **Two GEF-7 scenarios are proposed for consideration by Participants: A “*status quo*” scenario and an “*increased support*” scenario.** The *status quo* scenario illustrates a possible allocation of an unchanged volume resources of \$4.4bn, while the *increased support* scenario illustrates resource allocation in the case of US\$5.0bn—equivalent to an increase over GEF-6 of about 14%.

9. **The *status quo* scenario embodies the following main resource allocation priorities (see Table 1 below):**

- ***Increased allocation for the Biodiversity Focal Area*** to further bolster GEF’s ability to help combat the precipitous decline in global biodiversity by funding priority objectives identified in the four-year framework agreed at COP 13, and reflecting the CBD’s financial needs assessment carried out in the run-up to COP 13.
- ***Increased allocation for the Land Degradation Focal Area***, in support of UNCCD objectives, in particular around Land Degradation Neutrality and the intrinsic integrated nature of the land agenda. A particular emphasis on the GEF’s work in drylands, which are especially susceptible to environmentally-induced fragility, is proposed.
- ***Reduced allocation for the Climate Change Focal Area***, reflecting, in particular, the operationalization of the Green Climate Fund, which enables the GEF to more sharply focus on areas of its comparative advantage of promoting innovation and early adoption of low-carbon technologies and policies. It also reflects an enhanced focus in GEF-7 on integrated programming whereby the GEF’s climate impact would increasingly be derived from programming in other focal areas, for example Biodiversity and Land Degradation.
- ***Increased allocation for the Chemicals & Waste Focal Area***, reflecting, in particular, growing demand for GEF support for the implementation of the Minamata Convention, including for enabling activities, as it comes into force, but also reflecting an expansion of the scope of work under the Stockholm Convention.

- **Maintaining the allocation for the International Waters Focal Area**, with a particular focus on helping countries’ harness their blue economy potential and on supporting the management of transboundary freshwater resources.
- **Increased allocation for Blended Finance (“Non-grant instruments”)**, reflecting the successful GEF-6 pilot in terms of the GEF’s ability to catalyze private sector investments for the benefit of the global environment, through which high levels of private sector co-financing was achieved, including in “pioneering” areas like agro-forestry and small-scale fisheries.
- **Increased corporate budget allocation** (for the GEF Secretariat, Independent Evaluation Office, STAP and the Trustee), to reflect, in particular, the increase in the World Bank’s (the GEF’s host institution) overhead recovery rate, and inflation.

10. **Set-aside funding under the three Rio Focal Areas would increase in the Status Quo scenario.** Set-asides fund three types of activities: First, set-asides provide funding for countries to fulfill their convention-related reporting requirements under the Rio Conventions. The cycle of reporting for both the CBD and UNCCD implies an increasing need for funding during GEF-7. Second, set-asides provide funding for global and regional programs in support of convention objectives. Specifically, the Climate Change Focal Area set-aside includes an allocation for the implementation of the Capacity Building Initiative for Transparency (CBIT), as agreed at COP 21. Third, as was the case in GEF-6, the set-asides fund allocations to incentivize countries to program resources for a limited number of pre-identified programs, in GEF-7 referred to as “Impact Programs” and “Frontier Investments”. Funding for such incentives would increase only modestly compared to GEF-6.

11. **A larger envelope—as illustrated in the Increased Support scenario—would enable an additional emphasis on priority areas in GEF-7.** Considering the continued deterioration of the global environment, and the urgency of reversing it, the “increased support” scenario would allow the GEF to significantly step up its support, in particular in Biodiversity, Chemicals & Waste, Land Degradation, NGI/Blended Finance, while also allowing for modest increases in other areas (*Increased Support Scenario* in the table below).

Table 1. Summary of Financing Scenarios: *Status Quo* and *Increased Support*

			Status Quo	Increased Support
	GEF-5	GEF-6	GEF-7	GEF-7
Biodiversity Focal Area	1,210	1,296	1,412	1,580
STAR country allocations	968	1,051	1,124	1,267
<i>Focal Area Investments</i>			830	922
<i>Impact Programs</i>			294	345
Set-asides	242	245	287	313
<i>Convention obligations</i>	60	13	50	50
<i>Contributions to Integrated programming (SFM, IAPs, IPs)</i>	130	195	197	223
<i>Other global and regional programs</i>	52	37	40	40
Climate Change Focal Area	1,360	1,260	842	905
STAR country allocations	1,088	941	514	559
<i>Focal Area Investments</i>			318	330
<i>Impact Programs</i>			196	229
Set-asides	272	319	328	345
<i>Convention obligations</i>	80	130	120	120
<i>Contributions to Integrated programming (SFM, IAPs, IPs)</i>	100	130	128	145
<i>Other global and regional programs</i>	92	59	80	80
Land Degradation Focal Area	405	431	533	603
STAR country allocations	324	346	389	451
<i>Focal Area Investments</i>			259	306
<i>Impact Programs</i>			130	145
Set-asides	81	85	144	152
<i>Convention obligations</i>	15	15	50	50
<i>Contributions to Integrated programming (SFM, IAPs, IPs)</i>	20	60	94	102
<i>Other global and regional programs</i>	46	10		
Chemicals and Waste Focal Area	425	554	654	754
International Waters Focal Area	440	456	456	506
Non-Grant Instruments Pilot	80	115	200	300
Corporate Programs	210	197	183	197
<i>Small Grants Program</i>	140	140	140	150
<i>Country Support Program</i>	26	23	23	23
<i>Cross Cutting Capacity Building Program</i>	44	34	20	24
Corporate budgets: Secretariat, IEO, STAP and Trustee 1/	120	125	153	155
Grand Total	4,250	4,433	4,433	5,000

Note: In view of the preliminary status of discussions about possible hedging arrangements and their cost, the scenarios do not include any indicative allocation in this regard.

1/ Of which the IEO proposed 4-year allocation under GEF-7 amounts to USD 24.5 million.

GEF-7 Programming Directions

12. GEF-7 programming in each of the GEF's Focal Areas will be anchored in COP guidance and country priorities, as follows:

- **Biodiversity Focal Area.** The programming options included in the proposed Biodiversity Focal Area strategy respond directly to the GEF-7 Four-year Framework of Program Priorities agreed by countries at CBD COP 13, as well as the Strategic Plan for Biodiversity, 2011-2020. Specifically, the proposed Biodiversity Focal Area is built around achieving the Four-year Program's three objectives: 1) Mainstream Biodiversity Across Sectors as well as Within Production Landscapes and Seascapes, 2) Reduce Direct Drivers of Biodiversity Loss, and 3) Strengthen Biodiversity Policy and Institutional Frameworks.
- **Climate Change Focal Area.** Participants at UNCCC COP 22 encouraged alignment of GEF-7 programming with priorities identified in nationally determined contributions (NDC) to the Paris Agreement. The GEF was also encouraged to continue to promote synergies across focal areas. The COP further requested the GEF to mainstream the CBIT in GEF-7. In view of the GEF's comparative advantage to foster innovative project designs, its proven track record of support for technology transfer, and its ability to attract private sector co-financing; and pursuing complementarity with the GCF; the proposed GEF-7 Climate Change Focal Area is focused on the following objectives: 1) Promote Innovation and Technology Transfer for Sustainable Energy Breakthroughs, 2) Demonstrate Mitigation Options with Systemic Impacts, and 3) Foster Enabling Conditions for Mainstreaming Mitigation Concerns into Sustainable Development Strategies.
- **Land Degradation Focal Area.** Participants at UNCCD COP 12 encouraged the GEF to provide support in line with the Convention's Land Degradation Neutrality (LDN) concept, with a view to maintaining or improving ecosystem services, land productivity, food security, and to increase the resilience of the land and the populations dependent on it. COP 12 also invited the GEF to provide support for voluntary national LDN target-setting. The proposed GEF-7 Land Degradation Focal Area seeks to achieve the following objectives: 1) Enhance on-the-ground Implementation of LDN, and 2) Create an Enabling Environment to Support LDN Implementation Globally.
- **Chemicals and Waste Focal Area.** The Chemicals and Waste Focal area directly responds to the needs expressed by Participants at the 2017 BRS COP relating to the Stockholm Convention and by participants to Minamata Convention negotiations (the latter entered into force on August 16, 2017; COP 1 is scheduled for end-September 2017), and responds to certain requests from the Strategic Approach to International Chemicals Management (SAICM). Finally, it supports the compliance needs of countries with economies in transition to meet their obligations under the Montreal Protocol. The Chemicals and

Waste Focal Area focuses on eliminating chemicals covered by the above conventions that are used in or emitted from industrial and agricultural sectors.

- **International Waters Focal Area.** While not responding directly to a convention, the GEF International Waters Focal Area fills a critical gap in the global management of transboundary water resources, both marine and freshwater. GEF IW interventions are built on initial assessment of threats and opportunities, through the so-called Transboundary Diagnostic Analyses, which are followed up by the development of regionally agreed Strategic Action Programs (SAPs). Aligned with SAPs, the objectives of the International Waters Focal Area are 1) Strengthening Blue Economy Opportunities, 2) Improving Governance in Areas Beyond National Jurisdiction (ABNJ), and 3) Enhance Water Security in Freshwater Ecosystems.

13. **The proposed GEF-7 programming architecture includes selected “Impact Programs” to leverage the GEF’s ability to design and implement integrated solutions.** Significant results in each Focal Area in GEF-7 is proposed to come from the implementation of a set of cross-cutting “Impact Programs”. A central feature of the Impact Programs is that they deliver global environmental benefits across several GEF focal areas, and that their aggregate results will be tracked based on a relatively small number of indicators closely aligned with convention and global environmental benefit priorities. Through the Impact Programs, the GEF will be better positioned to help countries pursue holistic and integrated approaches to promote transformational change in key economic systems in line with countries’ national development priorities. IPs hold the potential to enhance synergies, integration, and impact of GEF investments, to promote a more effective use of resources, and to crowd-in private sector funding.

14. **The three IPs collectively address key drivers of environmental degradation, and offer the potential for the GEF to contribute to systemic change:**

- **Food, Land Use and Restoration.** Given the fact that increasing demand for food is one of the major drivers of biodiversity loss, land degradation and depletion of water resources, this Impact Program will support countries’ efforts to ensure that productive lands are embedded within landscapes that are providing ecosystem services as well as protecting the natural ecosystems and soil on which they depend. Achieving this transition will require a holistic, system-wide approach integrating both horizontal (land and natural resources) and vertical (food value and supply chain) dimensions. Based on the country-specific context, the GEF will help countries pursue comprehensive and system-wide planning approaches to underpin the transformation of food and land use systems. In order to accommodate differences between countries with respect to opportunities for leveraging GEF financing, the proposed IP will focus on three interrelated priorities as “entry points”: promoting sustainable food systems to tackle negative externalities in entire value chains, promoting deforestation-free agricultural commodity supply chains, and promoting large-scale restoration of degraded landscapes for sustainable production and ecosystem services. These entry points will meet the needs of diverse recipient

countries aspiring to transform their food and land-use systems in a manner that generates multiple global environmental benefits.

- ***Sustainable Cities.*** Building on the GEF’s existing work in this area, this proposed Impact Program would further strengthen the GEF’s catalytic impact by enhancing urban planning, policy and financing environments through the global knowledge platform created under the GEF-6 IAP. The platform brings cities and global expertise together and is a forum where cities can tap into best practices for sustainable urban planning, and also share their experience with others. This will help cities better capture opportunities to increase the productivity of existing urban infrastructure, and incorporate innovations with the potential to revamp how cities are developed and operate across a range of areas, including e.g. evidence-based spatial planning, decarbonizing urban infrastructure, building resilience, and cascading financing solutions for urban sustainability, green infrastructure and nature-based solutions, and conservation of globally important biodiversity in urban landscapes.
- ***Sustainable Forest Management (SFM).*** The SFM Impact Program will focus on a limited number of key transboundary biomes of global importance: The Amazon, the Congo Basin, and important Dryland landscapes. These three key forest regions are major integrated ecosystems and perhaps the last places where a concerted SFM approach focusing on their ecological integrity and functioning can truly transform the course of development and produce multiple benefits for biodiversity, climate change, and land degradation. Interventions would focus on designing and implementing collaborative approaches to productive and conservation land uses that will provide for livelihoods while preserving the ecological integrity and global environmental value of this ecosystem.

15. **The Programming Directions propose to invest modest amounts of resources in a few selected “frontier areas” for the GEF.** These proposed Frontier Investments would enable the GEF to engage early in priority emerging issues that could be considered for scaling up with larger investments in the future. Four Frontier Investments are proposed: 1) Green Finance, where the GEF would help greening the financial system “beyond climate”, 2) Circular Economy, where the GEF would seek to catalyze public and private action, 3) Environmental Security, where the GEF would focus on addressing the underlying, environment-related sources of fragility, and 4) Integrated National Planning, where the GEF would support selected countries in consolidating national MEA-related planning and processes.

16. **Focal areas would remain the central organizing framework in the GEF-7 delivery model.** Each focal area strategy is designed to ensure that the GEF provides maximum impacts on the goals of their respective conventions. Countries choose among the Focal Area programming options in accordance with their needs and priorities. For each Rio Focal Area, the programming options include a menu of investments and relevant impact programs. The GEF-7 Programming architecture is illustrated in Table 2 below.

Table 2. GEF-7 Programming Architecture

	Biodiversity Focal Area	Climate Change Focal Area	Land Degradation Focal Area	International Waters Focal Area	Chemicals and Waste Focal Area
Programming Areas to be addressed through Focal Area Investments					
	<ul style="list-style-type: none"> Biodiversity mainstreaming Wildlife for sustainable development Natural capital Agrobiodiversity Inclusive conservation Invasive species Protected areas Preventing species extinction Biosafety ABS Enabling Activities 	<ul style="list-style-type: none"> CBIT Enabling Activities Technology Transfer NDC preparation and implementation Sustainable energy 	<ul style="list-style-type: none"> Creating Enabling Environments for LDN Enabling Activities LDN Target setting 	<ul style="list-style-type: none"> Strengthening Blue Economy Opportunities Improve Governance in ABNJs Enhancing Water Security in Freshwater Ecosystems 	<ul style="list-style-type: none"> Industrial Chemicals Agricultural Chemicals LDC/SIDS support Enabling Activities
Objectives to be addressed through Impact Programs aligned with convention priorities					
Food, Land Use, and Restoration Impact Program	<ul style="list-style-type: none"> Manage biodiversity in production landscapes Harnessing biodiversity for sustainable agriculture 	<ul style="list-style-type: none"> Land-based and value chain GHG mitigation (<i>sequestration and avoidance</i>) 	<ul style="list-style-type: none"> Sustainable land management Diversification of crop and livestock systems Restoration of degraded production landscapes 	<ul style="list-style-type: none"> Integrated land and water management Prevention of nutrient pollution 	<ul style="list-style-type: none"> Replacement of POPs and relevant HHP's used in the global food supply chain, including agricultural plastics contaminated by these chemicals with alternatives, preferably non-chemical alternatives. Disposal of obsolete agricultural chemicals that are POPs.
Sustainable Cities Impact Program	<ul style="list-style-type: none"> Integrating biodiversity and ecosystem values in urban planning 	<ul style="list-style-type: none"> Urban-related GHG emissions avoidance 	<ul style="list-style-type: none"> Sustainable management of production systems in urban and per-urban areas 	<ul style="list-style-type: none"> Decreased pollution of rivers, deltas and coastal areas Advance efficient water use and re-use 	<ul style="list-style-type: none"> Reduction of POPs, ODS, and Mercury in built infrastructure, industry and products and materials used in cities.
Sustainable Forest Management Impact Program	<ul style="list-style-type: none"> Protection of HCV forests Manage biodiversity in forest landscapes 	<ul style="list-style-type: none"> Protection of carbon-rich stocks Forest related GHG emissions avoidance 	<ul style="list-style-type: none"> Sustainable management of dryland landscapes 	<ul style="list-style-type: none"> Integrated land and water management 	<ul style="list-style-type: none"> In forests where ASGM that uses mercury occurs, reduction or elimination of mercury in these areas.

Targets for GEF-7

17. **The proposed, GEF-7 programming directions aim to deliver greater results for the global environment.** Based lessons from independent evaluations, scientific evidence, and the GEF’s past implementation experience it is expected that the proposed GEF-7 strategy will yield greater results than in the past, for a number of reasons. First, the proposed GEF-7 programs, in particular the Impact Programs, draw on key features of the GEF’s past transformational engagements, such as setting ambitious goals and having strong *a priori* focus on systems change, and on addressing market barriers and enhancing private sector action. Second, GEF-7 would make greater use of programmatic approaches, which have tended to outperform stand-alone projects, when appropriately designed and implemented. Third, GEF investments hold tremendous potential for multiple benefits, which has so far not been fully harnessed. Finally, GEF investments often have considerable but underreported socio-economic co-benefits that will be better captured in GEF-7

18. **Preliminary work suggests that the GEF can set ambitious targets for GEF-7 that exceed those agreed for GEF-6.** Specifically, a comparison of agreed GEF-6 targets against a set of possible GEF-7 targets under a *status quo* financing scenario points to the following, early findings: (i) in terms of the total area of landscapes and seascapes under improved management for biodiversity, GEF-7 could generate at least a 30% increase from comparable GEF-6 targets; (ii) the target for the total area of production landscapes under sustainable land management could increase by more than 40%; and (iii) a realistic GEF-7 target for tons of CO₂e mitigated could be more than double that agreed for GEF-6. These estimates are based on bottom-up analyses of the proposed, GEF-7 programs, with assumptions about the scale of those programs, participating countries, co-financing, and other factors. As such, any GEF-7 target values will remain subject to change until the conclusion of the replenishment process.

Table 3. Key GEF-7 results targets under the *Status Quo* financing scenario

	GEF-6 Target	Possible GEF-7 Target	% Change
Improved management of landscapes and seascapes for biodiversity (millions of hectares) 1/	420m ha	553m ha	32%
Sustainable land management in production systems (millions of hectares) 2/	120m ha	170m ha	42%
Carbon Mitigated (millions of tons of CO ₂ e)	750m tons of CO ₂ e	1,660m tons of CO ₂ e	121%

Note: The Secretariat, in consultation with Agencies and other stakeholders, is in the process of setting targets across a broader range of the new, proposed core indicators for GEF-7. The above table focuses on a few data points where a comparison between GEF-6 and GEF-7 is possible. It should be noted that because the possible GEF-7 targets are based on updated methodologies, they will not be directly comparable those currently presented in the GEF Corporate Scorecard.
 1/ Measured as *total area under improved management, including conservation and sustainable use* (million hectares). Note that for GEF-7, the indicator can be disaggregated further, e.g. to distinguish landscapes and seascapes, as well as protected and non-protected areas. No such disaggregation is available for GEF-6.
 2/ Measured as *area of landscapes under sustainable land management in production systems* (million hectares)

GEF-7 Policy Agenda

19. **A set of preliminary, draft policy recommendations for GEF-7 is tabled for discussion at the second replenishment meeting in Addis Ababa.** The policy recommendations are aimed at enhancing the effectiveness and efficiency of the GEF, and enabling the successful delivery of the proposed, GEF-7 programs. They draw on the views expressed by Participants and Observers during and following the first replenishment meeting, additional analysis carried out by the Secretariat, as well as the findings, conclusions and recommendations of the Sixth Comprehensive Evaluation of the GEF (OPS6). The proposed, draft recommendations focus on the following eight areas 1) resource allocation, 2) differentiation, 3) results, 4) partnership, 5) private sector engagement, 6) operational efficiency and transparency, 7) gender, and 8) knowledge management. The proposed policy recommendations can be summarized as follows.

- **Resource Allocation.** The GEF’s system of formula-based country allocations is a key strength that has contributed towards greater predictability and transparency in resource allocation, and it is proposed that country allocations be retained in GEF-7. At the same time, with a view to reducing fragmentation, enhancing country ownership and facilitating integrated programming, it is proposed that countries be provided full flexibility to program resources across the three STAR focal areas.
- **Differentiation.** The GEF should continue to serve recipient countries as defined in the GEF Instrument. However, recognizing that countries have different needs and capabilities, it may be appropriate to modify the parameters in the STAR formula to shift a greater share of GEF funding towards LDCs and SIDS. Moreover, with a view to further enhancing leverage of the GEF’s resources, one policy option to consider would be to make available a certain share of GEF resources to upper middle income and high income countries only on “non-grant instruments” terms.
- **Results.** Continued improvement in the GEF’s results architecture is required for the GEF’s reporting and accountability vis-à-vis Conventions, and to more fully harness data and information for evidence-based decision-making and learning. Against this background, it is proposed that the GEF’s results architecture be further strengthened for enhanced clarity, rigor, relevance and timeliness.
- **Partnership.** The GEF’s broad and diverse Partnership of Implementing Agencies is a key asset. In view of analysis, including by the IEO, which suggests that the current network of 18 Agencies provides sufficient geographic and thematic coverage across all regions and countries, and across all focal areas, it is proposed that the GEF Partnership not be expanded further at this time.
- **Private Sector Engagement.** A substantive engagement of the private sector is a prerequisite for the GEF’s success. It is therefore proposed that the use of non-grant instruments to leverage private financing be scaled up, building on lessons learned from

the successful GEF-6 non-grant instruments pilot. This will complement enhanced opportunities for private sector engagement in the proposed Impact Programs.

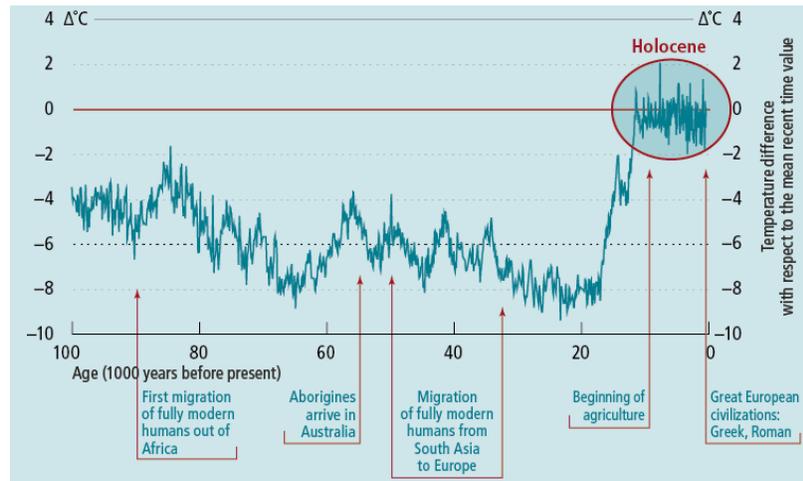
- **Operational Efficiency and Transparency.** During GEF-6, the GEF has made some progress in accelerating project preparation, as measured by the time from project approval to submission for CEO Endorsement/ Approval. There is scope, however, to further accelerate the preparation and implementation of GEF projects and programs, and it is therefore proposed that the Secretariat, in consultation with Agencies, identify and present for Council consideration a proposal with additional policy measures to enhance the operational efficiency and transparency of the GEF.
- **Gender.** Gender equality is a strategic and operational imperative for the GEF. Significant improvements have been made in terms of gender mainstreaming across GEF projects and programs, and the upcoming, new Gender Policy and associated guidelines are expected to further solidify progress. For GEF-7, it is proposed that a forward-looking strategy on gender, along with a time-bound action plan to support its implementation in GEF-7, be prepared, addressing, *inter alia*, institutional and human capacity needs across the GEF Partnership, monitoring and reporting on progress and outcomes related to gender equality and the empowerment of women and girls, as well as knowledge management related to gender.
- **Knowledge management.** Knowledge is an important asset of the GEF Partnership, but its accumulation and dissemination is hampered by limited systematic analysis, sharing of lessons learned and best practice, and outdated IT solutions. In GEF-7, it is proposed that the GEF Secretariat implement measures to address these issues.

GLOBAL CONTEXT

The world at a defining moment

1. We are at a defining moment for the future of the planet and for human well-being. For the past 11,000 years, which scientists have named the Holocene epoch, the Earth system has been in an exceptionally stable and resilient state. Global average temperature has risen or fallen by no more than a 1°C (Figure 1). This is in sharp contrast with the 100,000 years that preceded it, a period where temperatures regularly plunged and then rose rapidly. The Holocene stability enabled the adoption of agriculture and thus provided the vital foundation for human prosperity and world development as we know it today. The conclusion from this scientific insight is as basic as it is dramatic: the Holocene is the only state of the planet we know for certain that can support a world population of 7.4 billion, soon to approach nine to ten billion. This stable state is now at risk.

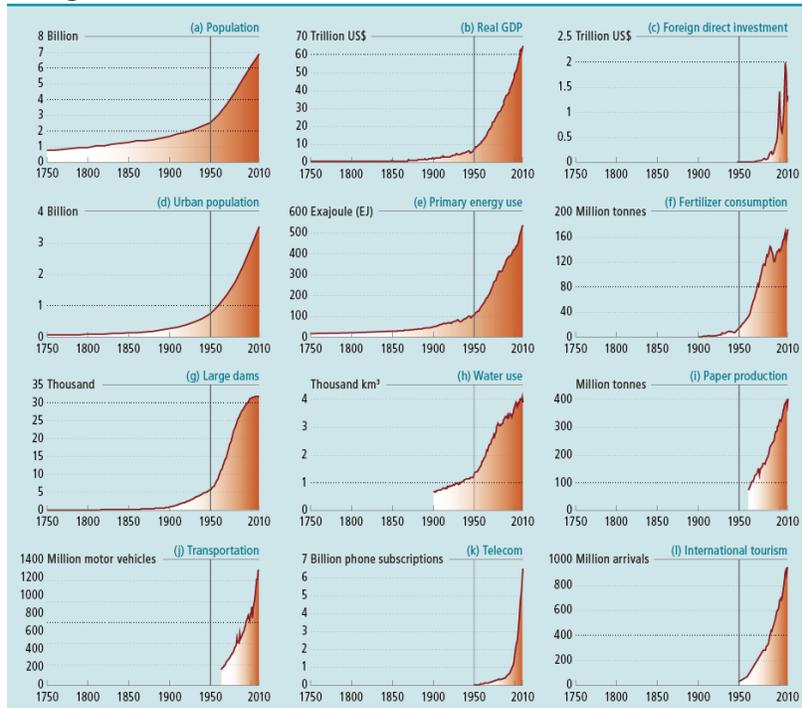
Figure 1. The Holocene—11,000 Years of Stability



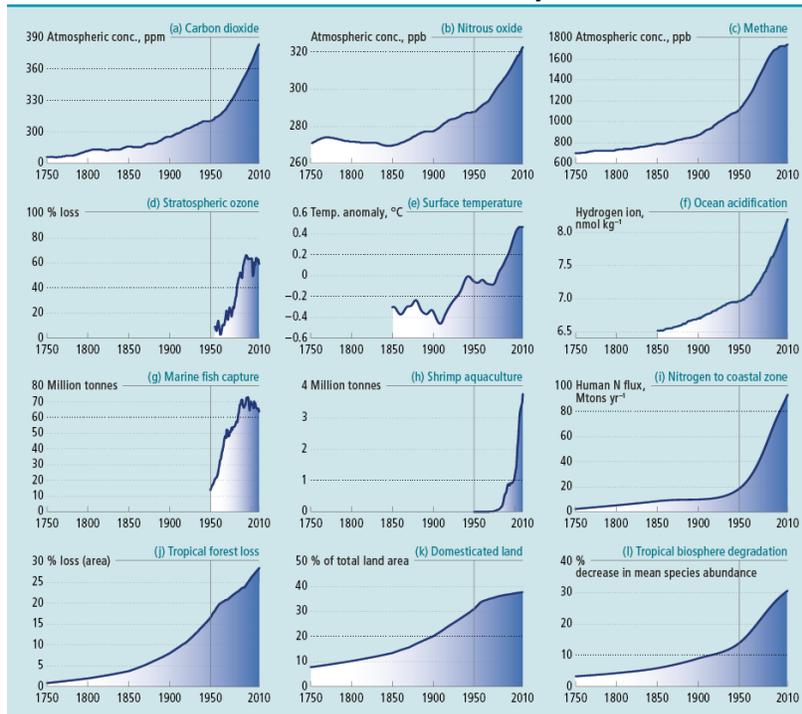
Source: Nakicenovic, Rockstrom, Gaffney, Zimm (2016). *Global Commons in the Anthropocene: World Development on a Stable and Resilient Planet*. IIASA/SRC Working Paper

2. The past 50 years of “great acceleration” has pushed Earth into a new epoch, the Anthropocene, where the relationship between humans and the Earth system is fundamentally changed. The 1950s witnessed the beginning of what has become known as “the great acceleration” in human activity (Figure 2). From population to economic output to energy use, the pace and scale of change has taken on an exponential trajectory. The Great Acceleration has delivered huge improvements in human wellbeing for parts of the world’s population, but this has come at a cost: Earth’s resilience to change – its ability to absorb shocks and remain stable – is declining rapidly. In short, by now human activity is the primary driver of change in the Earth system, and this is taking place at an unprecedented magnitude and speed. Scientists call this new epoch the Anthropocene—the Epoch of Man.

Figure 2. The Great Acceleration: Socio-economic trends

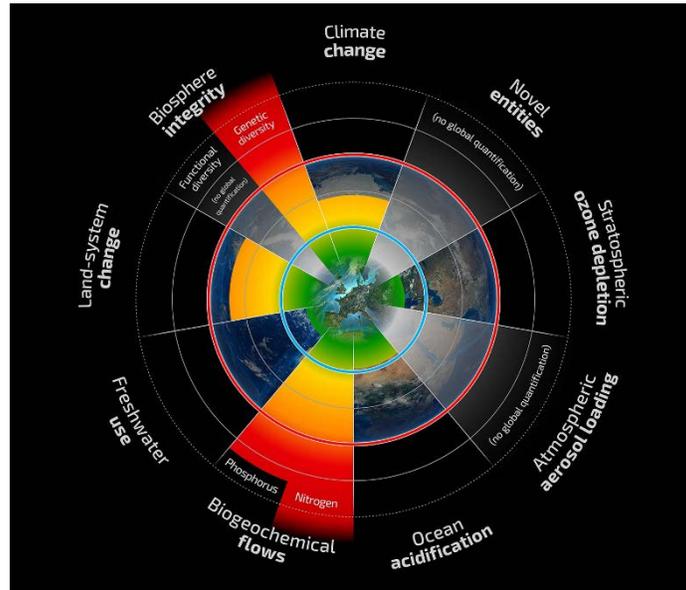


The Great Acceleration: Earth system trends



Source: Nakicenovic, Rockstrom, Gaffney, Zimm (2016). *Global Commons in the Anthropocene: World Development on a Stable and Resilient Planet*. IIASA/SRC Working Paper

Figure 3. Planetary Boundaries—A Safe Operating Space for Humanity



3. As a result of human activity, the stability of the Earth system is at risk—we are in the process of transgressing key “planetary boundaries”. In recent years, much scientific progress has been made in terms of understanding the boundary conditions that keep the Earth system in a stable and resilient state in a Holocene-like state—that is, with a stable global climate, abundant ecosystem services, rich biodiversity, fertile soils and oceans and a healthy atmosphere. In 2009, this work led a group of researchers to identify nine control variables, or Planetary Boundaries, which—if crossed— could result in abrupt and irreversible change (Figure 3). According to the latest assessment in 2015, four of these boundaries have been breached, namely biodiversity, land-use change, climate, and biogeochemical cycles, while others are at increasingly at risk of being breached.

4. It is important to recognize that Planetary Boundaries inherently inter-relate, and interfere, with one another. Behavior of the Earth system is not characterized by stable equilibria, but by strong nonlinearities, where relatively small changes can push the system across a threshold and lead to abrupt changes in key aspects of system functioning. Analysis of the large-scale subsystems of the Earth system—ocean circulations, permafrost, ice sheets, Arctic sea ice, the rainforests and atmospheric circulations – indicates that these systems are prone to large-scale “tipping-points”. Moreover, science suggest that a collapse in one system may create feedback loops amplifying the change and triggering changes in other subsystems. For example, forest loss, which reduces global carbon sinks increases global temperatures which may hasten arctic ice melt further increasing global temperatures. The Planetary Boundaries do not define such tipping points, but are intended as early warning signs for possible system-wide change that require a holistic, integrated response.

5. The risk that a deteriorating global environment is posing to the prospects for future economic growth and development is increasingly being recognized. In the World Economic Forum’s 2017 Global Risk report, environment-related risks feature among the top-ranked global risks. Specifically, four of the top-five perceived risks in terms of impact identified in this year’s Risk Report were environmental risks. Ten years ago, none of the top-5 risks were environment risks. Moreover, environmental risks are also seen to be closely interconnected with other risk categories. This indicates a strong belief that ineffective management of the global environment—the oceans, atmosphere, and climate system—can have local as well as global consequences. For example, changing weather patterns or water crises can trigger or exacerbate geopolitical and societal risks such as domestic or regional conflict and involuntary migration, particularly in geopolitically fragile areas.

Pressures on the Global Environment are set to Continue

6. Looking ahead, the Great Acceleration is set to continue, as the globe’s growing population pursue their legitimate aspirations for social and economic progress. From less than 4 billion in 1970 to just over 7.5 billion in 2016, the global population is projected to exceed 9 billion by 2050, with almost half of that growth in Africa. Feeding a growing global population can likely lead to increased conversion of natural landscapes to agricultural use, when croplands and pastures already occupy some 40% of the land surface of the planet.

7. The world economy and the global middle class will expand significantly. The world economy is projected to almost double in size in the next two decades and at the same time, the global middle class—those with a daily consumption between USD 10 and USD 100—is expected to grow by 5 billion people by 2050. This change will drive an increase in global consumption that could accelerate global environmental degradation, unless consumption is shifted toward more sustainably produced goods and services.

8. The extraordinary urbanization that has happened in the past 100 years is set to continue. In 1900, about 13% of the world’s population (about 220 million people) lived an urban existence, and only 12 cities worldwide had more than 1 million inhabitants. Today, more than half the world’s population live in cities, and about 1,000 cities worldwide have more than 1 million inhabitants, of which more than 30 are “mega-cities” with more than ten million inhabitants. By 2050, about 2/3 of the world’s population is expected to be living in cities. Urgent, transformational change in key economic systems is required.

The World Has Been Responding

9. The Agenda 2030 with the Sustainable Development Goals (SDGs) sets out ambitious targets for the world. In September 2015 all nation states that are members of the United Nations adopted the SDGs. Implicit in the landmark agreement is the recognition that social and economic development will not be achievable in the absence of a stable and healthy Earth System. That is, social and economic development aspirations are entirely dependent on us remaining within the safe operating space defined by the planetary boundaries.

Figure 4. The Global Environment—a Foundation for the SDGs



10. The historic climate agreement adopted in Paris in 2015 brings all countries together under a common global framework to reduce emissions and build resilience to climate impacts. The Paris Agreement, which was adopted at COP 21 in December 2015 and entered into force in November 2016 aims to keeping global temperature rise this century to below 2°C and aim for 1.5°C above pre-industrial levels. 99% of global GHG emissions are covered by the 190 countries that have submitted and iNDC. The Agreement also aims to increasing the ability to adapt to impacts of climate change, and making finance flows consistent with a low GHG emissions and climate-resilient pathway.

11. Other global landmark agreements focusing on the global environment have recently been concluded, underscoring the global momentum. These agreements include for example the Sendai Framework for Disaster Risk Reduction and the Kigali Amendment to the Montreal Protocol. In addition, the imminent entry-into-force of the Minamata Convention on Mercury represents another important development in the multilateral architecture supporting healthy Earth Systems.

12. The formal, multilateral processes are being underpinned by a number of multi-stakeholder initiatives launched in recent years focusing on delivering concrete progress in specific areas. In recent years, there has been a rapid proliferation of multi-stakeholder sustainability initiatives. Their emergence has been spurred by, for example, the strong presence of the private sector at Rio+20 in 2012, the 2014 Climate Summit convened by the UN Secretary

general, and the Lima-Paris Action Agenda that created momentum ahead of the 2015 Paris COP. These various initiatives—and the myriad of others established in recent years—offer areas for action, for exchange of ideas to accelerate progress, and for private-public collaboration. Their rapid proliferation in recent years—fueled by profound advances in digital processing power, technology capabilities and ubiquitous connectivity and communication—in recent years suggests that there is significant pent-up demand especially in the private sector for these types of collaborations, in which networked leadership offer the opportunity to help bring about new ways of thinking and long lasting transformational change in our key economic system.

13. The global energy system shows signs of having reached a tipping point for transformation. Market transformation has perhaps been most visible in the areas of renewable energy. 2015 was a record year for renewable energy. For the first time ever, in 2015 new installed renewable energy generation capacity, at 118GW, represented the majority (53.6%) of total new installed energy generation capacity. It is significant to recognize that non-OECD countries are leading the way. 2015 was the first year ever in which investments in renewable energy projects in developing countries (USD 156 billion) exceeded investments in developed countries (USD 130 billion). In part as a result of these trends, global, energy-related CO2 emissions have shown little or no growth over the last three years, despite global GDP has grown by more than 3 per cent per year—a possible first indication of the necessary decoupling of Earth system trends from socio-economic trends as the Great Acceleration continues.

14. The international landscape for environmental finance is evolving rapidly. Climate finance illustrates just how rapidly the landscape can shift: private investment in renewable energy grew by 26 per cent in 2014, reaching USD 243bn. Public climate financing from developed countries to developing countries represents a small share of global investment in climate change mitigation and adaptation, but it is also expected to grow, from USD 44 billion in 2014 to USD 67 billion in 2020. Of this, some 44% would be provided through multi-lateral channels. The Green Climate Fund (GCF) has already committed USD 1.5 billion in climate-related finance, and is expected to be an important channel for multi-lateral climate finance through 2020. In addition, privately-driven conservation finance is gradually emerging as an important source of funding for investments in conservation of ecosystem system services, compatible with generating financial rates of return. It is estimated that privately-sourced conservation finance could potentially help quadruple the current level of conservation finance of about USD 50 billion per year, although there remains significant work among a broad set of stakeholders to do to unlock these opportunities.

GEF-7 PROGRAMMING

The GEF’s Response to the Changing World

1. The GEF cannot afford to stand still. In the face of the scale and the urgency of the threats facing the planet, and the emerging opportunities to significantly accelerate and scale up its positive impacts, the GEF cannot afford to stand still. The GEF needs to seize opportunities to make a bigger difference. Going forward, the GEF must strategically focus its investments in areas where it can help catalyze the necessary change in key systems, and leverage multi-stakeholder coalitions in alignment with countries’ demand and commitment under the various multilateral environmental conventions for which the GEF serves as financial mechanism.

2. GEF can play a key role supporting the implementation of the SDGs. GEF’s mission is closely aligned with the Sustainable Development Goals. Specifically, goals number 13, 14, and 15—on climate action, life below water, and life on land—captures to a large extent the GEF’s core mission. The inclusion of these three goals among the SDGs reflects the view, as expressed in Agenda 2030 that “planet Earth and its ecosystems are our common home” and that “the survival of many societies, and of the biological support systems of the planet, is at risk”. The SDGs are highly inter-related, and through GEF’s investments aimed at transforming key economic systems, the GEF will help support the achievement of a number of other goals. For example, GEF investments in sustainable intensification of agriculture can contribute to achieving Goal 2 on No Hunger, our investments supporting the energy transformation can help achieve Goal 7 on access to energy, and GEF investments in sustainable commodity supply chains and circular economy could contribute to goal 8 on sustainable production and consumption.

3. The GEF has a unique mandate across multiple MEAs. The GEF has a formal mandate as a financing mechanism under CBD, UNCCD, UNFCCC, the Minamata Convention and the Stockholm Convention, and it supports countries with economies in transition in their implementation of the Montreal Protocol. GEF support has been critical in allowing parties to translate these agreements into national action, and in ensuring transparency of action through effective reporting from countries to conferences of the parties. While the GEF’s broad responsibilities under various MEAs may add complexity to the GEF’s work, these responsibilities are often mutually supportive, and makes the GEF uniquely placed to harness synergies across the different MEAs in line with a more holistic, systems approach. This is also in line with a growing body of recent GEF guidance coming from various MEA COPs requesting GEF to foster integration as well as promote synergies among actions and strategies, and with the GEF’s role supporting SDG planning and implementation as recognized in multiple conventions, reflecting the integrated and indivisible nature of the SDGs (Box 1.1).

Box 1.1. Rio Conventions Guidance to Promote Integration

At the **UNCBD’s** most recent COP 13, held in December 2016, the value of synergies among MEAs and for the SDG implementation was recognized. It was included in guidance to the GEF as follows: “The framework recognizes the opportunities for synergy, inherent in the unique institutional design of the Global Environment Facility, with related multilateral environmental agreements, as well as synergies with the implementation of the 2030 Agenda

for Sustainable Development and the Sustainable Development Goals, in particular Sustainable Development Goals 14 and 15.” The recent CBD COP guidance also includes firm support for developing integrated approaches and collaboration among national focal points of different MEAs: “...framework encourages integrated approaches to project design as well as global and regional projects, noting that regional approaches are indispensable for addressing certain elements of the biodiversity agenda...”. It encourages collaboration at the national level among national focal points of the Convention and its Protocols, of related environmental agreements, and of GEF, including through GEF-supported projects.”

In the **UNCCD**, COP parties have made key decisions that underscore the cross-cutting nature of the land and desertification agenda. For instance, the CCD COP adopted a new organizing principle of land degradation neutrality (LDN) in 2015. As the LDN concept encompasses trends in carbon stocks above and below ground, land productivity, and land cover, its adoption as the Convention organizing principle signaled the readiness of the Convention and Parties to address the land issue together with biodiversity and climate agenda. The last UNCCD COP 12 in Ankara also states: “Invites the GEF to continue its support for the implementation of the Convention under GEF-6 in the light of the 2030 Agenda for Sustainable Development, in particular target 15.3”. (Guidance from the ongoing UNCCD COP 13 is Ordos is not yet available). With COP guidance to support the national target setting exercise for the LDN, the GEF has been entrusted with additional mandates to support activities that facilitate synergy.

Finally, with the **UNFCCC’s** Paris Agreement going into effect, the UNFCCC COP in 2016 provided various guidance to the GEF to help countries towards implementation of action. Specifically, the GEF was encouraged to continue its efforts to facilitate countries to align their GEF programming with priorities as identified in their nationally determined contributions (NDC), which in the vast majority of countries include actions that cut across all three Rio Convention’s objectives. As well the COP decision includes the following language on synergies: “*Encourages* the Global Environment Facility to continue its efforts to encourage countries to align,, and to continue to promote synergies across its focal areas”.

4. GEF2020 and its emerging implementation experiences during GEF-6 provide a strong basis on which to move forward. GEF2020 places emphasis on the importance of the GEF to focus on addressing key drivers of environmental degradation. GEF-6 has produced a number of interventions, including the Integrated Approach Pilots, that proactively address the underlying drivers of global environmental degradation through committed multi-stakeholder coalitions. To overcome multiple barriers, in the context of increasingly complex environmental challenges, a variety of influencing models are being used, which are often working towards delivering results across multiple geographies, sectors and markets. At their core, these interventions seek to achieve market or behavioral transformations, and in many cases to integrate focal area and convention priorities into a broader set of policies, strategies, programs and actions.

5. Experiences from GEF-6—including from the IAPs—suggest strong country demand for GEF to offer platforms where countries can come together around common challenges, as we

have seen in the Integrated Approach Pilots. These platforms are now providing a variety of services from knowledge sharing, to lessons learned, to technology transfer to name a few. These platforms also bring together expertise both from within the network of participating countries and agencies, as well as from the wider community of practice in a specific technical area relevant for the program.

6. In GEF-7, programming should further emphasize tackling major drivers of environmental degradation to achieve systems change. This would require the GEF to adjust to evolving global context and emerging opportunities in several ways. GEF programming should:

- Become more selective, to focus GEF resources on areas where significant impact can be achieved.
- Mobilize and strengthen diverse coalitions of actors, especially to leverage the private sector.
- Respond more effectively to country priorities, as expressed in e.g. INDCs and NBSAPS, consistent with countries' commitments to MEAs.

Rationale for GEF-7 Programming Architecture

7. GEF's mission is to safeguard the global environment by supporting developing countries meet their commitments to multiple environmental conventions and by creating and enhancing partnerships at national, regional and global scales. The GEF is also an innovator and catalyst that supports multi-stakeholder alliances to preserve threatened ecosystems on land and in the oceans, build greener cities, boost food security and promote clean energy for a more prosperous, climate-resilient world.

8. The GEF-7 programming architecture aims at further advancing the GEF2020 vision that pursues greater impact per unit of investment by tackling the drivers of environmental degradation, promoting greater sectoral and thematic integration, and contributing to systems change in key areas that impact the GEF mission. Many of the most pressing and complex environmental problems that the GEF deals with today operate at regional and global scales, requiring multi-stakeholder collaboration (Bodin, 2017). According to Bodin's (2017)² recent seminal review in *Science*, "A growing amount of empirical evidence shows the effectiveness of actors engaged in different collaborative governance arrangements in addressing environmental problems", and suggest it is the "...only feasible option to address environmental problems at these scales."

9. It is increasingly recognized through scientific evidence, evolving convention guidance, trends in country-level programming, and GEF's own operational experience anchored on

² Bodin, O. (2017). Collaborative environmental governance: Achieving collective action in social-ecological systems. *Science* 357, 659 (2017). Örjan Bodin is a research scientist at the Stockholm Resilience Center where he develops theoretical model and conducts empirical studies of social-ecological systems as complex and intricate webs of interactions between, and among, different ecological and/or social components.

evaluative processes, that safeguarding the health of the global environment requires both responding to pressures and an expanding focus on addressing the drivers of environmental degradation. The latter calls for more integration across sectors and promotion of transformational change in key economic systems that continue to erode the health of the global environment. This is consistent and responds to STAP's guidance presented to the 50th Meeting of the GEF Council and to the 5th GEF Assembly recommending that (a) environmental degradation must be tackled in a more integrated and holistic way, (b) GEF investment be made coherence with sustainable development objectives, and (c) that the GEF should continue to be catalytic and innovative while actively seeking to effect permanent and transformational change.

10. This approach tends to result in more sustainability of the investments GEF provides and leads to broader adoption, as pointed out by evaluations conducted by the GEF IEO, for example in OPS5 where it notes that broader adoption manifests itself through different mechanisms, including "scaling-up, where GEF-supported initiatives are implemented at a larger geographical scale, often expanded to include new aspects or concerns that may be political, administrative, economic, or ecological in nature". OPS5 further mentions that market change, "[pertaining] to GEF-supported initiatives catalyzing market transformation by influencing the supply of and/or demand for goods and services that contribute to global environmental benefits" also promote broader adoption. Often, the scale of environmental variation and the scale of social organization in which the responsibility for management resides are often misaligned, making sectoral and fragmented investments inefficient (Cumming, 2006)³. Hence, the proposed route for GEF-7 resource programming should prove more cost-effective and longer-lasting.

11. GEF's early experience has already provided evidence that while there is a need to act with focused action in specific areas, such as the protection of biodiversity, integrated investments in land use and food system reforms are increasingly required if global environmental degradation is to be arrested (see text box for examples from past GEF grants).

12. The MEAs themselves are recognizing the need to promote more synergies between their respective objectives, particularly when it comes to action at the national level funded by the GEF and other financiers. For example, as pointed out by Akhtar-Schuster et al. (2017)⁴, UNCCD's land-based approach offers an appropriate anchor for blending relevant priority actions under the three Rio Conventions using the linkages that exists between land and biodiversity, and land and climate change, via an integrated framework of complementary rehabilitation, restoration and sustainable land management interventions.

13. With the growing realization by countries that integration was and greater impact were not only achievable but desirable, there has been a significant growth in the share of multi-focal area programming. During GEF-4, 13% of GEF funding was approved as multi-focal area projects.

³ Cumming, G. S., Cumming, D. H. M. and Redman, C. L. (2006). Scale Mismatches in Social-Ecological Systems: Causes, Consequences, and Solutions. *Ecology and Society* 11(1): 14

⁴ Akhtar-Schuster, A., Stringer, L. C., Erlewein, A., Metternicht, G., Minelli, S., Safriel, U., and Sommer, S. (2017). Unpacking the concept of land degradation neutrality and addressing its operation through the Rio Conventions. *Journal of Environmental Management* 195, 4-15.

This figure increased to 28% in GEF-5. In the current GEF-6 cycle, this reached 54% of the resources. Some early trends are encouraging. OPS6 finds that single-focal area projects consistently underperform multi-focal projects in terms of the diversity of global environmental and socio-economic outcomes achieved at completion. Furthermore, single-focal area projects consistently underperform multi-focal projects in terms of the diversity of global environmental and socio-economic outcomes achieved at completion.

14. But MFA projects are not an entirely effective solution to the fragmented way in which GEF funds have been allocated, as they face higher transaction costs associated with multiple tracking and reporting on focal area -specific indicators. Furthermore, in some instances MFA projects emerge less by aiming at multiple benefits and integration and more to enhance the overall financial package associated with the investment. Given this, IAPs have been proposed and are being implemented with the common objective to address global environmental issues more holistically. The IAPs aim to support activities in recipient countries that can help them generate global environmental benefits that correspond to more than one global environmental convention or GEF focal area, by tackling the underlying drivers of environmental degradation. More complex programs and sets of child projects will tend to offer more entries for development links due to multi-sectoral approach, multi-stakeholder engagements and platforms, and potential for delivering socio-economic co-benefits, along with enhancing the sustainability of the associated investments. Child projects in programs generally performed better than stand-alone projects on all rating dimensions, especially on execution quality, sustainability and M&E design. Child projects from programs have also improved in design and are now better linked to the overall program in terms of objectives, result based management and M&E.

15. The GEF-6 experience will be harnessed in GEF-7, where a set of carefully identified Impact Programs (IPs) and Focal Area Investments will contribute to transforming key economic systems while better promoting the delivery of MEA goals beyond a single convention. As such, the Impact Programs become integral components of Focal Area Strategies and reflect significant demand coming from countries as noted in their NDCs, NBSAPs and NAPs. The proposed investments closely reflect key objectives and guidance received from the relevant COPs, and investments in activities that can best be delivered as stand-alone Focal Area objectives. This “matrix” framework for GEF-7’s programming architecture will be complemented with innovative Frontier Investments that can help prepare the GEF countries for emerging challenges and respective responses in the near future (see Table 1.1 below).

16. While highlighting the advantages of programmatic approaches, including the early experience of the IAPs, OPS6 also points out for the need to carefully address issues of complexity that emerge from projects and programs that involve multiple partners and objectives. Complexity is a defining characteristic of modern governance and manifests itself at all levels and geographies and across sectors and associated policy spheres – including health, education and

the environment (Lubell, 2013)⁵. Because of the interdependencies described in this section, complexity must be considered and addressed in the design of interventions that seek integration, impact and systemic change.

17. All in all, the GEF-7 proposal is expected to deliver higher impact and more Global Environmental Benefits by helping with the transformation of key economic systems that are threatening the health of the planet, along with supporting GEF countries to address emerging issues arising from global trends. The GEF-7 programming architecture will thus build on the solid foundation provided by GEF-6 in order to fulfill GEF2020's vision that elevates the GEF to become a major champion of the global environment. The vision also reinforces GEF's role as a financial mechanism of several multilateral environmental agreements (MEAs), supporting transformational change, and achieving global environmental benefits on a larger scale.

⁵ Lubell, M. (2013). Governing Institutional Complexity: The Ecology of Games Framework. *The Policy Studies Journal*, 41: 3.

Table 1.1 Architecture of the GEF-7 Programming

	Biodiversity Focal Area	Climate Change Focal Area	Land Degradation Focal Area	International Waters Focal Area	Chemicals and Waste Focal Area
Programming Areas to be addressed through Focal Area Investments					
	<ul style="list-style-type: none"> Biodiversity mainstreaming Wildlife for sustainable development Natural capital Agrobiodiversity Inclusive conservation Invasive species Protected areas Preventing species extinction Biosafety ABS Enabling Activities 	<ul style="list-style-type: none"> CBIT Enabling Activities Technology Transfer NDC preparation and implementation Sustainable energy 	<ul style="list-style-type: none"> Creating Enabling Environments for LDN Enabling Activities LDN Target setting 	<ul style="list-style-type: none"> Strengthening Blue Economy Opportunities Improve Governance in ABNJs Enhancing Water Security in Freshwater Ecosystems 	<ul style="list-style-type: none"> Industrial Chemicals Agricultural Chemicals LDC/SIDS support Enabling Activities
Objectives to be addressed through Impact Programs aligned with convention priorities					
Food, Land Use, and Restoration Impact Program	<ul style="list-style-type: none"> Manage biodiversity in production landscapes Harnessing biodiversity for sustainable agriculture 	<ul style="list-style-type: none"> Land-based and value chain GHG mitigation (<i>sequestration and avoidance</i>) 	<ul style="list-style-type: none"> Sustainable land management Diversification of crop and livestock systems Restoration of degraded production landscapes 	<ul style="list-style-type: none"> Integrated land and water management Prevention of nutrient pollution 	<ul style="list-style-type: none"> Replacement of POPS and relevant HHP's used in the global food supply chain, including agricultural plastics contaminated by these chemicals with alternatives, preferably non-chemical alternatives. Disposal of obsolete agricultural chemicals that are POPs.
Sustainable Cities Impact Program	<ul style="list-style-type: none"> Integrating biodiversity and ecosystem values in urban planning 	<ul style="list-style-type: none"> Urban-related GHG emissions avoidance 	<ul style="list-style-type: none"> Sustainable management of production systems in urban and per-urban areas 	<ul style="list-style-type: none"> Decreased pollution of rivers, deltas and coastal areas Advance efficient water use and re-use 	<ul style="list-style-type: none"> Reduction of POPS, ODS, and Mercury in built infrastructure, industry and products and materials used in cities.
Sustainable Forest Management Impact Program	<ul style="list-style-type: none"> Protection of HCV forests Manage biodiversity in forest landscapes 	<ul style="list-style-type: none"> Protection of carbon-rich stocks Forest related GHG emissions avoidance 	<ul style="list-style-type: none"> Sustainable management of dryland landscapes 	<ul style="list-style-type: none"> Integrated land and water management 	<ul style="list-style-type: none"> In forests where ASGM that uses mercury occurs, reduction or elimination of mercury in these areas.

Biodiversity Focal Area Strategy

Global Context of Biodiversity

18. The Convention on Biological Diversity (CBD) defines biodiversity as “the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species, and of ecosystems.”

19. The Millennium Ecosystem Assessment (MA) and analyses produced by TEEB (The Economics of Ecosystems and Biodiversity) were among the first studies that demonstrated that biodiversity underpins the ecosystem goods and services that are required for the survival of human societies and for the future of all life on the planet.⁶ As such, biodiversity generates considerable socio-economic value through the provision of goods such as food, water, and materials, and services such as climate regulation, pollination, disaster protection, and nutrient cycling.

20. This changed way of looking at biodiversity as an “asset” that makes critical contributions to sustainable development has since influenced approaches to biodiversity conservation and sustainable use which are now reflected in the Strategic Plan for Biodiversity, 2011-2020, and the Aichi Biodiversity Targets as well as the GEF-6 biodiversity focal area strategy. This evolution in thinking was reaffirmed at the thirteenth meeting of the Conference of the Parties of the CBD (CBD/COP 13) with the adoption of the “Cancun Declaration on Mainstreaming the Conservation and Sustainable Use of Biodiversity for Well-being”, that recognizes that the management of this asset requires full engagement of all government ministries, and most critically, from the agriculture, fisheries, forestry, and tourism sectors.

21. Governments, civil society organizations, the private sector, indigenous peoples and local communities, and others have made some progress in conserving and sustainably using biodiversity and ecosystems at local and national levels, but not at the scale necessary to stem the ongoing tide of biodiversity loss. The Strategic Plan for Biodiversity, 2011-2020, and its associated Aichi Biodiversity Targets direct the global community’s response to reverse these trends, however, a recent analysis of national reports on progress against all 20 Aichi Targets demonstrates limited achievements to date.

22. The five main direct drivers of biodiversity loss are: habitat change (loss and degradation), overexploitation or unsustainable use, invasive alien species (particularly in island ecosystems),

⁶ Millennium Ecosystem Assessment 2005, *Ecosystems and Human Well-being: Synthesis*, Island Press, Washington DC; TEEB (2010) *The Economics of Ecosystems and Biodiversity: Mainstreaming the Economics of Nature: A synthesis of the approach, conclusions and recommendations of TEEB*.

climate change, and pollution⁷. These critical drivers of biodiversity loss are intensifying, particularly habitat loss driven by agriculture expansion.

23. Based on current assessments of biodiversity status and the magnitude of the pressures being exerted on biodiversity, and with 95% of countries not on track to achieve the Aichi Targets, one can only conclude that all stakeholders have to redouble their efforts, including finding new ways to increase financing for biodiversity conservation and sustainable use and applying new approaches at a commensurate scale to eliminate threats to biodiversity⁸.

CBD/COP 13 Guidance to the GEF

24. At the CBD/COP 13, Parties agreed a Four-year Framework of Program Priorities for the Seventh Replenishment Period (2018-2022) of the GEF Trust Fund (Decision CBD/COP/DEC/XIII/21). The Four-year Framework includes specific program priorities to be addressed by the GEF-7 biodiversity focal area investments and other associated GEF programming. The Decision also “*Encourages* the Global Environment Facility to continue and further strengthen integrated programming as a means to harness opportunities for synergy in implementing related multilateral environmental agreements as well as the 2030 Agenda for Sustainable Development and its Sustainable Development Goals, in particular Sustainable Development Goals 14 and 15.” The Four-year Framework thus points directly to the opportunities for synergy, inherent in the unique institutional design of the GEF, which serves as a financial mechanism for multiple multilateral environmental agreements.

25. The GEF-7 biodiversity focal area investments and associated programming strategies fully embody integrated approaches to achieve the biodiversity conservation and sustainable use outcomes of the Four-year framework. Implementation of the GEF-7 Four-year Framework is supported through the biodiversity focal area investments that also includes integrated actions through the Impact Program⁹ on Food Systems, Land Use and Restoration, Sustainable Cities, Sustainable Forest Management (SFM) and through the International Waters Focal Area Strategy (see Table 1.1).

26. Collectively, these investments seek to deliver impact at scale by addressing key underlying drivers of biodiversity loss as well as direct drivers/pressures while responding to the biodiversity mainstreaming agenda of COP 13 and the most challenging elements of the Strategic

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

⁸ <http://www.birdlife.org/campaign/national-commitments-fall-short-action-needed-safeguard-nature> Analysis conducted by RSPB, BirdLife, WWF, CI and TNC based on CBD data.

⁹ A series of additional “Frontier Innovation Investments” will be piloted in GEF-7 and may make complementary contributions to the GEF-7 Framework of Program Priorities, but these will be modest in scale given the trial nature of these activities and thus will not be assumed as major contributors to achieving the outcomes set forth at CBD COP 13.

Plan for Biodiversity, 2011-2020. As a whole, they provide the most comprehensive strategic response in GEF’s history to the five most prominent direct drivers/pressures of biodiversity loss.

GEF-7 Biodiversity Focal Area Investment and Associated Programming

27. The goal of the GEF-7 biodiversity focal area strategy is to maintain globally significant biodiversity in landscapes and seascapes. To achieve this goal, GEF investments will contribute to the following three objectives identified in the CBD COP 13 Guidance to the GEF:

- Mainstream biodiversity across sectors as well as within production landscapes and seascapes;
- Reduce direct drivers of biodiversity loss; and
- Strengthen biodiversity policy and institutional frameworks.

28. The Biodiversity Focal Area Investments, the Food Systems, Land Use, and Restoration Impact Program, the Sustainable Cities Impact Program, the Sustainable Forest Management Impact Program, and the International Waters Focal Area Investments will collectively contribute to achieving this goal and the three objectives as presented below in Table 1.2, which summarizes how the GEF-7 Biodiversity Focal Area Investments and associated programming respond to the Four-Year Framework of Program Priorities for GEF-7. (The results framework for the Focal Area Investments and Associated Programming is presented in Annex 2. Please also note that Annex 3 provides detailed programming options against the expected outcomes of the Four-year Framework of Program Priorities).

Table 1.2. CBD Guidance and Delivery Mechanism in GEF-7

CBD Guidance for GEF-7: Four Year Framework of Program Priorities	Delivery Mechanism
<p>I. Mainstream biodiversity across sectors as well as within production landscapes and seascapes</p> <p>A) Improve policies and decision-making, informed by biodiversity and ecosystem values</p> <p>B) Manage biodiversity in landscapes and seascapes</p> <p>C) Harness biodiversity for sustainable agriculture</p>	<p>Focal Area Investments</p> <p>Biodiversity Mainstreaming in Priority Sectors</p> <p>Wildlife for Sustainable Development</p> <p>Natural Capital Assessment and Accounting</p> <p>Sustainable Use of Plant and Animal Genetic Resources</p> <p>Inclusive Conservation</p> <p>Impact Programs</p> <p>Food systems, land use, and restoration Impact Program</p> <p>Sustainable Cities Impact Program</p> <p>Sustainable Forest Management Impact Program (Amazon, Dryland Forests, Congo Basin)</p>

	<p>Other Focal Areas</p> <p>International Waters/Sustainable Fisheries</p>
<p>II. Address direct drivers to protect habitats and species</p> <p>D) Prevent and control invasive alien species</p> <p>E) Reduce pressures on coral reefs and other vulnerable coastal and marine ecosystems</p> <p>F) Enhance the effectiveness of protected area systems</p> <p>G) Combat illegal and unsustainable use of species, with priority action on threatened species</p>	<p>Focal Area Investments</p> <p>Prevention, Control and Management of Invasive Alien Species (focus on islands)</p> <p>Improving Financial Sustainability, Effective Management, and Ecosystem Coverage of the Global Protected Area Estate</p> <p>Preventing the Extinction of Known Threatened Species</p> <p>Other Focal Areas</p> <p>International Waters/Sustainable Fisheries and Coastal and Marine Protected Areas</p>
<p>III. Further develop biodiversity policy and institutional framework</p> <p>H) Implement the Cartagena Protocol on Biosafety</p> <p>Implement the Nagoya Protocol on Access to Genetic Resources and Benefit-sharing</p> <p>J) Improve biodiversity policy, planning, and review</p>	<p>Focal Area Investments</p> <p>Implementing the Cartagena Protocol on Biosafety (CPB)</p> <p>Implementing the Nagoya Protocol on ABS</p> <p>Support for national reporting and NBSAP development</p> <p>Frontier Investment</p> <p>Integrated National Programming</p>

29. The GEF-7 Biodiversity Focal Area Strategy is presented below. In their entirety, the set of programming options included in the strategy respond directly to the GEF-7 Four-year Framework of Program Priorities as well as the Strategic Plan for Biodiversity, 2011-2020, particularly with regards to the increasingly important biodiversity mainstreaming agenda. Also, programming options include investments through Impact Programs capable of delivering more returns per unit of investment by seeking systemic responses to problems that emerge from more than one sector. They will make significant and synergistic contributions to the GEF-7 Four-year framework of program priorities *and* the associated expected outcomes as agreed at COP 13.

Objective 1. Mainstream biodiversity across sectors as well as within production landscapes and seascapes¹⁰

30. The GEF defines biodiversity mainstreaming as: “the process of embedding biodiversity considerations into policies, strategies and practices of key public and private actors that impact or rely on biodiversity, so that it is conserved and sustainably used both locally and globally.”

31. GEF-7 provides nine entry points for countries to mainstream biodiversity across sectors and within production landscapes and seascapes:

- Biodiversity Mainstreaming in Priority Sectors;
- Wildlife for Sustainable Development;
- Natural Capital Assessment and Accounting;
- Sustainable Use of Plant and Animal Genetic Resources;
- Inclusive Conservation;
- Food Systems, Land Use & Restoration Impact Program;
- Sustainable Cities Impact Program;
- Sustainable Forest Management Impact Program; and
- International Waters Focal Area/Fisheries.

Biodiversity Mainstreaming in Priority Sectors

32. GEF will continue to focus primarily on supporting the following suite of activities to advance biodiversity mainstreaming:

- Spatial and land-use planning to ensure that land and resource use is appropriately situated to maximize production without undermining or degrading biodiversity;
- Improving and changing production practices to be more biodiversity positive with a focus on sectors that have significant biodiversity impacts (agriculture, forestry, fisheries, tourism, extractive industries such as gas, oil, and mining) through technical capacity building and implementation of financial mechanisms (certification, payment for environmental services, biodiversity offsets etc.) that incentivize actors to change current practices that may be degrading biodiversity; and;
- Developing policy and regulatory frameworks that remove perverse subsidies and provide incentives for biodiversity-positive land and resource use that remains productive but that does not degrade biodiversity.

33. A review of GEF experience in supporting biodiversity mainstreaming identified investments in spatial and land use planning to be a critical first step that sets the stage for future

¹⁰ Please see Annex 3 which maps the various programming options available to countries against the priorities and outcomes of each objective as identified by CBD COP 13.

more comprehensive mainstreaming investments¹¹ in the production landscape and seascape. Linking the objective of sustaining protected areas and their conservation objectives with targeted investments in spatial and land use planning in the surrounding geographies will continue to be a key element of GEF's biodiversity mainstreaming strategy given the successes with this approach at various scales in a variety of implementation environments in the GEF portfolio.

34. Successful biodiversity mainstreaming initiatives in the GEF portfolio have often been a long-term process requiring multiple and complementary projects that span numerous GEF funding phases. In order for biodiversity mainstreaming to generate impacts at the scale necessary to advance progress in achieving the related Aichi Biodiversity Targets, a series of investments by GEF that are strategically nested within a larger-scale national planning and management framework is often required. Project proponents will be encouraged to take advantage of opportunities provided through the impact programs to mainstream biodiversity in the agriculture and forestry sectors. Countries may also submit proposals in the target sectors of forestry, fisheries and tourism, as well as extractives for gas, oil, and mining mainstreaming, that are aligned with the suite of activities identified above (spatial and land-use planning, improving and changing production practices, policy and regulatory frameworks).

Wildlife for Sustainable Development

35. As the illegal killing of wildlife is showing signals of a slight decrease in some regions of the world, the global community must find ways of turning the current and future increases in wildlife numbers and wildlife-based land uses into an engine for sustainable development. Indeed, a growing body of evidence shows that wildlife-based land uses (including eco-tourism), confer several ecological and socio-economic benefits compared to livestock farming in isolated semi-arid environments. Included in this benefit is the potential for improved representation of women and other marginalized groups in the decision-making and management systems of the community. In many of these areas, wildlife is now generating four times as much income as livestock, and sixteen times the wages.

36. There are a number of barriers for wildlife to become an engine of economic development in areas where the economy is dominated by food aid, grants and urban remittances. First, policy makers do not yet view wildlife economically. Second, transformation depends on reversing colonial wildlife policies so that much higher revenues return to the parks and the communities that co-exist with wildlife. Third, many of the world's protected areas require the basic conservation infrastructure, air or road access, the right to retain revenues, and investor friendly conditions to become a powerful economic driver. And lastly, the demand for wildlife products must be severely curtailed or eliminated so that reduced pressure on "take" can give way to practices that sustainably use wildlife for economic and social development.

¹¹ Biodiversity Mainstreaming in Practice: A Review of GEF Experience, 2016, Global Environment Facility, Washington DC.

37. The GEF will support the development or improvement of a wildlife based-economy in places where several key factors converge to enable wildlife to become the economic engine for sustainable development. These factors include: 1) Wildlife populations growing or stable; 2) Governments with the political will to build an economy on the suitable use of wildlife; 3) large conservation areas including Trans Frontier Conservation Areas (TFCAs); 4) Nature-based tourism operators willing to engage with authorities managing protected areas to generate economic benefits for conservation and local communities; and v) Local Communities living inside and/or outside of the protected areas and benefiting directly and indirectly from wildlife and protected area management.

38. African countries have significant social and economic reasons to embark on an initiative to use wildlife as the basis for sustainable development, since the model could easily render stable jobs for over 1 million people and generate over USD 10 billion¹². The GEF will address both the source and demand side of the wildlife issue. GEF investments will address issues at regional, national and local levels. At the regional level, the GEF will support strengthening regional commitments to large scale conservation in the South African Development Community countries. At the national level in wildlife rich countries, the GEF will support the development of policy frameworks to unlock the potential for self-financing Conservation areas (i.e. National Parks, Nature and Game Reserves, etc.) and viable wildlife-based Community Based Natural Resources Management (CBNRM). At the national scale in wildlife demand countries, the GEF will support policy frameworks and social campaigns that better regulate and inform about the sustainable value of wildlife. At the local level, the GEF will co-invest with Government and partners on two fronts: re-capitalization of large wildlife wilderness areas and building capacity to implement CBNRM, so that local communities benefit fully from wildlife conservation in and around protected areas (i.e. buffer zones, private lands, game management areas, etc.). For the selected target geographies, the GEF will support sustainable tourism investment and finance.

Natural Capital Assessment and Accounting

39. The Millennium Ecosystem Assessment and The Economics of Ecosystems and Biodiversity (TEEB) global initiative demonstrated that biodiversity underpins the ecosystem goods and services that are required for the survival of human societies and for the future of all life on the planet. Biodiversity generates considerable value through the provision of goods such as food, water, and materials, and services such as climate regulation, pollination, disaster protection, and nutrient cycling.¹³ Both of these efforts were significant intellectual steps to make the “value” of nature (however that value may be defined) more visible, accountable, and measurable. Other related efforts to provide frameworks and approaches for internalising environmental externalities into economic and development decision-making include the United Nations System of Environmental-Economic Accounting (SEEA), World Bank’s Wealth Accounting and Valuation of Ecosystem Services (WAVES) initiative, Inclusive Wealth Index:

¹² An extrapolation for the region based on data from the Department of Environment (DEA), South Africa.

¹³ Millennium Ecosystem Assessment 2005, *Ecosystems and Human Well-being: Synthesis*, Island Press, Washington DC; TEEB (2010) *The Economics of Ecosystems and Biodiversity: Mainstreaming the Economics of Nature*.

<http://inclusivewealthindex.org>, and the Natural Capital Coalition's Natural Capital Protocol. As part of this evolution of thinking about the value of nature to society and its essential contribution to sustainable development, the term "natural capital" was coined to define the *stock* of renewable and non-renewable resources, including biodiversity, (e.g. plants, animals, air, water, soils, and minerals) that combine to yield a *flow* of benefits (ecosystem goods and services) to people and society. Although a number of approaches are currently being used to identify, measure, and value natural capital, these exercises have too rarely influenced decision making and policy instruments to: 1) mitigate the drivers of natural capital degradation and biodiversity loss, or, 2) increase financing for management of natural capital and biodiversity.

40. GEF's support to natural capital assessment and accounting will be implemented amidst the backdrop of recent progress made with the SEEA and global standardized frameworks and tools for natural capital assessment for both private and public sectors.¹⁴ Natural capital "assessments" are spatial assessments of stocks of natural capital and/or delivery of ecosystem services, which are often accompanied by assessing change under different scenarios with decision-makers and stakeholders. Depending on methodologies applied, the data from such assessments can serve as an input to the construction of national accounts. Both natural capital assessments and accounts are required to advance policy dialogue and to aid in decision-making. They are interlinked and each have their own advantages and disadvantages.

41. When designed and implemented appropriately, natural capital assessments are focused on and have proven effective in informing decisions on specific plans, policies or policy and finance mechanisms. However, they are too often one-time exercises that are not mainstreamed and institutionalised, and are not yet significantly affecting important budgetary and policy decisions at national level. National natural capital accounts can in *principle* fill this gap from a public sector perspective, but it takes considerable time and data to populate national accounts. There is a risk that natural capital accounting leads to large collection of data, without a specific target decision or policy question in mind, nor is it always co-developed with specific decision-makers and stakeholders (and therefore less impactful).

42. GEF projects will aim to build the capacity of countries to identify, measure and value natural capital, including biodiversity, and integrate this value into decision making and policy instruments in order to: 1) mitigate or eliminate harmful incentives leading to the degradation of natural capital; and, 2) enhance financing for sustainable management of natural capital. GEF will exploit opportunities to work with countries already engaged in relevant initiatives such as World Bank/WAVES, UNDP/BIOFIN, the Natural Capital Project etc. Project interventions will undertake a three-phase process (Assessment and baseline diagnosis, Natural Capital Assessments and Accounting, and Institutional development and incorporating natural capital into policy and

¹⁴ UN-SEEA contains the internationally agreed standard concepts, definitions, classifications, accounting rules and tables for producing internationally comparable statistics on the environment and its relationship with the economy. The SEEA framework follows an accounting structure equivalent to the traditional System of National Accounts (SNA) and uses concepts, definitions and classifications consistent with the SNA in order to facilitate the integration of environmental and economic statistics. The Natural Capital Protocol and beta version of the Protocol toolkit provides guidelines to the private sector for NCAA for businesses.

planning). Through the Sustainable Cities Impact Program, the GEF will also promote opportunities for natural capital accounting in integrated urban planning, to enable cities to secure and harness important services from “nature’s infrastructure.”

43. While GEF projects will be aimed at building national capacity for countries to undertake natural capital assessments and accounting, the program will be implemented within a global context where businesses are increasingly recognizing that by including natural capital in their decisions, they can create greater value for themselves and protect the natural capital that they depend upon. For example, many organizations around the world are now using the Natural Capital Protocol as a standardized framework to help incorporate the assessment and valuation of natural capital in decision-making. The protocol was developed by the Natural Capital Coalition and now includes a supplement geared towards the finance sector that was developed by the Coalition, the Natural Capital Finance Alliance, along with other key stakeholders and experts. The implementation of natural capital assessment and accounting processes under this GEF-7 strategy will aim to facilitate a dialogue between the public and private sector at the national level in order to create greater certainty for the private sector with regards to their operations and investment plans vis-à-vis natural capital. In this way, private sector interests and investor requirements can provide added impetus to governments to use the information generated on natural capital in development planning and policy making while bringing needed durability to government-led approaches due to the long-term perspectives of business interests. In addition, natural capital assessment and accounting undertaken at national level will provide the opportunity to share best practice and information between the public and private sector and their approaches to natural capital accounting and valuation, and could, among other things, help streamline the process of using business statistics in the production of national statistics, reduce the reporting burden for businesses by aligning national business surveys with corporate reporting, and facilitate business reporting on contributions to the Sustainable Development Goals.

Sustainable Use of Plant and Animal Genetic Resources

44. The conservation and sustainable use of the genetic diversity of cultivated plants, domesticated animals, of their wild relatives and of other socio-economically and culturally valuable species, including aquatic, forest, microbial and invertebrate genetic resources, is central to achieving food security and nutrition of a growing world population, improving rural livelihoods, developing more sustainable agriculture practices, and improving ecosystem function and the provision of ecosystem services in production landscapes. As climates and production environments change, in often unpredictable ways, genetic diversity is also essential to providing the necessary adaptability and resilience.

45. Under this targeted investment, the GEF focus is three-fold. First, GEF will provide support to establish protection for Crop Wild Relatives (CWR) in-situ through CWR Reserves. Second, the GEF will support in-situ conservation, through farmer management, of plant genetic resources in Vavilov Centers of Diversity. This focus will complement the thematic and geographic focus of the “Sustainable Food Systems, Land Use, and Restoration Impact Program”. Third, the GEF will

also support conservation and sustainable use of animal genetic resources and actions to conserve the wild relatives of domesticated livestock, not solely focusing on breeds.

46. Locations for wild relatives of 14 major global food crops (finger millet, barley, sweet potato, cassava, banana/plantain, rice, pearl millet, garden pea, potato, sorghum, wheat, fava bean, cowpea and maize) have been mapped.¹⁵ These centers of crop genetic diversity are likely to contain other priority sites for other crop gene pools. GEF investment in CWR reserves would focus on these areas; however, support to managing priority CWR reserves mapped and identified at national level that complement global level assessments undertaken by FAO and others would also be eligible if the CWR in question were of global significance.¹⁶

47. GEF will also support in-situ conservation, through farmer management (focusing on Vavilov Centers of Diversity for plant genetic resources). This approach allows continuing evolution and adaptation of *cultivated plants* and *domesticated animals* and also meets the needs of rural communities, including indigenous peoples and local communities, especially women, who often depend on agricultural biodiversity for their livelihoods through its contribution to food security and nutrition, medicines, fodder, building materials and other provisioning services as well through support for ecosystem function. Women's participation will be particularly critical, given the primary role that women play in agrobiodiversity management. In-situ conservation in production landscapes helps improve sustainability and resilience.

48. Results from these investments may also generate important co-benefits for the International Treaty on Plant Genetic Resources for Food and Agriculture.

Inclusive Conservation

49. It is estimated that nearly a quarter of the Earth's surface and vast ocean areas are managed by indigenous peoples and these areas hold 80% of the Earth's biodiversity.¹⁷ An estimated 37.7 billion metric tons of carbon is contained in lands where indigenous peoples have full legal tenure.¹⁸

50. To date, indigenous peoples' efforts to maintain their territories have been critically important in providing global environmental benefits. Recent studies have shown that when the rights of indigenous peoples to their land and natural resources are honored, deforestation rates

¹⁵ Second State of the World's Plant Genetic Resources for Food and Agriculture. 2009 FAO, Rome.

¹⁶ A global approach to crop wild relative conservation: securing the gene pool for food and agriculture, 2010, Kew Bulletin, Vol. 65: 561-576. Maxted, Nigel et. al.

¹⁷ Sobrevila, C. 2008. The Role of Indigenous Peoples in Biodiversity Conservation: The Natural but Often Forgotten Partners. World Bank.

¹⁸ Stevens, C. et al. Securing Rights, Combating Climate Change: How Strengthening Community Forest Rights Mitigates Climate Change. WRI.

are lower than in government-managed areas and that local participation in conservation management can improve biodiversity outcomes.^{19,20}

51. Because of their role as stewards of the global environment, the GEF has sought to support indigenous peoples since the pilot phase. In recent Annual Monitoring Reports, about 17% of GEF full size and medium size projects have substantive indigenous peoples' engagement. The GEF's Small Grants Program (SGP) has historically provided about 15% of its grants to indigenous peoples' organizations, and the successes in these small projects show the potential impact of larger investments. While these modest successes are encouraging, effective participation of indigenous peoples in GEF projects remains a challenge due to several factors, including the lack of capacity among indigenous peoples' organizations.

52. Building on this foundation, GEF aims to work with indigenous peoples, national governments, NGOs, and others to conserve 25 million hectares and ensure that a half a Gigaton of carbon remain stored in forests, mangroves and wetlands, while increasing resilience to climate change and securing ecosystem services for an estimated target of 12.5 million people.

53. GEF projects will focus in geographies where indigenous peoples' territories are habitat to globally significant biodiversity, with important carbon stocks and that may be threatened by drivers of biodiversity loss, such as infrastructure development, mercury pollution, etc. GEF will support a diverse portfolio of projects vis-à-vis region, types of organizations, activities, and ecosystems.

54. GEF will actively coordinate with SGP, building on their long experience such as including helping direct investments in capacity building, scaling-up SGP initiatives, and potentially using SGP infrastructure as an implementation mechanism where relevant.

55. Project investments which also address objective two of the biodiversity strategy will focus on:

- Site-based conservation and sustainable financing of indigenous peoples-driven conservation; and
- Capacity development for indigenous peoples' organizations and integration of diverse knowledge systems to achieve conservation and sustainable natural resource management outcomes.

Food Systems, Land Use and Restoration Impact Program

56. Agricultural activity is imperilling 5,407 species — 62% of those which are listed by IUCN as threatened or near-threatened²¹. The Food Systems, Land Use and Restoration Impact

¹⁹ Forest carbon in Amazonia: the unrecognized contribution of indigenous territories and protected natural areas. Wayne Walker et al. Carbon Management Vol. 5 , Iss. 5-6, 2014.

²⁰ Social and Ecological Synergy: Local Rulemaking, Forest Livelihoods, and Biodiversity Conservation Lauren Persha et al. Science 331, 1606 (2011).

²¹ Maxwell et al. (2016). Biodiversity: The ravages of guns, nets and bulldozers. Nature, 2016.

Program aims to transform food value chains by supporting countries to meet their growing demand for higher productivity of crops and livestock, while at the same time avoiding the inherent risk of further expanding farmland at the expense of biodiversity and ecosystem services, erosion of crop and livestock genetic diversity, overexploitation of water resources, overuse of chemical fertilizers and pesticides, and inefficient practices that lead to GHG emissions, and food loss and waste.

57. Building on the the GEF-6 programs on commodities, food security, and restoration, this impact program will allow several entry points for countries to implement sustainable land use plans that can meet their multiple objectives of food production and sustainable natural resource management. Depending on the context and decisions guided by integrated land use planning, the Program may opt to support countries committed to better managing biodiversity in production landscapes and harnessing biodiversity for sustainable agriculture. Therefore, the IP will make a significant contribution to Outcome 5 of the Four-year Framework: *“Biodiversity supporting key agricultural ecosystems, such as through pollination, biological pest control, or genetic diversity, is conserved and managed, contributing to sustainable agricultural production.”*

Sustainable Cities Impact Program

58. Through the Sustainable Cities Impact Program, the GEF will also promote integration of biodiversity conservation priorities into urban planning, specifically to accommodate opportunities for safeguarding threatened wildlife species and habitats affected by urbanization. These actions will advance objective 1 to mainstream biodiversity across sectors and in productive landscapes.

Sustainable Forest Management (SFM) Impact Program

59. The global community recognizes the importance of forests for their role in sustaining biodiversity, their ability to provide a range of important environmental services and their potential to contribute to many countries’ sustainable development plans. The SFM Program will focus on fragile biomes of global importance for biodiversity and humanity, the Amazon, the Congo Basin, and forests and trees outside forests in drylands where transformative impacts and multiple environmental benefits can be achieved. The three geographies host globally important biodiversity, store large amounts of carbon, and provide livelihoods to forest dependent communities. Investments in the SFM IP in GEF-7 will advance the work under the Biodiversity Focal Area in supporting the protection of High Conservation Value (HCV) forests and managing biodiversity in forested landscapes at the ecosystem scale.

Strengthening Blue Economy Opportunities / Sustainable Fisheries through the International Waters Focal Area Strategy

60. GEF support will be directed to reduce stressors such as overfishing and land based pollution, and their impact on key coastal and marine ecosystems that are habitat to globally significant biodiversity. Specifically, with regards to biodiversity mainstreaming in fisheries, GEF will promote sustainable fishing practices and strengthen ecosystem governance both at national

and regional level to maintain productivity while sustaining biodiversity within fisheries. GEF-7 will build on, strengthen, and expand existing partnerships and address national and shared fisheries by supporting existing governance goals and targets established through Regional Fisheries Management Organizations (RFMOs), the 2009 Port State Measures Agreement and the FAO Voluntary Small-Scale Fisheries Guidelines. The IW strategy will therefore make a significant contribution to Outcome 7 of the Four-year Framework: Anthropogenic pressures on vulnerable coastal and marine ecosystems, including coral reefs, mangroves and seagrass beds, and associated ecosystems, including pollution, overfishing and destructive fishing, and unregulated coastal development, are reduced, thus contributing to ecosystem integrity and resilience.

Objective 2. Reduce direct drivers of biodiversity loss²²

61. GEF-7 provides three main entry points for countries to reduce direct drivers of biodiversity loss:

- Prevention, Control and Management of Invasive Alien Species.
- Improving Financial Sustainability, Effective Management, and Ecosystem Coverage of the Global Protected Area Estate.
- Preventing the Extinction of Known Threatened Species.
- International Waters Focal Area.

Prevention, Control and Management of Invasive Alien Species

62. Invasive alien species (IAS) are non-native organisms that cause, or have the potential to cause harm to the environment, economy and human health. The globalization of trade, travel, and transport is greatly increasing the rate at which IAS move around the world, as well as the diversity and number of species being moved.

63. IAS can exert a heavy economic toll on national governments, industries, and the private sector. For example, the estimated damage from invasive species worldwide totals more than USD 1.4 trillion or 5% of the global economy.²³ IAS can impact human health through disease epidemics, and pathogens and parasites may themselves be IAS or may be introduced by invasive vectors.

64. Islands are particularly susceptible to the impacts of IAS. Islands are recognized as having exceptionally high numbers of endemic species, with 15% of bird, reptile and plant species on only 3% of the world's land area. The conservation significance of islands is highlighted by global analyses showing that 67% of the centers of marine endemism and 70% of coral reef hotspots are centered on islands.

²² Please see Annex 3 which maps the various programming options available to countries against the priorities and outcomes of each objective as identified by CBD COP 13.

²³ Pimentel, D., McNair, S., Janecka, J., Wightman, J., Simmonds, C., O'Connell, C., Wong, E., Russel, L., Zern, J., Aquino, T. and Tsomondo, T. 2001. Economic and environmental threats of alien plant, animal, and microbe invasions. *Agriculture, Ecosystems and Environment* 84: 1-20.

65. The isolated nature of islands can also provide some advantages in efforts to minimize the spread and impact of IAS in a cost-efficient manner. Terrestrial and freshwater IAS have difficulty colonizing islands on their own accord. Furthermore, the contained nature and relatively small size of islands enables the implementation of cost-effective response measures to prevent introductions, and to control and manage IAS that become established. Therefore, during GEF-7 support will focus on island ecosystems. This focus is driven not only by programming demand, but by an ecological imperative: IAS are the primary cause of species extinctions on island ecosystems and if not controlled can degrade critical ecosystem services on islands such as the provision of water. The focus also responds to the opportunity offered by the stronger interest to advance IAS management on the part of island states and countries with island archipelagos, and the opportunity that island ecosystems provide to demonstrate success in addressing the problem of IAS. Such success may in turn generate greater attention and interest in the comprehensive pathways management approach being promoted through these investments.

66. GEF will support the implementation of comprehensive prevention, early detection, control and management frameworks that emphasize a risk management approach by focusing on the highest risk invasion pathways. Targeted eradication will be supported in specific circumstances where proven, low-cost, and effective eradication would result in the extermination of the IAS and the survival of globally significant species and/or ecosystems. While GEF will maintain a focus on island ecosystems and strongly engage with island states to advance this agenda, projects submitted by continental countries that address IAS management through the comprehensive pathways approach outlined above will also be supported.

Improving Financial Sustainability, Effective Management, and Ecosystem Coverage of the Global Protected Area Estate

67. GEF support to the establishment and management of protected area systems and associated buffer zones and biological corridors has arguably been GEF's greatest achievement during the last 25 years. Supporting the management of protected areas is not only a sound investment in biodiversity conservation and sustainable use, but also provides significant additional socio-economic and environmental benefits beyond the existence value of biodiversity.

68. GEF support aims to strengthen these three elements of a sustainable protected area system: 1) effective protection of ecologically viable and climate-resilient representative samples of the country's ecosystems and adequate coverage of threatened species at a sufficient scale to ensure their long term persistence; 2) sufficient and predictable financial resources available, including external funding, to support protected area management costs; and 3) sustained individual and institutional capacity to manage protected areas such that they achieve their conservation objectives.²⁴

²⁴A protected area system could include a national system, a sub-system of a national system, a municipal-level system, or a local level system or a combination of these.

69. GEF will continue to promote the participation and capacity building of indigenous peoples and local communities, especially women, in the design, implementation, and management of protected area projects through established frameworks such as indigenous and community conserved areas.²⁵ GEF will also promote protected area co-management between government and indigenous peoples and local communities where such management models are appropriate.

70. Developing climate-resilient protected area systems remains a challenge because the scientific understanding and technical basis for informed decision-making on adaptation or resiliency measures are in their nascent stages; despite this significant challenge, GEF will continue to support the development and integration of adaptation and resilience management measures as part of protected area management projects.

71. GEF has been investing in improving financial sustainability of protected area systems for the past decade, but system-wide funding gaps remain at the national level in many GEF-eligible countries that have received GEF support. Restricted government budgets in many countries have reduced the financial support for protected area management and many are chronically underfunded and understaffed. Thus, new financing strategies for protected area systems are critical to reduce existing funding gaps and improve management.

72. The GEF-7 strategy prioritizes the development and implementation of comprehensive, system-level financing solutions. Previous GEF projects have too often been focused on business plans and strategy development, with minimal project resources or time dedicated to actual implementation of the financing strategies. In addition, experience in the portfolio since has demonstrated the need for a long-term plan for reducing the funding gap for protected area management, thus, individual GEF projects must be part of a larger sustainable finance plan and context, and countries may require a sequence of GEF project support over a number of GEF phases to achieve financial sustainability.

73. GEF-supported interventions will use tools and revenue mechanisms that are responsive to specific country situations (e.g., conservation trust funds, systems of payments for environmental services, debt-for-nature swaps, economic valuation of protected area goods and services, access and benefit sharing agreements, etc.) and draw on accepted practices developed by GEF and others. GEF will also encourage national policy reform and incentives to engage the private sector (concessions, private reserves, etc.) and other stakeholders to improve protected area financial sustainability and management.

74. GEF support will contribute to the achievement of Aichi Target 11 to conserve 17% of terrestrial and inland water and 10% of coastal and marine areas. However, new protected areas established with GEF support must be globally significant, as defined by the Key Biodiversity Area (KBA) standard. The GEF will continue to support investments to increase the representation of globally significant terrestrial and inland water, and coastal and marine ecosystems in protected

²⁵ Indigenous and Community Conserved Areas are natural sites, resources and species' habitats conserved in voluntary and self-directed ways by indigenous peoples and local communities.

area systems per the KBA standard. GEF will support efforts to address the marine ecosystem coverage gap within national level systems through the creation and effective management of coastal and near shore protected area networks, including no-take zones, to conserve and sustainably use marine biodiversity.

Preventing the Extinction of Known Threatened Species

75. This biodiversity investment builds on experiences gained from GEF-6 support to species conservation and, in particular, the Global Partnership on Wildlife Conservation and Crime Prevention for Sustainable Development Program (GWP).

76. GEF investments have actively addressed many of the threats to species including habitat destruction and fragmentation, over-exploitation, climate change, and the introduction of invasive alien species. Nevertheless, additional efforts are required to prevent the extinction of the unprecedented number of species across the globe that have seen their numbers and distribution ranges reduced dramatically due to poaching and the illegal wildlife trade. In spite of the grave situation of many species, there are also countries and regions where wildlife is growing or stable, and in these circumstances, wildlife could serve as the basis for economic development through sustainable tourism that contributes to the national economy and the livelihoods of local communities.

77. Elephants and rhinos have received considerable global attention by the donor community, including GEF investments in GEF-6 through the GWP. Some progress has been made in reducing poaching, trafficking and demand of wildlife and wildlife products in certain countries and regions. However, even a reduced demand for wildlife can still have a devastating impact given that many species have become vulnerable due to reduced population sizes and shrinking of their natural habitats. This situation calls for continuing support to reduce poaching and curtail the illegal trade of wildlife and wildlife products along the entire value chain.

78. In addition to the extinction crisis facing elephants and rhinos, there are other mammals under severe pressure including cats (e.g. lions, tigers, and snow leopards), non-human primates (e.g. great apes, monkeys) and pangolins. In Asia, illicit trade in skins, bones and body parts is the largest current threat for the survival of wild tiger, snow leopard and other Asian big cat species. The population of wild tigers has declined from an estimated 100,000 in 1900 to less than 4,000 in 2016. Since 2007, all breeding tiger populations have disappeared from Cambodia, Laos and Viet Nam. For primates, current information shows that approximately 60% of species are now threatened with extinction and 75% have declining populations. Pangolins, an endangered scaly-skinned mammal highly sought after for meat and scales, are thought to be the world's most heavily trafficked mammal. For instance, nearly 20 tons of pangolin scales were seized from illegal shipments originating from Africa between 2013 and 2016. These scales represent the lives of as many as 39,000 pangolins. Other taxonomic groups that are equally or more significantly impacted by poaching and illegal trade and require urgent attention, include reptiles (e.g. freshwater turtles and tortoises), and birds (e.g. parrots, toucans, owls, hornbills, and birds of paradise). Marine species are also being severely poached including marine turtles (all seven threatened with two critically so: hawksbill, and Kemp's Ridley turtles), rays and a quarter of the

world's shark species. Turtles are slaughtered for their eggs, meat, skin and shells; rays for their gills; and sharks for their fins.

79. In countries where there is significant pressure on threatened wildlife species, GEF will help build the capacity in source-countries to reduce poaching inside and outside of protected areas. Support will include the development of strategic plans to combat illegal trade when governments commit to an adequate budget for implementation to help ensure the sustainability of these investments. The GEF will invest in a suite of activities in support of law enforcement and the judiciary to tackle the "chain of custody" of the illegally traded wildlife. Investments in these areas is crucial, as the poaching and trafficking of wildlife goes hand in hand with other illegal trafficking of threatened species, as has been well documented on the east coast of Africa with fine woods.

80. The GEF will be particularly sensitive to the needs of local communities as their livelihoods will be affected severely by the depletion of wildlife as a source of protein and cash when sold in the local markets. In demand-countries, raising awareness and other behavioural change approaches to reduce demand will be supported. The design of GEF projects will take into consideration the commitments of the participating countries with the legally binding "Convention on International Trade in Endangered Species of Wild Fauna and Flora" (CITES).

81. As noted above, in both the Amazon and the Congo Basin, GEF investments will increase conservation and protection of biodiversity through expansion of protected areas and more effective management of new and existing protected areas, including support to sustainable financing.

International Waters Focal Area Strategy

82. GEF support through the IW Focal Area Strategy will seek to reduce stressors such as overfishing, land based pollution, loss and damage of key coastal and marine ecosystems, including coral reefs, through a combination of national and regional investments that strengthen national blue economy opportunities. The Blue Economy concept identifies the oceans as areas for potential development where spatial planning integrates conservation, tourism, sustainable use, hydro carbon and mineral extraction, sustainable energy production and marine transport.

Objective 3. Strengthen biodiversity policy and institutional frameworks²⁶

83. The Biodiversity Focal Area Strategy for GEF-7 provides the four main entry points for countries to strengthen biodiversity policy and institutional frameworks:

- Implement the Cartagena Protocol on Biosafety.
- Implement the Nagoya Protocol on Access and Benefit Sharing.
- Improve Biodiversity Policy, Planning, and Review.

²⁶ Please see Annex 3 which maps the various programming options available to countries against the priorities and outcomes of each objective as identified by CBD COP 13.

- Integrated National Planning.

Implement the Cartagena Protocol on Biosafety

84. The Cartagena Protocol on Biosafety (CPB) seeks to ensure an adequate level of protection in the field of the safe transfer, handling, and use of living modified organisms resulting from modern biotechnology that may have adverse effects on biological diversity. While rooted in the precautionary approach, the CPB recognizes modern biotechnology as having great potential for the promotion of human well-being, particularly in meeting critical needs for food, agriculture, and health care. The Protocol sets the parameters to maximize the benefit that biotechnology has to offer, while minimizing the possible risks to the environment and to human health.

85. GEF's strategy to build capacity to implement the CPB prioritizes the implementation of activities that are identified in country stock-taking analyses and in the COP guidance to the GEF, in particular the key elements in the recently adopted framework and action plan for capacity building for effective implementation of the CPB at the sixth COP serving as the Meeting of the Parties to the CPB (COP-MOP 6) and the recently adopted Strategic Plan for Biosafety, 2011-2020 agreed at COP-MOP 6. By the end of GEF-6, as many as 64 countries will have received support for implementation of their National Biosafety Frameworks (NBFs); however, another 71 eligible countries have yet to request support to implement their NBFs. GEF-7 will provide the opportunity for these countries to seek support for these initial phases of basic capacity building.

86. The GEF will support the ratification of the protocol by the countries that have not done so, and also support the implementation of National Biosafety Frameworks in these remaining countries. Parties will be supported to implement the provisions of the protocol, including capacity-building related to risk assessment and risk management in the context of country-driven projects, and enhancing public awareness, education and participation concerning the safe transfer, handling and use of living modified organisms. GEF will provide support to eligible countries through regional or sub-regional cooperation projects such as those using regional and sub-regional networks to build capacity for the detection of living modified organisms, with a view to facilitating the sharing of experiences and lessons learned, and harnessing associated synergies. GEF experience has shown that these kinds of approaches are effective where stock-taking assessments support the potential for coordinating biosafety frameworks, interchange of regional expertise, and capacity building in common priority or focal areas to develop the capacities of groups of countries lacking competences in relevant fields.

87. The GEF will support thematic projects addressing some of the specific provisions of the Cartagena Protocol. These projects should be developed at the regional or sub-regional level and built on a common set of targets and opportunities to implement the protocol beyond the development and implementation of NBFs.

88. The GEF will also provide support for the ratification and implementation of the Nagoya-Kuala Lumpur Supplementary Protocol on Liability and Redress to the CPB.

Implement the Nagoya Protocol on Access and Benefit Sharing

89. The Nagoya Protocol on Access and Benefit Sharing (ABS) provides a legal framework for the effective implementation of the third objective of the Convention on Biodiversity (CBD). Ninety-two CBD parties have signed and 25 have ratified the Nagoya Protocol.²⁷ The Protocol entered into force on 12 October 2014.

90. The Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization provides a legal framework for the effective implementation of the third objective of the Convention on Biodiversity (CBD). The protocol was adopted by the Conference of the Parties to the Convention on Biological Diversity at its tenth meeting on 29 October 2010 in Nagoya, Japan, entered into force on 12 October 2014, and 100 parties have ratified the protocol to date.

91. The successful implementation of ABS at the national level has the potential to make considerable contributions to biodiversity conservation and sustainable use, and thus is relevant to successful implementation of the Strategic Plan for Biodiversity. As such, projects developed for funding under other GEF modalities will be encouraged to explore the potential and relevance of ABS to contribute to specific project and program objectives.

92. GEF will support national and regional implementation of the Nagoya Protocol and, if still required in specific countries, targeted capacity building to facilitate ratification of the Protocol. As such, the GEF will support the following core activities to comply with the provisions of the Nagoya Protocol:

- Stocktaking and assessment. GEF will support gap analysis of ABS provisions in existing policies, laws and regulations, stakeholder identification, user rights and intellectual property rights, and assess institutional capacity including research organizations.
- Development and implementation of a strategy and action plan for the implementation of ABS measures. (e.g. policy, legal, and regulatory frameworks governing ABS, National Focal Point, Competent National Authority, Institutional agreements, administrative procedures for Prior Informed Consent (PIC) and Mutually Agreed Terms (MAT), monitoring of use of genetic resources, compliance with legislation and cooperation on trans-boundary issues);
- Development (or revision) of national measures to implement and enforce the protocol (e.g. the legislative, administrative or policy measures on access and benefit-sharing); and
- Building capacity among stakeholders (including indigenous and local communities, especially women) to negotiate between providers and users of genetic resources. Countries may consider institutional capacity-building to carry

²⁷ The Nagoya Protocol was adopted by the Parties of the Convention of Biodiversity at the 11th meeting of the Parties on 29th October, 2010 in Nagoya, Japan and it entered into force on 12 October 2014.

out research and development to add value to their own genetic resources and traditional knowledge associated with genetic resources. The GEF will also support the participation in the ABS Clearing-House mechanism.

93. The GEF will also enhance national implementation of the Nagoya Protocol through regional collaboration. Regional collaboration would help build capacity of countries to add value to their own genetic resources and traditional knowledge associated with genetic resources and avoid duplication of regulatory mechanisms while encouraging intra-regional collaboration. Regional collaboration can also address the financial and human resource constraints faced by small or least developed countries through sharing regulatory and scientific resources.

94. In recognition of the importance of genetic resources for food and agriculture and in achieving food security worldwide, the GEF will consider projects for the mutually supportive implementation of the Nagoya Protocol and the International Treaty on Plant Genetic Resources for Food and Agriculture.

Improve Biodiversity Policy, Planning, and Review (Enabling Activities)

95. Enabling activity support will be provided to all GEF-eligible countries to revise their NBSAP, and/or to produce the National Report to the CBD as well as their national reporting obligations under the Cartagena Protocol and Nagoya Protocol that will be identified during upcoming COPs and COP-MOPs with submission dates to the CBD during the GEF-7 period.

Integrated National Programming

96. The Frontier Investment on Integrated National MEA-SDG Planning aims to enhance coordinated planning and implementation of the recent global environmental agreements for which the GEF serves as a/the financial mechanism and the 2030 Agenda for Sustainable Development. Interested countries, upon request, will receive support to establish and utilize a coordinated planning and implementation framework for the MEAs and relevant SDGs at the national level.

Climate Change Focal Area Strategy

Global Context of Climate Change

97. Climate change continues to present a growing and significant global challenge to humanity and the biosphere in the 21st century. The 2015 update of the Planetary Boundaries analysis named climate change as one of the four planetary boundaries that have been crossed as a result of human activity.

98. The Paris Agreement, which was adopted at COP 21 in December 2015 and entered into force in November 2016,²⁸ aims “to strengthen the global response to the threat of climate change in the context of sustainable development and efforts to eradicate poverty” by keeping global temperature rise this century to below 2°C and aim for 1.5°C above pre-industrial levels, increasing the ability to adapt to impacts of climate change, and making finance flows consistent with a low GHG emissions and climate-resilient pathway.²⁹

99. With entry into force of the universal Paris Agreement, the global community has entered a new era of climate action with an emphasis on implementation in all countries with transparency. Action from both, developed and developing countries, is needed to meet these ambitious goals: currently developing countries produce over 60% of total global GHG emissions, although historically developed countries are responsible for more than 80% of emissions.

100. All Parties are to put forward nationally determined contributions (NDCs) reflecting the principle of common but differentiated responsibilities and respective capabilities. Every five years, a global stock take will assess the collective progress towards the goals of the Agreement and inform the preparation of future NDCs. Further, appropriate financial flows, a new technology framework and an enhanced capacity building framework will be put in place to support action by developing countries and the most vulnerable countries. The Agreement also provides for enhanced transparency of action and support through a more robust transparency framework.

101. Implementation of the Paris Agreement is crucial for the achievement of the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). Adverse impacts from climate change can undo the progress made in development and exacerbate threats such as food and water scarcity, disproportionately burdening the poorest and most vulnerable. Beyond SDG 13: Climate Action, a transformation to low-emission, climate-resilient pathways can contribute to achieving and preserving the other SDGs such as SDG 2: Zero Hunger, SDG 7: Affordable and Clean Energy, SDG 9: Industry, Innovation and Infrastructure, SDG 11: Sustainable Cities and Communities, SDG 12: Responsible Consumption and Production, SDG 14: Life Below Water and SDG 15: Life on Land.

²⁸ As of February 2017, 132 of the 197 Parties to the Convention Parties have ratified the Paris Agreement.

²⁹ "Paris Agreement". United Nations Treaty Collection. 8 July 2016.

Conference of the Parties (COP) Guidance to the GEF

102. The GEF-7 period (2018 to 2022) coincides with a key phase in the implementation of the Paris Agreement. Article 9 of the Paris Agreement confirmed that as an operating entity of the Financial Mechanism of the Convention, the GEF would serve as financial mechanism of the Agreement. Further, Article 13 establishes an enhanced transparency framework for action and support. The COP decision adopting the Paris Agreement urged and requested the GEF to make arrangements to support the establishment and operation of a Capacity-building Initiative for Transparency (CBIT), including through voluntary contributions to support developing countries during GEF-6 and future replenishment cycles.

103. The GEF-7 framework is structured to address these seminal COP decisions for the Paris Agreement, and to further support climate action in developing countries in line with the GEF's role as an operating entity of the financial mechanism of the UNFCCC. The framework is aligned with GEF's comparative advantage to foster innovative project designs; proven track record of support for technology transfer; and ability to attract private sector co-financing.

104. The most recent UNFCCC COP guidance to the GEF was provided at COP 22 in Marrakesh, Morocco in 2016. The COP called upon Parties to ensure a robust seventh replenishment taking into consideration the Paris Agreement. Guidance encouraged alignment of GEF-7 programming with priorities identified in countries' NDCs and to support transfer of low carbon technologies. It requested the GEF to provide enhanced support, including enabling activities in the context of national climate strategies and plans, and to continue to assist, in particular, the least developed countries (LDCs) and small island developing states (SIDS) in efficiently accessing resources. The COP further welcomed the establishment of the CBIT Trust Fund and the decision to integrate it in the seventh replenishment to complement existing support under the GEF. The GEF was also encouraged to continue alignment of GEF programming with priorities identified in countries' NDCs, where they exist, and to continue to promote synergies across focal areas.

105. In addition, the COP encouraged the GEF to further expand the use of non-grant instruments and requested the GEF to take into consideration climate risks in all its programs and operations. On capacity building, the GEF was requested to continue to support activities related to the implementation of Article 6 of the Convention. On technology transfer, the GEF was encouraged to continue enhancing collaboration with the Climate Technology Centre and Network (CTCN), and to strengthen linkages between the Technology Mechanism and the Financial Mechanism.

106. In light of the Paris Agreement, the SDGs, and consistent with COP guidance, GEF-7 will build on its unique capacity to integrate multi-focal area priorities across the MEAs to deliver greater global environmental benefits and on the GEF's proven track record to support technology transfer; pilot and demonstrate innovative business models and technologies; and catalyze climate finance.

GEF-7 Climate Change Focal Area Investments and Associated Programming

107. The establishment and operationalization of the Green Climate Fund (GCF) has added to the evolving context in which the GEF operates. The GEF-7 Climate Change Focal Area Strategy is specifically designed to complement GCF programming, based on GEF's unique role in the global environmental finance architecture, namely by 1) harnessing synergies across the different focal areas in line with an integrated approach in generating multiple benefits; and 2) building on GEF's long-standing track record in driving innovation and funding demonstration and pilot activities that are too early in the market adoption chain to be within the reach of other providers of environmental finance, to lay the foundation for enhanced climate action.

108. Building on the GEF-6 focal area strategy and in response to UNFCCC COP guidance, the GEF-7 Climate Change Mitigation strategy aims to support developing countries to make transformational shifts towards low emission and climate resilient development pathways. To achieve this goal, the strategy continues to emphasize three fundamental objectives:

- Promote innovation and technology transfer for sustainable energy breakthroughs;
- Demonstrate mitigation options with systemic impacts; and
- Foster enabling conditions for mainstreaming mitigation concerns into sustainable development strategies.

109. In GEF-7 these objectives will be addressed through country driven investments in the focal area and specific impact programs.

110. The transfer of environmentally sound technologies is embedded in the fabric of the UNFCCC. It is enshrined in Article 4.5 of the Convention as one of the key means to reduce, or slow the growth in GHG emissions, and to stabilize their concentrations. This definition recognizes that technology and innovation help create or expand markets for products and services, generating jobs and supporting economic growth. Supportive policies and strategies are fundamental to catalyze innovation and technology transfer for mitigation. Resources from the GEF play a key role in piloting emerging innovative solutions, including technologies, management practices, supportive policies and strategies, and financial tools.

111. The GEF-7 Climate Change Mitigation Strategy does not prioritize direct support for large-scale deployment and diffusion of mitigation options with GEF financing only. Rather, GEF-7 resources are utilized to reduce risks and address barriers, so that the results can facilitate additional investments and support by other international financing institutions, private sector, and/or domestic sources. The GEF support will focus on testing and demonstrating innovative mechanisms or technologies that are complementary to efforts of other financial mechanisms, such as the GCF, to replicate and scale up in a timely manner.

112. The GEF has a proven track record of establishing enabling conditions through policy and regulatory reform, and fostering innovative and risk-taking opportunities to promote climate change mitigation. Many of the GEF's prior investments provided support for a new technology

or business model that was on the cusp of maturity, which enabled them to become competitive in the marketplace and foster widespread adoption.

113. The GEF continues to address the need for enabling conditions to mainstream climate change concerns into the national planning and development agenda through its support for enabling activities, including Convention obligations and the Capacity-building Initiative for Transparency through sound data, analysis, and policy frameworks.

114. As in prior GEF cycles, under the GEF-7 Climate Change Mitigation Strategy countries will have access to support for Convention obligations from set-asides that do not draw on country allocations. Country allocations will be available to deliver on the key climate change mitigation priorities of technology transfer, systemic impacts, and other enabling activities. Projects will be required to demonstrate alignment to national priorities including in national climate strategies and plans, NDCs, Technology Needs Assessments, National Communications, and Biennial Update Reports.

115. Specific descriptions for the focal area objectives are provided below, including eligible activities and specific entry points within the focal area or in relevant impact programs.

Objective 1. Promote innovation and technology transfer for sustainable energy breakthroughs.

116. This focal area objective supports innovation and technology transfer at key early and middle stages of development, focusing on the demonstration and early deployment of innovative technologies to deliver sustainable energy solutions that control, reduce or prevent GHG emissions.

117. This objective will be delivered directly through four entry points:

- De-centralized power with energy storage;
- Electric drive technologies and electric mobility;
- Accelerating energy efficiency adoption; and
- Cleantech innovation.

118. Energy related carbon emissions are the major driver of climate change; therefore, transformation of energy systems is vital to achieving the Paris Agreement and the SDGs. The rapid decline in costs of low-carbon energy technologies has provided an opportunity for rapid growth in sustainable energy supply. However, the speed and scale of sustainable energy investment in developing countries is far from what it is needed to address climate change and attain the SDGs. Energy demand in many developing countries is expected to continue to rise rapidly driven by economic and population growth. GEF investments in this area will promote equal benefits to men and women of increased energy access as well as encouraging women to become energy entrepreneurs by building women's capacity to be an integral part of sustainable energy solutions in their communities.

119. To transform our energy systems at the pace and scale needed, we must ensure that the rapidly growing supply of low-carbon energy is connected to consumers in the most efficient and cost-effective manner. This means we must foster broad sectoral interventions and innovative business models that go beyond business as usual. Countries also need support for innovation, technology uptake, and private sector investment. In addition to country projects, focused interventions may be delivered through programmatic approaches or regional projects.

De-centralized power with energy storage

120. Grid modernization and integration of energy storage are critically needed to facilitate the rapid growth of renewable energy in a cost-effective manner. In numerous developing countries, the rapid growth of renewable energy, and rapid changes due to climate change, are severely impacting the ability of the utility grid to provide reliable low-carbon electricity. Just as importantly, de-centralized generation is challenging traditional utility models, creating opportunities and challenges for rapid growth of low-carbon energy. Energy storage technology has emerged as a new disruptor, changing market dynamics with rapidly improving technology capacity and declining costs, but the technology is not yet reaching many countries. The GEF will support countries that have identified power sector transformation through mini-grids, energy storage, and new business models.

Electric drive technologies and electric mobility

121. The GEF support for low-carbon transport options has covered the full spectrum of investments from alternative fuel vehicles and fuel efficient vehicles to bus-rapid-transit and bicycle sharing. Based on technology advances and market trends, the electric vehicle market is already growing rapidly and is poised to radically change the need for fossil-fuels in the transport sector. Coupled with new, low-carbon sources of renewable energy, electric vehicles are both efficient, low-carbon, and can facilitate grid reliability. Many countries also see the burgeoning market for electric drive technologies as a jobs creator through new opportunities in manufacturing, infrastructure, and services. Electric drive technologies significantly reduce local air pollution. Still, barriers to adoption of electric mobility are significant and true commercial scaling has not yet been achieved. The GEF will support countries seeking to foster appropriate regulatory frameworks, plan for disruptive market changes, and foster integration of electric vehicles into the grid.

Accelerating energy efficiency adoption

122. Despite the availability of energy efficiency technology and proven approaches, non-market barriers to energy efficiency still impede its full potential. Building on a successful GEF-6 partnership with SEforAll, in GEF-7 additional countries will be supported through the energy efficiency accelerators. Private sector engagement will also be expanded. The accelerators share common approaches across diverse sub-sectors, including Buildings, District Heating and Cooling, Energy Management for Industry, Equipment and Appliances. The accelerators promote global best practices, foster harmonization of testing standards and performance standards, and provide technical assistance to countries needing targeted engagement. A new accelerator for

addressing the need of energy efficiency retrofits in multi-family dwellings will be considered. Accelerator models based on the Finance and Technology Transfer Centre for Climate Change (FINTECC) model may be considered.

Cleantech Innovation

123. The GEF will support countries that wish to foster technology transfer through entrepreneurship and with a special emphasis on SMEs. In GEF-6, eight countries participated in the GEF Global Cleantech Innovation Programme (GCIP) promoting innovation in energy, water, and buildings. Over 600 companies have been trained, mentored, and introduced to funding opportunities (this will rise to 900 companies by end of 2017). Hundreds of the innovators and companies are women-owned and operated. In many cases those companies are already up and running, attracting investment, making innovative products, and delivering environmental benefits. A small sample of just ten companies has raised USD 22 million in investment and created over 300 jobs while delivering 600,000 tCO₂e benefits. Through fostering of innovation and training a new generation of entrepreneurs, countries will be able to accelerate technology transfer, support small and medium enterprises, and create jobs.

Objective 2. Demonstrate mitigation options with systemic impacts

124. Climate change affects virtually all natural and economic systems. This interaction between climate change and biodiversity, land degradation, forests, chemicals and waste, and international waters points to the importance of recognizing climate change implications in all GEF-7 focal areas and impact programs by harnessing mitigation options to address them and integrating climate resilience measures to address climate change risks. The GEF has the unique ability to support natural solutions developed with systems thinking that take advantage of synergies to seek multiple global environmental benefits across Conventions while reducing trade-offs and duplication.

125. Accordingly, demonstrating mitigation options with systemic impacts can achieve additional benefits when conducted in holistic and integrated fashion through the GEF-7 impact programs; specifically, the Sustainable Cities, Food Systems, Land and Restoration, and Sustainable Forest Management Impact Programs.

Sustainable Cities Impact Program

126. The Sustainable Cities Impact Program will be critical to address both short-term and long-term climate change challenges in the rapidly growing urban sector. The Sustainable Cities Impact Program targets urban interventions with significant climate change mitigation potential to help cities shift towards low-emission and resilient urban development in an integrated manner. Cities must be empowered to effectively support the implementation of NDCs and low-carbon development pathways. Examples of low-carbon technologies and practices needed in the urban sector include energy efficiency (buildings, lighting, air conditioning, transport, district heating systems), renewable energy development (solar, wind, co-generation, waste-to-energy), and

solid waste and wastewater management. Stronger land-use and transport planning will lead to long-term emissions reduction in the urban sector and “lock-in” resilient development.

Food Systems, Land Use and Restoration Impact Program

127. The Food Systems, Land Use and Restoration Impact Program provides the opportunity for an integrated approach to foster climate smart agriculture and sustainable land management while also increasing the prospects for food security for smallholders and communities that are dependent on farming for their livelihoods. Restoring agricultural productivity while also reducing GHG emissions is key for countries to jointly meet their NDCs and SDG goals. This Impact Program will also foster a sustainable supply chain with regard to production, processing, and demand for key agricultural commodities that is vital to long-term emissions reductions from agriculture through avoided deforestation of tropical forests. In addition, the Impact Program will also support measures that increase carbon storage in farmlands, and may include reduced tillage, integrated crop-livestock, agroforestry and other innovative soil quality improving techniques that clearly target sustainable and scalable GHG emissions reductions.

Sustainable Forest Management Impact Program

128. The GEF’s historic SFM investments have already demonstrated the significant climate change benefits available through integrated approaches on forests. In GEF-7, the Sustainable Forest Management Impact Program will foster low-carbon strategies in the Amazon, the Congo Basin, and dryland forests. Taken together, these three biomes are critical to halting the release of GHG emissions through avoided deforestation and by enhancing carbon stocks above and below ground. The GEF’s commitment to addressing climate change through this Impact Program is aligned with NDCs of countries that have identified forest and land-based emissions as a large proportion of their national GHG emissions.

Objective 3. Foster enabling conditions for mainstreaming mitigation concerns into sustainable development strategies

129. This focal area objective addresses the need for enabling conditions to mainstream climate change concerns into the national planning and development agenda, through sound data, analysis, and policy frameworks. Convention obligations, considered as foundational blocks of GEF interventions, are also eligible under this objective. This objective will be delivered directly through focal area projects and enabling activities, with the following entry points:

- Capacity-building initiative for transparency;
- NDC preparation and enhancement; and
- Enabling activities.

Capacity-building Initiative for Transparency

130. The Capacity-building Initiative for Transparency (CBIT) launched in GEF-6 will be mainstreamed in the GEF-7 Climate Change Mitigation focal area to support projects that enhance the transparency for action and support in light of the Paris Agreement and countries' NDCs and adaptation actions. The CBIT, as per paragraph 85 of the COP decision adopting the Paris Agreement, will aim:

- To strengthen national institutions for transparency-related activities in line with national priorities;
- To provide relevant tools, training and assistance for meeting the provisions stipulated in Article 13 of the Agreement;
- To assist in the improvement of transparency over time.

131. The Paris Agreement in Article 13 establishes an enhanced transparency framework for action and support, with built-in flexibility which takes into account Parties' different capacities and builds upon collective experience.

132. The purpose of the framework for transparency of actions is to provide a clear understanding of climate change action in light of the objective of the Convention as set out in its Article 2, including clarity and tracking of progress towards achieving Parties' individual nationally determined contributions, and Parties' adaptation actions, including good practices, priorities, needs and gaps, to inform the global stocktake under Article 14 of the Paris Agreement. Specifically, each Party is required to provide the following information:

- A national inventory report of anthropogenic emissions by sources and removals by sinks of greenhouse gases, prepared using good practice methodologies accepted by the Intergovernmental Panel on Climate Change and agreed upon by the Conference of the Parties servicing as the meeting of the Parties to the Paris Agreement;
- Information necessary to track progress made in implementing and achieving its nationally determined contribution under Article 4.
- The Paris Agreement also states that countries should provide information on climate change impacts and adaptation under Article 7 of the Agreement.

133. The purpose of the framework for transparency of support is to provide clarity on support provided and received by relevant individual Parties, and, to the extent possible, to provide a full overview of aggregate financial support provided, to inform the global stocktake.

134. Developed country Parties shall, and other Parties that provide support should, provide information on financial, technology transfer, and capacity-building support provided to developing country Parties under Articles 9, 10, and 11 of the Agreement, and developing country Parties should provide information on financial, technology transfer, and capacity building support needed and received under these Articles.

135. The CBIT will support activities aligned with its aim at the national and regional/global levels.³⁰

NDC preparation and enhancement

136. Given the timing of GEF-7, countries will have the opportunity to update their NDCs with enhanced ambition after the facilitative dialogue of 2018 provides an assessment of collective progress towards the goals of the Paris Agreement. The GEF will continue to support Parties in the preparation and communication of their NDCs, following COP guidance. Countries may use country allocations for these activities. In addition, collaboration with ongoing global programs that support NDC implementation will continue to be supported through the CBIT.

Enabling Activities

137. The GEF will continue to provide resources to non-Annex I countries to prepare National Communications (NCs) and Biennial Update Reports (BURs) to comply with Convention obligations. The GEF may also support actions and activities to sustainably develop and enhance the capacity of countries to prepare their NCs and BURs through for example a Global Support Program that provides logistical and technical support, capacity building, and knowledge management activities, with a view to facilitating the timely preparation and submission of NCs and BURs. In addition, interested countries may also take part in the Frontier Investment on integrated national planning for MEAs and SDGs. Countries will have access to set-aside resources for these activities. Support for technology needs assessments (TNA) will also be made eligible for small island developing states and least developed countries for this objective.

³⁰ For a non-exhaustive list of eligible activities please refer to the CBIT Programming Directions Document

Land Degradation Focal Area Strategy

Global Context of Land Degradation

138. The world population is projected to increase by about 2.5 billion people to 9.7 billion in 2050 (+35%) with rising demands for agricultural produce including food, feed, fiber, and fuel.

139. About 2 billion ha, or 25% of the total global land area has been affected by land degradation. Each year, an estimated 24 billion tons of fertile soil are lost globally. Agricultural GHG emissions – excluding the effects of agriculture on land-use change – make up an estimated 13% of total global emissions. In the drylands, 12 million ha of land are being degraded by desertification annually.

140. Globally, 1.5 billion people are affected by land degradation, especially rural communities, smallholder farmers, and the very poor. 70% of the world's poorest people live in rural areas and depend on agriculture for their livelihoods. Land and forest degradation processes threaten the livelihoods, well-being, food, water and energy security and increase vulnerability of millions of people, and in many cases cause migration and serious social unrest.

141. Dryland forests cover approximately 40% of the world's land area and support two billion people, 90% of whom live in developing countries where women and children are most vulnerable to the impacts of land degradation and drought. Dryland forests often face governance challenges such as low human resource capacity (e.g. low education attainment), low investment of public resources, weak penetration of government services, and insecure land tenure and resource rights.

142. Pressure on the global land resource is increasing due to the following factors: 1) growing demand for food and agricultural commodities in terms of both quantity and quality for an expanding and more affluent world population; 2) competition for productive land for biofuel, urban expansion and other non-productive uses; 3) decrease or lack of growth in productivity due to decline in soil health indicated by lower nutrient status and organic matter, and other degradation processes; 4) weakened resilience of agricultural production systems on account of depleted biodiversity and the associated ecosystem services; and 5) natural factors such as climate variability and extreme weather events. Climate change exacerbates variations in yields and income from agriculture, threatening the resilience of agro-ecosystems and stability of food production systems.

143. Gender roles have impacts on both farming and livelihood systems, but the contribution of women smallholder farmers often goes unrecognized. Women farmers often have less access to land, decision making processes, labor, credit, information, technology, and extension. Therefore, the GEF-7 LDFA strategy will mainstream gender by including 1) practical gender needs – improving the conditions of women through access to resources, services and

opportunities, and 2) strategic gender interests – empowering women to take decisions and be better represented in various decision making bodies.

144. GEF’s mandate to invest in global environmental benefits from production landscapes relates directly to its role as a financial mechanism of the UNCCD. The Land Degradation focal area provides the opportunity for eligible countries to utilize GEF resources for implementing the Convention and its forthcoming new long-term strategy (2018-2030).

145. Land Degradation Neutrality (LDN) is the overarching concept of the UNCCD, defined as “a state whereby the amount and quality of land resources necessary to support ecosystem function and services and enhance food security remain stable or increase within specified temporal and spatial scales and ecosystems”. Unlike past approaches, LDN creates a measurable target for sustainable land management, promoting a dual approach of measures to avoid or reduce degradation of land combined with measures to reverse past degradation. The minimum objective is that losses are balanced by gains so that a position of no net loss of healthy and productive land is achieved (see UNCCD Science-Policy Brief 02, Sept. 2016, “Land in Balance”).

146. The LDN concept is considered as an accelerator of the SDGs and associated targets: 15.3 on LDN, SDG 1 to end poverty, SDG 2 to end hunger and malnutrition and promote sustainable food production systems, SDG 6 on clean water and sanitation, and SDG 13 on climate action, including strengthening resilience to climate-related hazards and integrating climate change measures in policy. LDN also serves as an integrator of the SDGs as LDN provides opportunities to promote synergies and policy coherence across sectors and at all levels, including the national agendas relating to the SDGs: NDCs, national adaptation plans, and the Aichi biodiversity targets.

147. At the last Committee to Review the Implementation of the Convention CRIC (2016), parties emphasized the need to increase means of implementation to achieve voluntary LDN targets, including capacity building support and the development of transformative projects. Parties encouraged the GEF and the Global Mechanism to provide support for this purpose.

148. The GEF is well-placed to help countries to implement convention guidance and facilitate coordinated investments in sustainable land management (SLM) as a means to achieve LDN. Since land degradation has both poverty and global environment dimensions, integrated solutions are required to support interventions that address both dimensions. Building synergies across the GEF delivery model will improve the cost effectiveness of interventions and deliver multiple outcomes toward environmental, social and economic sustainability.

Table 1.3. COP Decisions of Relevance for GEF-7 Land Degradation Focal Area Strategy

UNCCD COP Decision	Delivery mechanism
<p>The land degradation focal area provides the framework for eligible countries to utilize GEF resources for implementing the Convention and its current 10-year (2008-2018) strategy, which aims to:</p> <p>Improve the living conditions of affected populations;</p> <ul style="list-style-type: none"> - Improve the condition of affected ecosystems; and - Generate global benefits through effective implementation of the UNCCD. <p>COP 12 has invited the GEF to continue its support for the implementation of the Convention in the light of the 2030 Agenda for Sustainable Development, in particular target 15.3. and in line with the LDN concept adopted by UNCCD: Strive for Land Degradation Neutrality with the following objectives:</p> <ul style="list-style-type: none"> - Maintain or improve ecosystems services; - Maintain or improve productivity, in order to enhance food security; - Increase resilience of the land and populations dependent on the land; - Seek synergies with other environmental objectives; and - Reinforce responsible governance of land. <p>COP 12 has also invited the donors to the GEF to consider providing increased support to address country priorities relating to the implementation of the Convention, in the light of the 2030 Agenda for Sustainable Development, in particular target 15.3, during the planning process for GEF-7.</p> <p>COP 12 encouraged Parties to engage in South–South cooperation under GEF-6 and invites the GEF to continue its support to Parties in this regard.</p> <p>COP 12 Invited the GEF, in the context of enabling activities under GEF-6, to consider technical and financial support for voluntary national land degradation neutrality target-setting.</p>	<p>Focal Area Investments</p> <p>Integrated land management and restoration of degraded production landscapes</p> <p>Sustainable management of dryland landscapes</p> <p>Diversification of crop and livestock systems</p> <p>Creating an enabling environment to support LDN</p> <p>LDN target setting</p> <p>Enabling Activities</p> <p>Impact Programs</p> <p>Food Systems, Land Use, and Restoration</p> <p>Sustainable Forest Management</p> <p>Frontier Investments</p> <p>Environmental Security</p> <p>Integrated National Planning</p>

GEF-7 Land Degradation Focal Area Investments and Associated Programming

149. The LDFA strategy in GEF-7 has three main goals: 1) aligning GEF support with the UNCCD’s Land Degradation Neutrality (LDN) concept through an appropriate mix of investments;

2) seeking effective integration within the Impact Programs for generation of multiple benefits; and 3) harnessing private capital and expertise to finance investments in sustainable land management.

150. GEF will continue to apply a comprehensive landscape approach as the best way forward to address the broad multi-faceted nature of land degradation across the range of agro-ecological and climatic zones globally. The LDN approach will provide the conceptual framework to establish baselines, targets, indicators and the metrics for monitoring and evaluation of GEF interventions.

151. GEF investment will seek to address the drivers of land degradation, robust assessment of experience and existing knowledge, and knowledge and experience gained through ongoing implementation of LD related projects and programs. The GEF will focus on approaches that can be scaled up to maximize global benefits for the environment and also address the issues of biodiversity, climate change, and local livelihoods.

152. The LD investments focus on production landscapes where agricultural and rangeland management practices underpin the livelihoods of poor rural farmers and pastoralists. A specific emphasis in GEF-7 is placed on sustainable management of drylands in arid and semi-arid zones addressing, among other issues, drought-prone ecosystems and populations.

153. Access to finance for smallholders and small businesses in most land sectors is a big challenge. In this context, the LDN fund is an innovative private sector fund, which will invest in profit-generating sustainable land management and restoration projects worldwide. The GEF LDFA will use this opportunity to bring together public and private funding in transformative projects to contribute to Land Degradation Neutrality in close cooperation with the LDN fund.

Objective 1. Support on the ground implementation of LDN

154. Objective 1 of the LDFA strategy will be delivered through the following three entry points:

- Food Systems, Land Use and Restoration Impact Program.
- Sustainable Forest Management Impact Program.
- Environmental Security Frontier Investment.

155. The two Impact Programs and the Frontier Investment form a major component of the GEF delivery towards combating land degradation and deforestation in the following ways:

- *Food Systems, Land Use and Restoration*: This IP provides the opportunity for an integrated approach to implementing SLM to increase the prospects for food security for smallholders and communities that are dependent on farming for their livelihoods. It will target countries seeking to meet growing demand for increased crop and livestock production, without the risk of further expansion of farmland, erosion of genetic diversity, overexploitation of land and water resources, overuse of chemical fertilizers and pesticides, and inefficient practices that lead to greenhouse gas emissions and food loss

and waste. Restoration of productive landscapes will feature as an important element of this IP, especially in drylands and production areas where agro-forestry land-use systems dominate. A huge opportunity exists to restore agricultural productivity in (degraded) agro-forestry systems by increasing soil organic matter content³¹, increasing the vegetation and tree coverage, and thereby generating multiple environmental and socio-economic benefits. More than 200 million hectares has been pledged by countries through various landscape restoration initiatives such as the Bonn Challenge, Africa 100, and the Initiative 20 x 20 in Latin America. The GEF will enable countries to deliver on these commitments through investments that will shift degraded lands into production systems for food and commodities. A sustainable supply chain with regard to production, processing, and demand for key agricultural commodities is vital for LDN. The synergy with arresting and reversing land degradation is on the sustainable production side, especially by involving smallholder farmers and local communities and facilitating a mutually beneficial engagement with the private sector. In this way changes to commodity production pathways can be made before irreversible damage is done to the respective agro-ecosystems.

- *Sustainable Forest Management*: Besides the focus on tropical forest landscapes in the Amazon and the Congo Basin, the SFM program seeks to avoid further degradation, desertification, and deforestation of land and ecosystems in drylands through the sustainable management of production landscapes, addressing the complex nexus of local livelihoods, land degradation, climate change, and environmental security. Main elements of the program are: 1) sustainable management of dryland forests and trees outside forests; 2) the promotion of diversified agro-ecological food production systems in drylands; 3) integrated landscape management with particular attention to rangelands and livestock production in view of their effect on forest resources; and 4) the creation of an enabling environment to support the three objectives above. Dryland forest ecosystems and landscapes will be considered for participation in the program based on a regional balance with other Programs within the SFM IP. The focus on specific dryland geographies will allow to address a unique set of issues that are closely related to the vulnerability of social and environmental systems and their resilience.
- *Environmental Security*: This Frontier Investment will help to achieve the important LDN outcome of securing production areas in the long run and help to avoid local communities being forced to out-migrate or displaced for environmental reasons. Investments in environmental security will aim to maintain, enhance, and restore Global Environmental Benefits (biodiversity, land, transboundary waters) in areas where environmental degradation is causing or has caused human migration and conflict. Entry points for investments will support sustainable management of natural resources in these fragile state regions.

³¹ Increasing carbon stocks in soils is the objective of a major new initiative “4 per 1000”.

156. Targeted Impact Program investments will directly support LDN implementation at national levels and are structured along the following three outcomes:

- *Dryland Sustainable Landscapes:* The main outcome is to avoid further degradation and desertification of land and ecosystems through the sustainable management of production landscapes in drylands, addressing the complex nexus of local livelihoods, land degradation, climate change, and environmental security. Investments in drylands will generate multiple environmental benefits and secure local livelihoods by focusing on a unique set of issues that are closely related to the vulnerability of social and environmental systems and their resilience. A landscape approach will help to tailor implementation packages to a wide range of dryland landscapes in arid and semi-arid zones. The main purpose is to help participating countries to achieve LDN in poverty stricken and fragile areas. Countries pursuing this objective will have a high percentage share of arid and semi-arid drylands and have set voluntary LDN targets to help accomplish this objective.
- *Diversified agro-ecological food production systems:* Diversified agro-ecological food production systems aim to improve productivity and maintain or improve flow of services that underpin food production and livelihoods. These agro-ecological approaches will support an efficient use of land, soil, water, and vegetation in crop and livestock production systems, including temporal diversification and spatial diversification at various levels, including plot, farm and landscape (e.g. crop rotation, intercropping; mixed farming as crop-livestock and crop aquaculture systems). Private sector involvement will be important to link smallholder producers and pastoralists to markets, introduce sustainable supply chains, and create stable revenues with agricultural commodities, especially dryland commodities such as cotton, wool, leather, shea, gum Arabica, etc.
- *Integrated landscape management and restoration:* Integrated landscape management addresses the physical, biological and socio-economic aspects of the processes of land degradation, with specific attention to desertification and deforestation to maximize the delivery of multiple benefits in the context of food security and livelihoods of affected communities. Integrated landscape management is a comprehensive framework to invest in the management of landscape across sectors and across political or administrative boundaries in the context of sustainable development. GEF will support wide applications of innovative tools to prioritize policy reforms, investments, and other interventions to optimize the collective impact of all interventions across the landscape. Scaling up of SLM practices and the restoration of landscapes will be particularly supported, including the use of locally adapted species, agro-forestry, farmer-managed natural regeneration, and practices for sustainable supply of wood and biomass energy.

Objective 2. Creating an enabling environment to support LDN implementation globally

157. An essential foundation for LDN investments is a conducive enabling framework and overarching political support through the UNCCD. Objective two of the LDFA strategy will support the revision of existing and development of new frameworks to implement, monitor, and evaluate LDN globally.

158. GEF will provide support to:

- *Creating an enabling environment to support LDN:* GEF support will be primarily provided in the following areas:
 - Embedding LDN into the existing planning frameworks and participatory land-use planning to meaningfully involve local governments, cities and urban municipalities, local communities, indigenous peoples, and women;
 - Policy work at national levels leading to the resolution of land tenure issues that are obstacles to LDN objectives;
 - Promoting good governance especially in view of land tenure and securing livelihoods of smallholders informally occupying degraded land;
 - Providing the technical assistance required to bring bankable projects to the investment;
 - Supporting smallholders through special lending and through extension systems;
 - Building capacity at all levels required to restore and maintain functional landscapes;
 - Lessons learning and Knowledge exchange and south-south cooperation within regions; and
 - Developing monitoring and information systems and targeted research on impacts, trade-offs, costs-benefit analysis of restoration, and identifying incremental synergies.
- *UNCCD Enabling Activities:* GEF support under the GEF-7 LDFA strategy will include financing for UNCCD enabling activities to support the implementation of the UNCCD strategy and in accordance with countries' obligations to the convention, and based on decisions from the COP. Support will focus on UNCCD reporting obligations and formulations of National Action Plans in line with the new long-term (2018-2030) strategy. The GEF-7 LDFA strategy is seeking a more strategic approach towards enabling activity support with a view to mainstreaming SDGs and enabling cross-sectoral coordination in countries. This will include a land degradation focal area set aside focusing, among other issues, on building the necessary institutional capacity and processes for cross-sectoral integration.

International Waters Focal Area Strategy

Global Context of International Waters

170. Intrinsically linked to prosperity and economic growth, healthy marine and freshwater ecosystems have gained high-level global and national attention as critical to sustaining life on earth. The Sustainable Development Goals, which recognize that these ecosystems underpin and connect ecosystems, human health, and key economic sectors, call for a set of actions to secure a healthy environment for present and future generations. At the same time, national and localized planning strategies are increasingly mainstreaming sustainable use of these ecosystems into development strategies to ensure they continue to provide valuable services, including food security, potable water, recreation opportunities and carbon sequestration, all of which contribute to GDP, livelihoods, improved quality of life and business development.

171. Essential to addressing the multifaceted threats to transboundary freshwater and marine ecosystems is the need for multinational cooperation supported by regional organisations, such as transboundary organisations, commissions and, where appropriate, regional economic commissions. These regional institutions need to function as hubs for harnessing, coordinating and channeling political and economic interests from both public and private sectors. Further, while they will be instrumental in catalyzing national policy processes, regional harmonisation, stimulating essential infrastructure investments and safeguarding long term engagement strategies continue to be relevant at local, national and regional level.

172. Ocean ecosystems are under unprecedented anthropogenic pressures from climate change, acidification, habitat loss, pollution, and unsustainable fishing. Yet, it is estimated that the world's Large Marine Ecosystems represent USD 12 trillion annually in market and non-market ecosystem goods and services. These services include providing livelihoods, food security, climate regulation, shoreline storm protection, carbon sequestration, and recreational opportunities for billions of people. However, these valuable coastal ecosystems and open oceans lack sustainable governance structures resulting in continued degradation.

173. Similar to oceans, freshwater ecosystems face daunting threats, including climate change, urbanization and increasing food demand; yet they are also highly valued ecosystems. Water is a prerequisite for human and ecosystems survival, underpins many economic activities and is fundamental to achieving most of the SDGs. Increasing scarcity in many regions of the world along with pollution of these waters threatens human health and economic development. Water is directly interwoven into national economies through the provision of water for human settlements, agriculture, energy via cooling water needs and hydropower. Water scarcity events, such as floods and droughts, can become risk multipliers leading to destabilization, violence and migration as well as possible ground for radicalization spurring further conflict on national and regional levels.

174. Fish and related economic activities are increasingly under threat. Currently it is estimated that 90% of marine fish stocks are considered overfished or fully-fished (FAO, 2016). Unsustainable fishing is further compounded by high levels of illegal, underreported and

unregulated fishing with economic losses ranging from USD 10 to 25 billion annually (Agnew, 2009). Additionally, the Areas Beyond National Jurisdiction (ABNJ) are seriously threatened by intensified fishing for highly migratory species, bottom trawling on seamounts, maritime transport and other stressors, primarily because the ABNJ lack comprehensive legal instruments and management systems. The sustainability of all these fisheries – marine, freshwater and aquaculture – urgently requires improved governance mechanisms to be put in place, to ensure that they can continue to supply the 3.1 billion people, for which they provide up to 20% of the animal protein in their daily diet. Further, improved management will be pivotal to efforts to restore and conserve fisheries habitats, such as wetlands, seagrass, mangroves and reefs, which are critical nursery and breeding habitats for many fish and crustacean species. Countries, therefore, need to step up national and regional actions safeguarding their marine and freshwater ecosystems to ensure continued growth, prosperity and unlock new economic opportunities.

175. Given the threats facing marine and freshwater ecosystem, strong, informed management approaches are critical to the sustainability of these valuable ecosystems. The analyses from the Transboundary Waters Assessment Program (TWAP) (see Box 1.2), which undertook the first global comparative assessment of five transboundary water ecosystem categories, provide key insights into priorities for future investments. As the TWAP analysis highlights, due to the transboundary nature of marine and freshwater ecosystems, sustainable environmental management solutions requires a common understanding of what the pressures the shared ecosystems are facing, coupled with a regional investment plan for how to address the identified environmental pressures. This transboundary approach has been the basis of GEF investments in International Waters to date. The GEF has invested in the process of assessing threats and opportunities (Transboundary Diagnostic Analyses - TDAs) and developing regionally agreed action plans (Strategic Action Programs - SAPs), of which, some are already under implementation. Now that most of the transboundary ecosystems have established SAPs, the regional bodies are primed for implementation of the regionally agreed national and regional-level actions to ensure the health of the shared water bodies and their valuable services. The GEF plays a critical role in these initiatives as the only major global grant funding mechanism to invest in transboundary water ecosystems and their management at regional and national levels.

Box 1.2. 8 main TWAP findings and recommendations

The Transboundary Waters Assessment Program (TWAP), which undertook the first global comparative assessment of five transboundary water ecosystem categories (groundwater, lakes and reservoirs, rivers, and Large Marine Ecosystems), identified several trends and findings regarding regional and global challenges. These challenges need to be addressed to ensure healthy marine and freshwater ecosystems:

- Transboundary aquifers are at high risk, due to lack of governance mechanisms.
- Special attention should be paid to the impacts of upstream activities on deltas, the reduction of sediment supply, water flows and pollution;
- Four groups of transboundary river basins have been clustered due to similar risk profiles, offering opportunities for basin twinning and learning;
- Water risks are projected to increase in the next 15-30 years, particularly in some hotspot regions: The Middle East, Central Asia, South Asia and Africa;
- Policy responses for LMEs should be protecting marine habitats, through improving LME governance and integrating the benefits derived from marine ecosystems.
- Management of LMEs can be considerably improved by strengthening the quality of data and information and by assessments at sub-LME scales;
- Governance arrangements for the Open Oceans should connect to those for areas under national jurisdiction at the regional level; and,
- Scientific support enterprises are essential in providing confidence to policy and decision makers within ABNJs that resources are being appropriately allocated.

GEF-7 International Waters Focal Area Investments and Associated Programming

176. The GEF experiences to date and the TWAP analysis emphasize the complexities of these ecosystems, which cut across a myriad of sectoral needs and themes and are not bound by political boundaries. Consequently, setting effective policy goals coupled with investments requires working at all scales, with a range of stakeholders, in the public and private sectors and across the watershed from source-to-sea. These principles are fundamental to the GEF-7 investments in International Waters.

177. Three key objectives will be the target of GEF-7 IW investments: 1) strengthening national Blue Economy opportunities to reduce threats to marine and coastal waters; 2) improving governance in the Areas Beyond National Jurisdiction (ABNJ), and 3) enhancing water security in freshwater ecosystems.

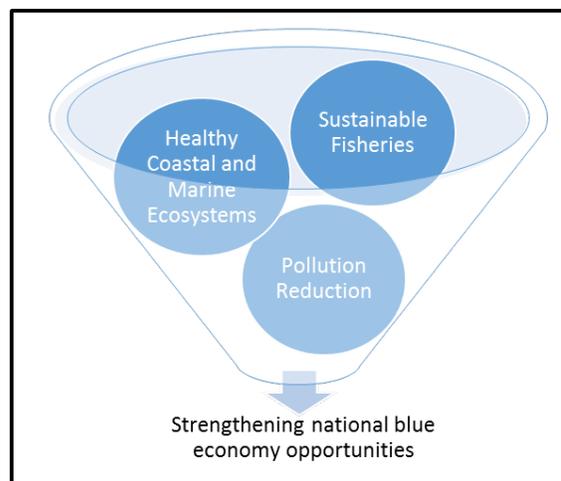
178. These objectives will be realized through regional and national investments of the regionally endorsed cooperative frameworks (e.g. SAPs). They will need to leverage substantial co-financing, such as through blended finance via MDBs, foundations, GEF STAR financing or other resources to demonstrate national prioritization of the investment. In addition, national

investments will need to align with the relevant regional institution responsible for regionally agreed frameworks (e.g. SAPs).

179. Recognizing the importance of gender issues, gender considerations will be mainstreamed into all processes and investments. GEF-7 IW investments will continue to require a gender assessment within each social analysis during project preparation, differentiated reporting of output indicators and additional measures based on the GEF's Gender Action Plan. As a result, the national and regional institutional capacity built, the legislative frameworks formulated and the policies adopted, implemented and coupled with investments will be more robust and sustainable.

Objective 1. Strengthening Blue Economy opportunities

180. The Blue Economy concept identifies the oceans as areas for potential sustainable development of existing and new sectors, including tourism, hydrocarbon and mineral extraction, sustainable energy production, fisheries and aquaculture, coastal development and marine transport. To foster entrepreneurship towards more sustainable use of marine and coastal resources there is a need for coastal and island nations to deploy a suite of tools, among them marine spatial planning. These tools will foster a holistic understanding of the opportunities and constraints that lies within Exclusive Economic Zones (EEZs) to inform policy formulation, adoption and investment processes towards long-term environmental sustainability. Strengthening blue economy opportunities, require regional cooperation and national action.



181. The GEF will assist countries in identifying sustainable public and private national investments within the Blue Economy space, through funding of collective management of coastal and marine systems and implementation of the full range of integrated ocean policies, legal and institutional reforms. This will be done in tandem with catalyzing regional processes, such as the Transboundary Diagnostic Analysis/Strategic Action Program (TDA/SAP)³² in order to advance cooperation in Large Marine Ecosystems. Roughly 100 GEF-eligible nations have been reaching agreements, via TDA/SAPs to improve ocean management, via national and regional activities and agreements. GEF-7 presents a unique opportunity to assist countries in addressing a suite of stressors such as overfishing, land based sources of pollution, loss and damage of key coastal and marine ecosystems through a combination of national and regional investments

³² The TDA/SAP process consists of a Transboundary Diagnostic Analysis in which common fact finding, and scientific analysis identifies the shared threats in a given transboundary ecosystem. This process leads naturally into the formulation of the Strategic Action Program, which is a politically endorsed document, that identifies the interventions needed to address the agreed threats in the region.

towards strengthening national Blue Economy opportunities. In GEF-7, there will be a particular focus on assisting SIDS and LDCs in strengthening their Blue Economy opportunities, through three areas of strategic action: 1) sustaining healthy coastal and marine ecosystems; 2) catalyzing sustainable fisheries management; and, 3) addressing pollution reduction in marine environments.

Sustaining healthy coastal and marine ecosystems

182. Key coastal and marine habitats, such as deltas, mangroves, salt marshes, sea grasses and coral reefs, are essential to many nations' economic development and to local and global ocean's health. They sustain fisheries, tourism, and coastal protection, sequester carbon, filter run-off waters and provide biodiversity hotspots while also offering other ecosystem services estimated to be worth USD 100s of billions annually.

183. These essential coastal and marine habitats can be restored through targeted efforts to rebuild ecosystems and protected through the establishment of marine protected areas (MPAs). In addition these ecosystems are also part of the world's 66 Large Marine Ecosystems, which harbor a suite of essential natural ecosystems that are vital to support national Blue Economy opportunities that in turn will deliver towards regional targets.

184. Under sustaining healthy coastal and marine ecosystems, the following types of investments will be supported:

- Develop and implement environmental sustainable Blue Economy strategies;
- Establish and support existing marine protected areas in key biodiversity hotspots and coastal habitats;
- Restore degraded key habitats;
- Mainstream marine area based management and spatial tools in regional entities;
- Create multi-state cooperation frameworks in transboundary deltas including an integrated source-to-sea approach;
- Formulate and formalize cooperative legal and institutional frameworks built on TDAs/SAPs;
- Stimulate private sector engagement, through relevant industry sectoral roundtables and industry groups;
- Engage with national, regional and global stakeholders to increase collaboration and cross support to investments and processes, including through IW-LEARN; and,
- Foster collaboration among LMEs, Regional Seas conventions and Regional Fisheries Management Organizations (RFMOs) to protect and restore these key habitats.

Catalyze sustainable fisheries management

185. The oceans are an essential source of protein. More than 2.6 billion people depend on the oceans as their primary source of protein. The GEF, in recognition of the vital role fisheries

and fisheries practices play in eliminating hunger, promoting health, and reducing poverty, while having severe impacts on ecosystems integrity, will promote investments targeting sustainable fishing practices, policy processes both on national and regional level. These investments will include marine aquaculture and highly innovative production of marine algae as a substitute for fishmeal and oils, and its potential use as a cost effective nutrient pollution remediation, carbon sequestration and renewable energy tool.

186. GEF-7 will also build on, strengthen and expand partnerships to further investments in sustainable fisheries at local, national and regional scales while expanding opportunities to engage with the private sector. Initiatives will address national and shared fisheries by supporting existing policy goals and targets established through RFMOs, the 2009 Port State Measures Agreement and the FAO Voluntary Small-Scale Fisheries Guidelines. Improving shared management of marine fisheries will also include promoting technology to support monitoring, compliance and surveillance with particular focus on Illegal Unreported, Unregulated (IUU) fisheries.

187. Under catalyzing sustainable fisheries management, the following types of investments will be supported:

- Catalyze policy reforms to end IUU, overfishing and sustainably manage marine capture fisheries.
- Support implementation of market mechanisms to support sustainable fisheries value chains.
- Stimulate standard setting for sustainable aquaculture to enhance marine ecosystem health and improving food and nutrition security.
- Strengthening and creating policy measures, including working with countries to adjust perverse incentive structures; and,
- Establishing market mechanisms supported by global norms to support sustainable fisheries.

Addressing Pollution reduction in marine environments

188. There is an urgent need to address marine pollution broadly, through a suite of investments targeting prevention, reduction, and control of coastal point and non-point pollution caused by eg agricultural activities or lack of appropriate wastewater treatment, to ensure ecological, social, and economic well-being of particular coastal nations. The GEF will continue to pilot and promote the scaling of innovative point and non-point pollution, as a direct response to roughly 80% of global collected waste water being discharged untreated and with severe impacts on the health of freshwater biodiversity, human health, and leading to hypoxia in coastal zones. The number of hypoxic zones are expected to rise as the oceans warm and urban, agricultural and industrial waste streams continue to increase. In addition, toxic algal blooms are an increasing threat to marine life and human health and 'feed off' enhanced nutrient contents. Further, persistent and toxic pollutants are increasingly found in rivers and oceans, ranging from

endocrine disruptors to the recent discovery of significant concentration of persistent organic pollutants in the deepest parts of our oceans.

189. Marine debris, 80% of which is plastic, has been found throughout the world's oceans, from the surface to the sea floor, and from urbanized coastlines to remote unpopulated islands. 8 million tonnes of plastics are entering the oceans annually and ¼ of seafood is contaminated with plastics.

190. A suite of investments are needed to prevent, reduce, and control coastal point and non-point pollution caused by land-based activities to ensure ecological, social, and economic well-being of coastal and island nations. The GEF will continue to pilot and promote the scaling of innovative point and non-point pollution, through the following types of investments:

- Catalyze national policy development coupled with investments in innovative approaches, through regional processes, to address pollution issues along the Source-to-Sea/Ridge-to-Reef Continuum.
- Support common fact finding between public and private sectors to ensure that priority actions will lead to transformed practices in both sectors.
- Stimulate private sector engagement, through relevant industry sectoral roundtables and industry groups.
- Support and engage with national, regional and global stakeholders to increase collaboration and cross support to investments and processes, through IWLEARN.
- Support a few strategic regional investments to inform transformation of plastic supply chains with substantial impacts on global marine plastic pollution.

Objective 2. Improve governance in the Areas Beyond National Jurisdiction (ABNJ)

191. The complex ecosystems in the ABNJ include both the water column and seabed making the sustainable management of fisheries resources and biodiversity conservation especially challenging. Urgent action is needed to improve conservation and sustainable use of this area that covers 40% of the planet, as the open oceans continuously and increasingly are threatened by over-fishing of iconic pelagic migratory species, maritime navigation, ocean energy facilities, bottom trawling on seamounts, pollution and extraction of minerals and hydrocarbons. To date the GEF has been successful in supporting an applied ecosystem-based approach to fisheries management of deep sea fisheries, including seamounts, as well as regional tuna fisheries management organizations (tRFMOs) in ABNJ.

192. The GEF intends through this strategic objective to renew its efforts within the ABNJ space. As a means of informing and coordinating among these various interests, mechanisms for synthesizing and sharing information to promote sustainable practices and inform decision-making by private businesses and regional organisations such as, LME commissions, RFMOs or the Regional Seas programme, will be pursued in GEF-7. Addressing fisheries and in particular IUU fishing in the high seas will also continue to be a high priority. GEF investments will assist capacity building among concerned states and foster public private partnerships between the

RFMOs and the large commercial fishing fleets harvesting in the high seas and its associated supply chain. GEF investments will also facilitate cooperative frameworks between the ABNJs and the Large Marine Ecosystems that they border, to improve management opportunities and cohesion between these two interdependent management frameworks.

193. The following types of investments will be supported:

- Strengthen support to RFMO activities including national and regional policy setting to end IUU and overfishing and inform sustainably management of marine capture fisheries.
- Support policy work towards reaching agreements to reduce harmful fishing subsidies.
- Foster collaboration among LMEs, Regional Seas conventions and RFMOs on area-based management in national waters and ABNJs.
- Reduce overexploitation of fish stocks and IUU, through implementation of international agreements.

Objective 3. Enhance water security in freshwater ecosystems

194. Shared waters comprise a special case for conflict and cooperation with large potential spill over with global impacts. Transboundary river basins cover about 50% of the earth's land surface and are home to about 40% of the world's population. 1.2 billion people live in river basins where human water use has surpassed sustainable limits. Cooperation on water, therefore, is 'a must' in most international basins to support the need for water, food, energy, and ecosystems security and increase resilience for each nation. The need for transboundary cooperation, therefore, has been anchored in the SDGs as an essential element for effective integrated water resources management (see SDG 6.5). Shared groundwater resources are especially hard to manage due to the limited knowledge of the resource and its 'invisibility'. With mounting pressures on water resources and increasing pressures from climate variability and change managing surface and groundwater is the only sustainable path. Both cooperation on water quantity and quality are of key concern – impacting people and environmental assets of global significance, including wetland biodiversity, freshwater fish stocks, and unique aquatic and terrestrial habitats. IW support in freshwater basins will therefore focus on three areas of strategic action: 1) advance information exchange and early warning; 2) enhance regional and national cooperation on shared freshwater surface and groundwater basins; and, 3) invest in water, food, energy and environmental security.

Advance information exchange and early warning

195. Disaster risk management is often an early entry point for cooperation among countries by creating trust and establishing a track record of cooperation on a wide set of issues. Flood and drought early warning systems can be instrumental for countries and the international community alike to intervene early and increase resilience before the onset of destabilizing social conditions and out-migrations with obvious humanitarian benefits.

196. GEF support will be designed to enhance the availability of sound data and information for science-based policies and decisions. On regional level this will build the science base and dialogue for informed prioritization of investments; on a global level this effort will enable predicting future ‘hotspots’ and ‘basins at risk’.

197. Under advancing information exchange and early warnings the following types of investments will be supported:

- Flood and drought early warning systems and disaster risk management plans.
- Nature based efforts for disaster risk management, including floods, droughts, and coastline protection.
- Enhanced quality, coverage and free availability of sound information on surface and groundwater availability and use, natural resources, and related grey and green infrastructure assets and adaptation deficits.
- Increased capacity to gather, distill and process global and regionally increasingly available traditional and innovative data sources into policy relevant analysis, including the economic evaluations of ecosystem services.
- Enhanced capacity on country level and dialogue among countries to draw conclusions from increasingly complex and innovative information sources to support decision making and to identify joint opportunities for action.

Enhance regional and national cooperation on shared freshwater surface and groundwater basins.

198. GEF support will focus on interventions in shared basins where water stress creates both a challenge but can be a driver and opportunity for cooperation. Interventions will prioritize preventative actions in transboundary basins facing multiple stressors and hence potential for conflict on national and regional levels. Investment in cooperation among countries in shared basins can be one avenue to increase interaction among countries and enhance trade and transport of goods and services. These investments can, consequently, create common interests and provide an entry point for regional integration and peaceful country relations.

199. As identified by WRI, WWF, TWAP³³ and others, including ongoing GEF supported work on nexus dimensions, emerging nexus hotspots appear to be in Africa, MNA and sub-regions of Asia. These areas are aggravated by increasing severity of floods and droughts intensified by increasing climate variability and change (e.g. rising sea levels), population growth, urbanization and associated increasing needs for food and energy. Cooperation on water is an imperative in these regions to support the need for water, food, energy, and ecosystems security and related dimensions for each nation.

³³ The TWAP River Basins (TWAP RB) component is a global assessment of 286 transboundary river basins, and is an indicator-based assessment, allowing for an analysis of basins, based on risks to both societies and ecosystems.

200. Under enhanced regional and national cooperation on shared freshwater surface and groundwater basins the following types of investments will be supported:

- Common, participatory fact-finding and agreement on cooperative opportunities and shared constraints and a vision for a shared future (such as via the formulation of a common Transboundary Diagnostic Analysis and Strategic Action Programs).
- Capacity building efforts to level the playing field across countries, including for example negotiation skills and international water law.
- Support of processes to formulate and formalize cooperative legal and institutional frameworks.
- Identify and leverage resources for investments addressing SAP identified priorities.
- National reform of policies, strategies and regulations in accordance with regional agreements and MEA commitments, coupled with investments.
- Improved policy formulation processes and conjunctive management of surface and groundwater resources on national and regional levels.
- Periodical update of existing Transboundary Diagnostic and Strategic Action Programs - or their equivalents.
- Engagement with national, regional and global stakeholders to increase collaboration and cross support to investments and processes, through IW-LEARN.

Investments in water, food, energy and environmental security

201. In shared water basins, cooperation can assure greater water-, energy-, food – and ecosystems security through cooperation and trade of energy, food and sharing of ecosystems services. Realizing benefits from cooperation through national and regional investments with visible impacts enhances stability of country relations and ensures sustainable financing of regional cooperative institutions. Enhanced economic ties and multi-level interactions among countries sharing a basin/sub-region deflate the likelihood of escalating conflict potential. Increasing pressures from climate change, urbanization and other pressures require innovative investments to address increasing water stresses, including pollution pressures. Much of such innovation can only be realized by a combination of private and public finance and by enhancing the enabling environment for private sector engagement.

202. Priority investments anchored in basin-wide action plans span both national and multi-country support to soft and hard investments in improved information, policies and innovative technologies (see below for examples of eligible investments). Further, investments will be ensuring the inclusion of the environmental dimension into the Water, Energy, Food nexus, which will increase environmental security. GEF will finance the incremental costs of creating regional benefits and de-risk innovation in measures to address water security both in terms of quality and quantity/availability. Country eligibility for national investments will be guided by signature

of existing SAPs and currently includes over 90 countries with valid SAPs.³⁴ Criteria to assure solid co-finance and country ownership and commitments on national level have been outlined earlier.

203. Under Investments in water, food, energy and environmental security following types of investments will be supported:

- Enhance private engagement to increase water, food, energy and environmental security.
- Create nature based approaches to improve infiltration, avoid sedimentation and erosion through integrated watershed management and sustainable land management.
- Enhance supply chain approaches for increased water efficiency and reduction of ecosystems pressures, such as through industry roundtables and interest groups.
- Increase water efficiency, reuse, and reduce point and non-point sources of pollution addressing both primary and emerging pollutants³⁵.
- De-risk development through incremental finance and piloting of innovative technologies, e.g. for scalable water-reuse, water efficiency, and water pollution abatements technologies and regulations.
- Protect and rehabilitate aquatic ecosystems, especially wetland areas, river banks, mangroves, and other key habitats with multiple ecosystems services.
- Establish minimum environmental flows to maintain healthy ecosystems and aquatic biodiversity.
- Sustain freshwater fisheries and aquaculture via improved management strategies and policy formulation processes, including measures for prevention of IUU

³⁴ 90 countries currently have agreed SAPs or are currently engaged in their formulation.

³⁵ This will need to address both pollution from water and land sources as well as identify sources of airborne pollutants traversing borders and affecting fresh- and marine water bodies.

Chemicals and Waste Focal Area Strategy

Global Context of Chemicals and Waste

204. There are over 100 million³⁶ manmade chemicals that are used in every sector in today's economy.

205. When used improperly used and when disposed of unsafely, chemicals can pose significant harmful impacts on human health and the environment. More so, in the pursuit of new materials, chemicals and products many chemicals do not undergo sufficient analysis of their potential harmful impacts before they are used commercially which results in significant harm to humans and the planet. A current example is the use of the group of Neonicotinoid pesticides which are the most widely used insecticide in agriculture is linked to the current decline in bee populations.

206. The most harmful of these chemicals include persistent organic pollutants, Ozone Depleting Substances, mercury and highly hazardous pesticides. Due to the global impact on human health and the environment these highly dangerous chemicals are controlled by international law.

207. The implementation support for the chemicals and waste conventions by the GEF provides both the opportunity for Parties to these conventions to meet their obligations under the Conventions and to use the entry point of the Conventions to transform their management of chemicals and ultimately use and produce chemicals without suffering their harmful impacts.

208. GEF support for chemicals and waste has significantly evolved over time. The GEF has responded to new chemicals conventions and the movement towards integration and synergies among the conventions by evolving our strategy to accommodate these transitions. GEF support has moved from separate Chemicals Focal Areas (ODS and POPs) to now having one fully integrated Chemicals and Waste Focal Area, including POPs, Mercury, ODS, and SAICM.

209. The newest convention supported by the GEF is the Minamata Convention on Mercury. As the convention has now entered into force, the GEF-7 strategy will support eligible countries implement the convention obligations. The GEF interventions will expand on previous support towards ratification and entry into force taking convention guidance on implementation into account.

³⁶ CAS Registry

Table 1.4. GEF's role in the different Chemicals and Waste multilateral architecture.

Convention/Process	Role of the GEF
Stockholm Convention on Persistent Organic Pollutants	Operates the Financial Mechanism on an interim basis
Minamata Convention on Mercury	Is included in the Financial Mechanism of the Convention
Montreal Protocol on Substances that Deplete the Ozone Layer	Provides support to Countries with Economies in Transition to implement the Protocol
Basel Convention on the Control of Transboundary Movements of Hazardous Waste and their Disposal	Indirect support through projects to implement the Stockholm and Minamata Convention
Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade	Indirect support through projects to implement the Stockholm and Minamata Convention
Strategic Approach to International Chemicals Management (SAICM)	Supports specific SAICM priorities

210. For GEF-7 The chemicals and waste focal area continues to directly responds to the needs of the Stockholm Convention and Minamata Convention, which entered into force on August 16 2017 and responds to certain requests from SAICM and helps support the compliance needs of countries with economies in transition to meet their obligations under the Montreal Protocol). The GEF-7 investment framework serves to:

- Eliminate/restrict/control emissions of the chemicals listed in Annex A, B and C of the Stockholm Convention and;
- Eliminate emissions and releases of mercury in activities and processes listed in Annexes A, B, C and D of the Minamata Convention on Mercury, particularly those activities that emit or uses the highest level of mercury as well as support the control of supply and trade, waste and sound management and storage of mercury and mercury containing waste.
- Phase out the production and consumption of Hydrochlorofluorocarbons and Hydrofluorocarbons from Countries with Economies in Transition
- Support the objectives of the Strategic Approach to International Chemicals Management, specifically in supporting the global phase out of the use of lead in the manufacture of paint and pigments, building capacity for management and disposal of e-waste, elimination of chemicals of global concern from the supply chain of commercial and domestic products and support to countries to control and prevent the use of highly hazardous pesticides that enter the global food supply chain.

211. Globally efforts to shift to sustainable patterns of production and consumption and principles such as the circular economy, green chemistry and sustainable chemistry offers opportunities to leverage resources from these efforts, to ensure that the work of the GEF on chemicals and waste not only supports these actions, but also provides the evidence for acting.

212. Past work has established the efficacy of investing in adoption of best available technologies and best environmental practices in reducing the emissions of chemicals from several industrial sectors. The projects have established that these interventions also result in the improvement of operational efficiency of the facility including the reduction of energy consumption. The operational improvements allow for a relatively short pay back on the GEF investment.

213. In GEF-6, the Chemicals and Waste strategy sought to support the development of enabling environments, economic models and financial mechanisms to strengthen the global response to improving the sound management of chemicals and waste. The GEF Global Opportunities for Long-term Development in the ASGM sector (GOLD) program for example represents the first significant step in the direction of mobilizing private and other public resources to tackle mercury for the ASGM sector by working at the sector level rather than treating it as a chemicals issue. The success of eliminating the chemicals listed under the Stockholm Convention and the Minamata Convention will require a sectoral approach.

214. In GEF-7, more emphasis will be placed in facilitating the reduction of emissive chemicals through stronger private sector engagement including facilitating access to resources to green their enterprises, including eliminating POPs and mercury. More emphasis will also be placed on developing a financial architecture at the national/regional level to sustainably eliminate chemicals covered under the Conventions and at the same time facilitate the sound management of chemicals and waste

215. To be able to make the transition of a chemical based approach to a sector/economic approach the GEF-7 programs seeks to integrate the individual chemical convention issues into a sector based approach which better aligns to national level efforts to improve the industrial and agricultural sectors in countries. In this way, the work of the conventions can be better integrated into national level agricultural policy, industrial manufacturing and pollution management. An example would be where countries are seeking to control air pollution from industrial sources, GEF work on mercury and POPs would be complimentary to national efforts to reduce PM 2.5, NO_x and SO_x etc. By aligning GEF work on chemicals to broader issues of agriculture and industry investments at the national level can be leveraged to achieve the objectives of the chemical and waste MEAS and contribute to broader environmental performance improvements in these sectors.

216. A fully integrated focal area that is better aligned with sectoral investments in countries to address pollution, agriculture and industrial efficiency can better attract the private sector since the actions will be based on sectors rather than targeting a single chemical.

GEF-7 Chemicals and Waste Investments and Associated Programming

217. In GEF-7 there will be increased attention placed on maximizing private sector engagement and public-private sector investments in the CW cluster as well as gender mainstreaming in the CW cluster. The investment strategy is built on an overarching goal of detoxifying development.

218. The SDG's provide a framework for development, and several SDG's target sustainable production and consumption. Of relevance to de-toxifying development would be SDG's 6, 9, 11 and 12. The GEF can invest in programs that support removal of the barriers in cities/countries that are interested in detoxifying their products and materials supply chains to prevent toxic loading of the environment.

219. The chemicals and waste focal area will support the reduction of POPs, mercury, ODS, lead in paints, chemicals of global concern in the supply chain of commercial and domestic products and highly hazardous pesticides that enter the global food supply.

220. The GEF-7 chemicals and waste focal area will be programmed through four main programs which are:

- Industrial Chemicals Program;
- Agricultural Chemicals Program;
- Least Developed Countries and Small Island Developing States Program;
- Enabling Activities.

221. In addition to the above programs by recognizing that supplementary global environment benefits can be achieved for chemicals and waste through investments that will be undertaken in the GEF-7 Impact Programs, the chemicals focal area could support the following impact programs in so far as they can contribute to or above the reduction targets for the focal area:

- Sustainable Cities;
- Food Systems, Land Use and Restoration;
- SFM.

222. In addition, investments in the sound management of chemicals and waste should seek to promote, as far as is practical, circular economy approaches to resource use and promote sustainable production and consumption.

223. In programming resources to address chemicals and waste priorities the following principles will be used in determining the choice of projects in the focal area:

- Cost Effectiveness - consider the potential chemicals reductions of a proposed activity relative to its costs.

- Sustainability – all projects should at a minimum incorporate a pathway to ensure sustainability of the activities as well as contribute to sustained sound management of chemicals and waste.
- Innovation – Projects should seek to develop and scale locally developed technologies and practices particularly in the context of the LDCs/SIDs program including in the design of financial mechanisms at the sub-national, national and regional levels.
- Private Sector Engagement – Projects should seek to create or improve the enabling environments in which the private sector can engage to reduce the use of harmful chemicals and to prevent the emission of harmful waste.
- Programs/Programs that promote/lead to Resource Efficiency and circular economy.
- Prioritized under National Implementation Plans/Minamata Initial Assessments/ASGM National Action Plans.
- Builds on or uses existing networks, regional, national and sub-national institutions including regional centers set up under the chemicals and waste conventions.
- Supports the objectives of the Impact Programs.

Program 1. Industrial Chemicals Program

224. This program will eliminate or significantly reduce chemicals listed under:

- The Stockholm Convention on Persistent Pollutants;
- The Minamata Convention on Mercury;
- The Strategic Approach to International Chemicals Management;
- The Montreal Protocol on Substances that Deplete the Ozone Layer.

225. Through supporting projects and programs that address:

- Chemicals and Waste at the end of life; and
- Chemicals that are used or emitted from or in processes and products.

226. This program will fund facilitation of enabling environments and strengthening of national legislation and regulatory capacity for meeting obligations, with regard to persistent organic pollutants, mercury and other chemicals listed in the chemicals and waste conventions. This will include the removal of barriers to market access of manufacturing of products containing GEF relevant chemicals, introduction of alternatives and reduction of production of the pure chemical using sustainable/green chemistry approaches and that promotes a shift to a circular economy and that supports de-toxifying products and material supply chains.

227. Under this program the following areas of work will receive priority consideration:

Chemicals and Waste at end of life:

- Elimination of the use of polychlorinated biphenyls (PCBs) in equipment by 2025.
- Environmentally sound waste management/disposal of mercury/mercury containing waste or persistent organic pollutants including liquids containing PCBs and equipment contaminated with PCBs having a PCB content above 0.005%, in accordance with paragraph 1 of Article 6 and part II of Annex A of the Convention, as soon as possible and no later than 2028.
- Prevention of waste/products containing persistent organic pollutants from entering material recovery supply chains (including e-waste management with the aim of preventing e-waste from entering solid waste).

Chemicals used/emitted from/in processes and products

- Introduction and use of best available techniques and best environmental practices to minimize and ultimately eliminate releases of unintentionally produced POPs and mercury from major source categories included in both the Stockholm and Minamata Conventions including, but not limited to, cement manufacturing, coal fired power plants, various metallurgical processes, waste incineration.
- Reduction and elimination of mercury from the Artisanal and Small Scale Gold Mining Sector.
- Elimination of primary mercury mining, along with controls on use of mercury from primary mining.
- Phase out and eventual elimination of mercury or mercury compounds used in manufacturing process contained in Annex B of the Minamata Convention.
- Sustainable chemistry/eco-design/strategies encompassing the entire life-cycle of chemicals.
- Elimination of the use of mercury and persistent organic pollutants in products (Including brominated flame retardants, PFOS) as well as the use of mercury in products (as specified in Annex A of the Minamata Convention) by phasing out manufacturing of the pure chemicals and introduction of alternatives in the products with a preference to non-toxic chemicals.
- Phase out of substances controlled by the Montreal Protocol for countries with economies in transition.
- Phase out of lead based pigments.

Program 2. Agriculture Chemicals Program

228. This program will address the agricultural chemicals that are listed as persistent organic pollutants under the Stockholm Convention and agricultural chemicals that contain mercury or its compounds.

229. Where the chemicals are in use, investments will be made to introduce alternatives with a preference given to non-chemical means.

230. The program will target the reduction of Endosulphan, Lindane and highly/severely hazardous pesticides that enter the global food supply chain as well as address end of life, waste and obsolete POPs and mercury based agricultural chemicals and management and safe disposal of agricultural plastics contaminated by POPs and mercury based agricultural chemicals.

231. This program will also address restriction of DDT production and use to disease vector control in accordance with World Health Organization recommendations and guidelines on the use of DDT in cases where locally safe, effective and affordable alternatives are not available to the Party in question.

Program 3. Least Developing Countries and Small Island Developing States Program

232. This program will seek to address the sound management of chemicals and waste through strengthening the capacity of sub-national, national and regional institutions and strengthening the enabling policy and regulatory framework in these countries. The program will provide support to the development of public-private partnerships specifically adapted to the circumstances of LDCs and SIDs to enable the sound management of chemicals and waste.

233. Under this program, locally appropriate solutions will be encouraged as well as the use of existing regional institutions. This program does not prevent LDCs and SIDS from accessing resources from the other 3 programs.

Program 4. Enabling Activities

234. This program will:

- Support enabling activities under the Stockholm Convention, including National Implementation Plans (NIPs) and NIP Updates
- Support enabling activities under the Minamata Convention, including Minamata Initial Assessments (MIAs) and artisanal and small-scale gold mining National Action Plans (ASGM NAPs)
- Global Monitoring of chemicals, related to effectiveness evaluation under the Chemical Conventions
- In addition, interested countries may also take part in the Frontier Investment on integrated national planning for MEAs and SDGs.

Impact Programs

235. The Focal Areas remain the central organizing framework in the GEF-7 delivery model. For each Rio Focal Area, countries' programming options include the menu of investments described above, and a selected number of "move-the-needle" Impact Programs. Through these, the GEF will be better positioned to help countries pursue holistic and integrated approaches for greater transformational change in key economic systems, and in line with their national development priorities. The focused set of country-driven priorities hold the potential to enhance synergies, integration, and impact of GEF investments, and to promote a more effective use of resources and crowd-in private sector funding.

236. The impact programs collectively address major drivers of environmental degradation and/or deliver multiple benefits across the many thematic dimensions the GEF is mandated to deliver. Many of the priorities are also making use of increasingly more relevant global or regional platforms that are attracting a multitude of stakeholders and resources in response to political commitments.

237. These Impact Programs also contribute in significant ways to each of the Focal Area Strategies while at the same time delivering multiple benefits across several MEAs.

Food Systems, Land Use, and Restoration Impact Program

Global Context

238. Humanity's demand for food is one of the major underlying drivers of change affecting the global environment. It is the most significant underlying cause of biodiversity loss, irreversible land degradation, depletion of water resources, and significant GHG emissions. How the world's food system and land use evolves over the coming few decades will have major implications for the health of the planet. This is why the GEF, the world's largest supporter of biodiversity conservation, must focus on reducing the threats from where and how food is produced. In this regard, there are four key challenges that must be tackled to foster a transformational change in food systems and land use that is more environmentally sustainable.

239. First, the world needs to feed a growing and increasingly affluent global population. The United Nations projects that the world's population will grow from 6.9 billion in 2010 to 9.8 billion by 2050, with most of the growth occurring in the developing world³⁷. And as the number of people grows, the share that is affluent is projected to grow as well³⁸. History shows that more affluent consumers demand more resource-intensive food³⁹. As a result of growing population

³⁷ UNDESA (2017). 9.8 billion people in 2050 reflects the "medium fertility variant" or medium population growth scenario (as opposed to the low growth and high growth scenarios published by UNDESA).

³⁸ "Middle class" is defined by OECD as having per capita income of USD 3,650 to USD 36,500 per year or USD 10 to USD 100 per day in purchasing power parity terms. "Middle class" data from Kharas (2010).

³⁹ Foresight (2011a).

and higher per-capita demand, food availability will need to increase 60-70% above 2010 levels by 2050 if present trends continue. Yet at the same time, approximately 795 million of the world's poorest people remain undernourished even today⁴⁰.

240. Second, the world needs to dramatically reduce the food system's impact on biodiversity, ecosystems, and ecosystem services. By one estimate, "worldwide agriculture has already cleared or converted 70% of grassland, 50% of the savanna, 45% of the temperate deciduous forest, and 27% of tropical forests⁴¹." With 50% of the planet's landmass (excluding deserts, permanent ice, and lakes) being used to grow food⁴², the potential for exacerbating environmental degradation will only increase as agriculture continues to expand. Tropical deforestation and associated impacts on biodiversity (tropical forests support approximately 70% of the world's plant and animal species) will continue⁴³. At the same time, nearly 2 billion hectares of cropland, grazing land, forests, and woodlands are degraded⁴⁴. This has negative impacts on ecosystem services, including the provision of freshwater, food, fuel and fiber, air and water purification, climate regulation, and habitat. Importantly, some of the ecosystem services already provide critical input to agricultural production, while others, such as biological control, hold significant potential in providing nature-based solutions to agricultural intensification. The biodiversity underpinning these key agricultural ecosystem services need not be conserved and managed so as to fully harness its contribution to sustainable agricultural production.

241. Third, the world needs to reduce the food and related land-use system's overall impact on climate change. The Paris Agreement commits countries to balance sinks and sources of greenhouse gases sometime in the second half of this century. Agriculture accounted for nearly a quarter of global greenhouse gas emissions in 2010⁴⁵. This figure includes 13% from agricultural production, namely methane from livestock, nitrous oxide from fertilizer use, and carbon dioxide from tractors and fertilizer production. Land use change contributed another 11% (some estimates go to 15% or higher⁴⁶), caused primarily by converting forests, woody savannas, and grasslands into crops and pastures, and by draining peatlands for agriculture. The greenhouse gas emissions associated with the entire global food system—from food transport, infrastructure, refrigeration or preparation of food throughout the value chain, to emissions from waste—are thought to be greater still.

242. However, forests and other terrestrial ecosystems can act as major carbon sinks and thus form an essential component of mitigation strategies laid out by the IPCC. Soils too can be sinks

⁴⁰ FAO, IFAD and WFP (2015).

⁴¹ Foley et al. (2011).

⁴² Figures exclude Antarctica. FAO (2011b).

⁴³ Millennium Ecosystem Assessment (2005).

⁴⁴ Gibbs and Salmon, 2015

⁴⁵ ⁴⁵ WRI analysis based on UNEP (2012), FAO (2012e), EIA (2012), IEA (2012), and Houghton (2008) with adjustments. This figure excludes downstream emissions from the entire food system in processing, retailing and cooking, which are overwhelmingly from energy use, and which must be addressed primarily by a broader transformation of the energy sector.

⁴⁶ Boucher et al. (2011).

for carbon, even on farms if they are managed for that purpose. Yet very few countries have a clear understanding of the integrated policies needed to transition towards net zero greenhouse gas emissions using such strategies.

243. Fourth, today's food system consumes far too much water and generates unsustainable levels of pollution. Agriculture accounts for 70% of all freshwater withdrawn from rivers, lakes, and aquifers. When considering freshwater actually consumed, the figure rises to 80-90%⁴⁷. In addition, the food system uses 4.6 million tons of pesticides each year⁴⁸, and more than half of the nitrogen fertilizer applied to crops is lost to the environment—placing pressure on freshwater and coastal ecosystems⁴⁹. For instance, agriculture is the primary source of nutrient runoff from farm fields and poor manure management, which creates “dead zones” and toxic algal blooms in coastal waters and aquatic ecosystems. Techniques are known to manage nutrients better to prevent runoff and how to capture and recycle them, but these are not yet being applied at scale.

244. Each of these challenges is accentuated by the already unavoidable impact of climate change. Among other things, rising greenhouse gas concentrations will lead to reduced agricultural productivity globally. This, in turn, will threaten some livelihoods, increase pressure on vulnerable ecosystems and biodiversity, potentially reduce the land systems' capacity to act as a carbon sink (if large tracts of temperate and tropical forests and grasslands turn into carbon sources), and add pressure to the water cycle with increasing water stress⁵⁰. The world needs a more sustainable food system, one that embeds sustainability from farm to fork, generates agricultural commodities without deforestation and habitat conversion, and restores soils and degraded areas back into natural ecosystems or into productivity (relieving pressure for further conversion). The challenges are integrated; the solution needs to be as well.

245. Globally, countries vary considerably in their approach to food systems and land use challenges. For example, production of agricultural commodities for the global food supply chains is a major driver of land use change and environmental degradation in the tropical forests and peatlands of Southeast Asia, Africa and Latin America. The growing demand for these agricultural commodities (especially palm oil, beef, soy bean, coffee, and cocoa) as sources of raw material for the global food system will increase deforestation risks in many countries in these regions. Similarly, irrigated rice production in Southeast Asia is a major source of negative externalities such as methane emissions, eutrophication from excessive use of nutrients, and overexploitation of both ground and surface freshwater. In sub-Saharan Africa, livestock in the savannah regions are a major source of methane emissions, while low productivity of smallholder agriculture is an important driver of land degradation and loss of vegetative cover. Because of these differences

⁴⁷ Foley et al. (2005).

⁴⁸ Zhang, W., F. Jiang, and J. Ou. 2011. “Global pesticide consumption and pollution: with China as a focus.” *Proceedings of the International Academy of Ecology and Environmental Sciences* 1(2): 125-144

⁴⁹ Zhang, X., E. Davidson, D. Mauzerall, T. Searchinger, P. Dumas, and Y. Shen. 2015. “Managing Nitrogen for Sustainable Development.” *Nature* 528: 51-59; Lassaletta, L., G. Billen, B. Grizzetti, J. Anglade, and J. Garnier. 2014. “50 Year Trends in Nitrogen Use Efficiency of World Cropping Systems: The Relationship Between Yield and Nitrogen Input to Cropland.” *Environmental Research Letters* 9: 105011.

⁵⁰ IPCC AR5 (2014)

across regions, a one size fits all approach will not achieve the required transformational shift in the global systems. Solutions must target appropriate entry points for recipient countries in order to justify GEF incremental financing, and maximize potential for transformational change in the food system and land use.

Program Description

246. The challenges highlighted above suggests that a significant transformation of the global food systems is needed, which will ensure that productive lands are embedded within landscapes that are providing ecosystem services as well as protecting the natural ecosystems and soil on which they depend. Achieving this transition will require a holistic, system-wide approach integrating both horizontal (land and natural resources) and vertical (food value and supply chain) dimensions. In line with its mandate, the GEF is well placed to foster such an integrated approach, which will enable countries to tackle the drivers of GEB loss in a synergistic fashion.

247. Fortunately, windows of opportunity have opened for such a transformational shift to a more sustainable food and land-use system. Government willingness to tackle this grand challenge is on the rise. In 2015, for instance, nearly all nations of the world agreed to the Paris Agreement on climate change in an effort to limit warming to under 2°C. Under this Agreement, more than 60 countries included avoided deforestation in their Nationally Determined Contributions (NDCs) and more than 100 included actions within agriculture. Likewise, in 2015, the nations of the world agreed to 17 Sustainable Development Goals (SDGs), an ambitious global framework targeting a step-change in economic, social, and environmental outcomes over the coming 15 years. Many of these SDGs address food systems and land use directly or indirectly. And by mid-2017, more than 30 nations have committed to restore 150 million hectares (Mha) of degraded land under The Bonn Challenge—a historic commitment.

248. Momentum has been building in the private and civil society sectors, too. In 2010, the Consumer Goods Forum (CGF) commitment to eradicating deforestation from their soft commodity supply chains (e.g., beef, palm oil, soy). Building off this, in 2012 the Tropical Forest Alliance 2020 formed to facilitate business and public sector collaboration to achieve these zero deforestation commitments. At the UN Climate Summit in 2014, companies as well as governments and civil society signed the historic New York Declaration on Forests, committing themselves to eliminating agriculture-driven deforestation by 2020. To date, more than 400 companies have pledged to reduce their impacts on forests and respect the rights of forest communities. And 2017 witnessed the creation of the Food and Land Use Coalition, a public-private partnership dedicated to the transition toward a sustainable food and land-use system.

249. The Impact Program on *Food Systems, Land Use, and Restoration* is a timely opportunity for the GEF to seize this momentum. Rather than addressing the underlying drivers of unsustainable food systems and land use through separate or isolated investments, the proposed IP will help countries take a more holistic and system-wide approach that is in line with their specific needs for generating Global Environmental Benefits. A coordinated rational and more environmentally sustainable land-use framework at the national level is key to ensure efficient

food production and commodity supply chains, protect the environment, and support human prosperity.

250. Based on the country-specific context, the GEF will help countries pursue comprehensive and system-wide planning approaches to underpin the transformation of food and land use systems, and, as a result, address priorities of the major multi-lateral agreements and conventions. In order to accommodate differences between countries with respect to opportunities for leveraging GEF financing, the proposed IP will focus on three interrelated priorities as “entry points”: *promoting sustainable food systems to tackle negative externalities in entire value chains, promoting deforestation-free agricultural commodity supply chains, and promoting large-scale restoration of degraded landscapes for sustainable production and ecosystem services*. These entry points will meet the needs of diverse recipient countries aspiring to transform their food and land-use systems in a manner that generates multiple global environmental benefits.

Promoting sustainable food systems to tackle negative externalities in entire value chains

251. This component will target countries seeking to meet growing demand for increased crop and livestock production, without the risk of further loss of natural habitats, erosion of genetic diversity, overexploitation of land and water resources, overuse of chemical fertilizers and pesticides, increased greenhouse gas emissions, and inefficient practices that lead to food loss and waste. The focus is to catalyze more resource-efficient and effective food value chains that shift the world to more sustainable, resilient, healthier, and nutritious food systems. The approach will be holistic, encompassing all stages of the food value chain from production, processing, and distribution to marketing, consumption, and disposal. It will support long-term pathways toward sustainable food systems. It will engage agribusiness and the food industry, harnessing their ability to scale best practices and standards across global food value chains and their ability to support small- and medium-sized enterprises. Special attention will be given to support women’s engagement in producer organizations, cooperatives, labor unions, to strengthen women’s voice and decision-making power. Private sector engagement will be enhanced by unlocking barriers to application of innovative practices and technology options for integrating environmental management in entire food value chains (from production to consumption and disposal), and promoting a business model for improved standards, quality assurance, technical support and capacity building. Multiple strategies will be pursued through the IP, such as addressing policy and financing barriers, encouraging sustainable intensification (e.g., improving land and water management, harnessing biodiversity and ecosystem services, such as pollination and biological pest control), improving agricultural inputs (e.g., feedstocks and manure management systems that reduce livestock greenhouse gas emissions and recapture and recycle valuable inputs such as energy, NPK, ammonia and organic matter, better fertilizer technologies/practices, efficient irrigation practices), and reducing food loss and waste.

Promoting deforestation-free agricultural commodity supply chains

252. The focus on deforestation-free commodities is to accelerate and scale up efforts to eliminate deforestation and other habitat conversion from agricultural supply chains—which

accounts for a significant proportion of greenhouse gas emissions. Maintaining natural habitat is a critical aspect of the long-term pathway toward more sustainable food systems and land use, especially in the tropical forest regions. Building on a successful pilot program from GEF-6, GEF-7 will deepen engagement on beef, palm oil, and soy supply chains, and broaden focus to include cocoa and coffee. The GEF will support efforts to engage global and national supply chain actors—including smallholders, private sector producers, buyers, traders, retailers, and financing institutions—to further stimulate production and market demand for deforestation-free agricultural commodities, ultimately making deforestation-free a viable and mainstream business model. The GEF will also support efforts to operationalize the deforestation-free commitments that have been made over the past five years. Converting commitment into action is the critical next step in this burgeoning movement. Working with leading producer countries, supply chain actors, financiers, and civil society, the multi-stakeholder platforms will be strengthened to advance deforestation-free commodity implementation, support promising jurisdictional approaches, and support approaches for key actors from jurisdictions to exchange experiences, share successes, and inspire replication across countries and commodities.

Promoting large-scale restoration of degraded landscapes for sustainable production and ecosystem services

253. The focus on landscape restoration will target countries seeking to restore degraded landscapes for reversing negative impacts on biodiversity and ecosystem services, including the provision of freshwater, food, fuel and fiber, air and water quality, and climate regulation, while supporting the production aspects of those same landscapes. The GEF will enable countries to deliver on these commitments through investments that will specifically seek to shift degraded lands into more productive systems for food and commodities, while generating multiple Global Environmental Benefits. Restoring degraded agricultural lands (e.g., cropland, grazing land) back to increased productivity will involve more sustainable land management practices such as agroforestry, silvo-pastoral systems, and agro-ecological intensification. The GEF will support restoration across a network of landscapes that span the globe, both trans-boundary and intra-boundary. For forest and agricultural landscape restoration that involves agroforestry or silvo-pastoral systems, this will directly support Bonn Challenge pledges, and increase the likelihood of having strong buy-in from countries that have already completed planning for targeted landscapes.

254. The agriculture context for landscape restoration will be clearly defined to become mutually supportive and critical as entry point for an integrated approach to transformation of food systems. For instance, the value-chain approach for more sustainable food systems is an underlying feature of deforestation-free commodities whereby buyer-supplier contracts (and financing) are predicated on avoided deforestation or conversion more generally. Building global demand for deforestation-free commodities helps trigger pressure to restore degraded agricultural lands back in to productivity (to meet demand) and to restore degraded ecosystems (to rectify past commodity-driven deforestation). Restored landscapes help achieve a more sustainable food system by maximizing land-use efficiency and global environmental benefits.

Objectives, Key Interventions, and Criteria for GEF Financing

255. Leveraging the existing windows of opportunity and building on early momentum, the Impact Program on *Food Systems, Land Use, and Restoration* will help to promote transformational shift to a more sustainable food and land-use system, and thereby help meet the objectives of numerous multilateral environmental agreements. It will harness the expertise, power, and reach of multiple sectors: governments, companies, financial institutions, land managers, research institutions, and civil society. And it will achieve measurable, transformational change in terms of global environmental benefits (e.g., climate, biodiversity, water, chemicals), while at the same time supporting improvements in human well-being, country resilience, and economic growth and prosperity. By promoting an integrated approach across sectors, actors, and geographies, this IP will help trigger a shift to a more sustainable food and land use system.

256. The IP seeks to catalyze systemic change by delivering integrated solutions to environmental challenges that leads to multiple benefits at scale. Therefore, GEF financing will be based on the following criteria:

- Contribution to wider national/sub-national strategy. The programming should be aligned with and contribute to implementing a salient portion of a clear, compelling, and comprehensive national or sub-national—particularly jurisdictional—strategy for transitioning to a more sustainable food and land-use system. That strategy should be based on science-based, long-term pathway(s) for how the country's or jurisdiction's food and land-use systems will meet national development needs as well as commitments under the multilateral environmental agreements.
- Public sector buy-in. The programming must demonstrate strong buy-in from public sector entities (e.g., government ministries and agencies), including a program previously endorsed by the government (e.g., TFA2020 deforestation-free commodities program, restoration commitment)
- Private sector involvement. The programming should consider private sector entities with the ability to have on-the-ground impact. These could include companies involved in any stage of the food supply chain, restoration implementers, and solution providers, among others.

257. Additional considerations include: potential for achieving large-scale change that results in significant global environmental benefits; catalyzing innovations in technology, policy, governance, financing, and business models that help the transition to sustainable food and land-use systems; and a clearly identified approach for converting results into larger scale impact in terms of geographies covered, financing mobilized, and number of actors influenced.

258. Candidate interventions within this IP will focus on enhancing enabling conditions, scaling innovations, scaling finance, building capacity, and supporting coalitions of action.

Enhancing enabling conditions

259. Shifts away from business-as-usual typically need an enabling environment that makes the shift possible. This Impact Program will support interventions designed to get the right context in place for the transition to a more sustainable food and land-use system. Examples of such enabling conditions include (but are not limited to):

- Policy instruments and governance reforms, such as protected area enforcement, tenure clarification and security, and recognized indigenous rights;
- Integrated, participatory land-use planning;
- Actions to overcome barriers that prevent women from fully participating in—and benefiting from—more sustainable food and land-use system (building from work commenced in GEF-6 Commodities IAP).

Scaling innovations

260. The Program will support combinations of innovations that have the potential to shift the economic and political calculus of decisions by policymakers, private sector actors, and producers toward more sustainable food and land-use systems. Candidate innovations include:

- Breakthroughs technologies (e.g., those enabling sustainable agricultural intensification, those reducing greenhouse gas emissions from livestock or fertilizer).
- Step-change improvements in land management practices (e.g., those that lower the costs of land rehabilitation and restoration).
- New business models that align business practices with sustainability, such as deforestation-free commodity procurement agreements, long-term contracts, and ESOPs or joint ventures that encourage a more efficient scale of production for smallholders.
- Novel institutional arrangements, including public-private partnerships (e.g., TFA2020).
- Technology-enhanced monitoring of land use and land-use change to increase transparency, enable adaptive management, and improve accountability.

Scaling finance

261. The IP will support efforts to increase the availability and absorption of financing for the transition to more sustainable food and land-use systems ensuring the consultation with women in the planning and provision of financial services. Such financing will include:

- Results-based financing for carbon emissions reductions;
- Blended finance that de-risks (e.g., first-loss guarantees) and attracts much larger private sector investment, such as the recently created “Produce-Protect-Include Fund”.

Building capacity

262. The Impact Program will support capacity-building efforts that increases on-the-ground capacity by governments, the private sector, land owners (especially smallholders), and civil society, women’s groups, including in the following areas:

- Knowledge collection, analytical tool development, and exchange—especially South-to-South.
- Delivery of technical assistance including assistance on how to bring “bankable projects” (e.g., restoration projects, new business models, improved technologies, etc.) successfully into the investment phase.
- Food production and restoration technology and management techniques that address women’s needs.
- Monitoring and assessment systems, especially those that enable a timely and refined understanding of on-the-ground conditions, interventions, resulting impacts, and trade-offs across multiple scales and ecosystems (natural and agricultural).

Coalescing action

263. Ultimately, the transition requires on-the-ground action. To ensure this, the Impact Program will support “action coalitions” comprised of public sector, private sector (both supply-side and demand-side), financial, and civil society partners that commit to combinations of the interventions listed above and start implementing those interventions in order to achieve impact and build momentum.

Existing initiatives and Potential Partners

264. There are several existing global and regional multi-stakeholder platforms that the Impact Program could engage to rapidly gain on-the-ground traction and to scale the Program’s impact (See Table 1.5). These platforms offer opportunities for GEF-funded projects to collaboratively engage financial institutions, food companies (producers, processors, and retailers), policy-makers, technical experts, and civil society. Thus, the Impact Program will not be starting from scratch but will be able to leverage or “turbo-charge” existing momentum to accelerate progress toward more sustainable food systems and land use.

Contributions to the Multilateral Environmental Agreements

265. This IP responds to guidance from MEAs and is in alignment with MEA commitments and targets dedicated to the restoration of degraded ecosystems including Aichi targets 14 and 15 of the CBD. Restoration through reforestation and sustainable management of forest plays an important role in the UNFCCC’s REDD+ mechanism. And finally, restoration of degraded lands is key to achieving Land Degradation Neutrality (LDN) through UNCCD.

266. *UN Convention on Combating Desertification* – The UNCCD text explicitly mentions links between desertification, drought, and lack of food security. The Convention currently has a Ten-Year Strategy and Action Plan (2008 – 2018) that aims to forge a global partnership to reverse and prevent desertification/land degradation and to mitigate the effects of drought. Four strategic objectives guide the actions of all UNCCD stakeholders and partners, all of which will be directly supported by the Impact Program, and as a result, enable countries to advance toward their Land Degradation Neutrality targets.

267. *Convention on Biological Diversity* – The CBD recognizes the critical importance of conservation and sustainable use of biological diversity for agriculture, food and nutritional security. The IP specifically integrates priorities under the BD focal area, and will directly support the convention agenda by promoting innovative practices that harness ecosystem services derived from biodiversity (e.g. pollination, soil health), increase on-farm diversification and sustainable use of agrobiodiversity, and reduce direct pressure on natural habitats. The CBD currently has a Strategic Plan for Biodiversity, including the Aichi Biodiversity Targets covering the period 2011–2020, that embody the proposed IP outcomes as priorities for countries to invest.

268. *UN Framework Convention on Climate Change* – The impact program will directly contribute to climate change mitigation and adaptation, and responds in an integrated way to the Paris Agreement. It will also position countries to leverage LDCF/SCCF resources based on priorities identified in National Adaptation Programs.

269. Beyond the Rio Conventions, the IP will also contribute to the *Stockholm Convention* objectives. By enhancing capacity for sound management pesticides and promoting safer alternatives to pesticides, the IP will contribute to reducing and ultimately eliminating the continued reliance on POPs pesticides in food systems.

Comparative Advantage of the Global Environment Facility

270. The GEF is well placed to advance transformational change in agriculture and land use systems in ways that maintain or restore ecosystem function and generate biodiversity, sustainable land management, and climate change mitigation benefits. This IP draws from GEF's vast experience in developing sustainable agriculture, SFM, commodities, and restoration programs, and ensures that the approach is integrated to enable the tackling of drivers of environmental degradation in a synergistic way. In particular, this will build on the experience of GEF-6 with the IAP on Food Systems, and the IAP on Commodities which have already put in place collaborations and networks that can continue to expand in this new IP. The GEF will play a catalytic role in leveraging private sector engagement and co-financing while generating GEBs across different focal areas. We have already engaged in key players and participating with platforms such as TFA2020, the Global Restoration Council and the Bonn Challenge.

271. The IP provides a new approach through which GEF financing will directly focus on good practices and innovations in food systems and value chains that meet demands for increased efficiency and effectiveness. While the GEF financing alone cannot address the full range of

challenges for ensuring more sustainable food systems, it can play a significant role in catalyzing innovations to foster efficiency and effectiveness across the entire food value chains. The GEF's convening role within the framework of MEAs is particularly crucial for engaging key stakeholders to advance the environmental sustainability and resilience agenda for food systems in the developing world. By mobilizing diverse stakeholders and linking across scales, the synergistic and catalytic effects of GEF financing for the IP will also be greater than what can be achieved through disparate project investments.

Global Environmental Benefits

272. In accordance with its mandate, GEF financing will contribute measurable global environmental benefits by: a) sustainable use and conservation of biodiversity; b) increasing land area under sustainable practices without increasing the total land area used; c) increasing carbon sequestration; and d) reducing greenhouse gas emissions (GHG). Because the IP will target specific geographies during implementation, there is greater potential for economies of scale in achieving objectives of the Land Degradation, Biodiversity, and Climate Change focal areas.

273. Outcomes and GEBs for the impact program will be in line with the MEAs and the SDGs, as follows:

- Sustainable land and water management in existing production systems, including improved management of chemical inputs;
- Mitigation of GHG emissions through improved crop and livestock management, and efficient use of energy-based technologies;
- Conservation of agrobiodiversity by increasing on-farm diversification and managing genetic diversity of crops and livestock;
- Contributing to Land Degradation Neutrality;
- Removal or disposal of hazardous chemicals (especially pesticides) and waste associated with food value chains; and
- Increasing sustainability and resilience of food value chains.

Table 1.5. Existing global collaborations and initiatives relevant to the IP

Collaboration	Description	Thematic priority		
		Sustainable Food Systems	Deforestation-free Commodities	Landscape Restoration
Food and Land Use Coalition	Public-private partnership advancing the shift to a sustainable food and land-use system, one that can nutritionally feed the world yet stay within planetary boundaries			
Global Agribusiness Alliance	Coalition of 40+ leading agriculture producers dedicated to sustainability			
New York Declaration on Forests	Includes a call to eliminate deforestation caused by agricultural commodities by 2020 and to restore 350 Mha of degraded land by 2030			
Food Reform for Sustainability and Health (FReSH)	Private sector collaboration to accelerate change in food systems to achieve healthy diets within planetary boundaries			
Consultative Group on Int'l Agricultural Research	Scientific research network assessing, among other things, ecosystem services and GHG mitigation in crop/livestock systems			
Global Alliance for Climate Smart Agriculture	Alliance seeking to catalyze transformational partnerships to advance climate-smart agriculture practices			
GROW Africa & Asia	Network to increase private sector investment in agriculture, especially with smallholder farmers.			
10-Year Framework Program on Sustainable Food Systems	UNEP-led initiative to raise awareness and build capacity to shift to more sustainable food systems from farm to fork			
YieldWise	USD 130 million Rockefeller Foundation grant program to tackle food loss and waste in Africa, North America, and Europe			
Tropical Forest Alliance 2020	Partnership dedicated to achieving zero deforestation supply chains for palm oil, beef, soy, and more.			
Consumer Goods Forum's Zero Deforestation Resolution	Commitment by world's largest retailers and manufacturers to source 100% deforestation-free soft commodities by 2020			
Cocoa & Forests Initiative	Commitment by world's top cocoa and chocolate producers to achieve zero deforestation in cocoa supply			

Tropical Forest and Agriculture Fund	Public-private financing vehicle that invests in agricultural productivity improvements linked to zero deforestation			
Governors' Climate and Forests Task Force	Coalition of 30+ governors dedicated to reducing emissions from deforestation and forest degradation			
Global Forest Watch and TRASE	Online tools that monitor forest change (loss, gain) and trade flows of soft commodities			
Conservation and Financial Markets Initiative	Moore Foundation initiative to improve production practices and financing in order to stop deforestation in Argentina, Brazil and Paraguay, and halt mangrove loss from shrimp production in Southeast Asia.			
The Bonn Challenge	Calls on nations to restore 150 Mha of degraded forest landscapes by 2020, and a further 200 Mha by 2030			
Global Partnership on Forest Landscape Restoration	Network of practitioners, scientists, and policy-makers dedicated to supporting The Bonn Challenge			
Global Restoration Council	Coalition of public/private sector leaders (including the GEF CEO) dedicated to inspiring ambition and catalyzing action to achieve The Bonn Challenge			
Initiative 20x20	Country-led effort to bring 20 Mha of land in Latin America and the Caribbean into process of restoration by 2020			
AFR100	Country-led effort to bring 100 Mha of land in Africa into process of restoration by 2030			
4 per 1000 Initiative	Initiative seeking to advance carbon sequestration in soils via farming methods (e.g., agroforestry, conservation agriculture)			

Sustainable Cities Impact Program

Global Context

274. Global urbanization offers opportunities to scale-up solutions for the positive impact on global commons—from curtailing local environmental pollutants to averting catastrophic risks of global climate change. The Sustainable Cities Impact Program seeks to reverse global environmental degradation by inspiring and steering urbanization towards achieving sustainable development. Cities can implement high-impact solutions by rapidly decarbonizing urbanization on one hand and deepening resilience on the other hand. A combination of the old and new urban agendas form the basis of achieving sustainable urban development. Persistent issues include improving and expanding basic services like transport, energy, water, and waste collection, enabling and utilizing land and housing markets, and integrated local and regional planning. Emerging issues range from addressing climate change, growing middle-class consumption, conflict, migration, and refugees, investment under fiscal austerity, and utilization of digital technologies and big data.

275. **Three socio-economic mega-trends**—population growth, expanding middle-class, and urbanization—deeply burden the global commons and cause transgression of planetary boundaries. These drivers of environmental degradation are testing the carrying capacity of the earth’s natural systems (GEF, 2017). Recent analysis reveals acceleration of these interdependent trends.

276. **First, humans grow by the billions while biodiversity declines.** Global population is expected to peak at 11.2 billion in 2100. Today’s global population of 7.6 billion will add a billion by 2030 and over 2 billion by 2050⁵¹ (United Nations, 2017). Most of this growth will be in Africa and Asia. Between now and 2050, Africa will add 1.3 billion followed by Asia with 750 million people. The global environment is transitioning to a biosphere composed of humans clustering in cities and precipitous decline in ecosystems and biodiversity.

277. **Second, global middle class is bigger and expanding faster.** Previous assessments of the emerging global middle-class were under-estimated by half a billion people⁵² (Kharas, 2017). In 2016, 3.2 billion people constituted the middle-class and are expected to grow by 160 million annually for the next five years. Another two billion people are expected to join the middle class by 2030, constituting a total of over 5 billion. By 2030 an additional spending of 29 trillion is expected by the middle class, in addition to the present USD 35 trillion global expenditure. This will add up to a third of the global economy. Two-thirds of the global middle-class is expected to reside in Asia. This global escalation in consumption will be associated with growing demand on natural resources and carbon emissions associated with low density urbanization.

⁵¹ United Nations, Department of Economic and Social Affairs, Population Division (2017). *World Population Prospects: The 2017 Revision, Key Findings and Advance Tables*. Working Paper No. ESA/P/WP/248.

⁵² Kharas, Homi. (2017). *Brookings Global Economy and Development Working Paper No. 100* Washington DC: Brookings.

https://www.brookings.edu/wp-content/uploads/2017/02/global_20170228_global-middle-class.pdf

278. ***Third, global urbanization is accelerating, as are slums and sprawl.*** In a world with 7.5 billion people, over 4 billion reside in urban agglomerations (United Nations, 2014; United Nations 2016), occupying only 3% of the Earth’s land, but with a global ecological footprint. This is a five-fold increase in the urban population since 1950. Urban demographic projections estimate that between 2014 and 2050, another 2.5 billion people, mostly poor, will be added to the world’s cities, predominantly in Asia and Africa. Africa has the highest urban growth rates in the world (3.3% per year between 2000 and 2015), and the continental urban population is projected to reach one billion by 2040. In much of the developing world, urban growth is characterized by urban sprawl—cities are expanding their territories faster than their populations. Further, the scale of conflict- and climate-induced displacement are pushing even more people towards cities⁵³. Globally, 65 million people were displaced and 60% of all refugees—19 million people—settled in cities. The scale and pace of the challenge is so large that Mayors and local governments are struggling to respond; land use is poorly planned and unstructured; motorization rates are increasing rapidly as is pollution. The mega-trends are converging in cities with local and global negative environmental impacts.

279. Higher urban population density and concentrated emissions in cities pose risks to public health and safety within and beyond the urban jurisdictions. Air pollution contributes to half a million deaths a year in Asia, with 67% of cities failing to meet a key air quality standard for particulate matter.⁵⁴ Transboundary air and water pollution is increasingly observed around the globe with health, agriculture, and food security impacts. Additional concerns include chemical safety, handling and disposal of electronic and industrial waste with heavy metals and solvents, pesticide application for public health and vector control, and urban run-off. Cities are hotspots, which may contain more hazardous materials than in hazardous management facilities. For example, many POPs (some covered by the Stockholm Convention such as PCBs and SCCPs) are semi-volatile compounds, which may enter the gas phase at environmental temperatures, tend to be higher in modern cities than in agricultural areas.

280. Cities, the sites of most global wealth and economic activity, are acutely vulnerable to climate change. Fourteen of the world’s 19 largest cities are in port areas. Around 360 million people reside in urban coastal areas that are less than ten meters above the sea level. With sea-level rise and increased frequency and intensity of storms, these areas are likely to face immediate coastal flooding with storm surge, physical damage to infrastructure, and other impacts such as compromised water and food security. Urban climate risks are unevenly distributed. Most at risk, as the vulnerable urban poor, with about a billion urban residents living in slums, often settling in high-risk areas including in coastal or low-lying areas of urban ecosystems (United Nations, 2017). Climate change threatens to force up to 77 million urban residents back into poverty. Likewise, urban assets and systems that that are mal-adapted to

⁵³ Half of the Latin America’s indigenous population resides in cities (World Bank, 2015) and likely in Asia and Africa.

⁵⁴ The World Health Organization recommends that PM_{2.5} levels not exceed 10 micrograms per cubic meter as a guideline for average annual PM_{2.5}. Long-term exposure to pollution above this level has been shown to increase the risk of fatal illness. It is estimated that nearly 92% of the world’s people live in places where this safe level is exceeded. Of 194 countries with data in 2015, only 26 reported safe levels of PM_{2.5}, and in 145 countries more than 99% of the population was exposed to un safe levels (World Bank, 2017).

climate hazards are at high risk. By 2030, disasters will cost cities USD 332 billion, with the concentration of people and assets in cities making them vulnerable to cascading failures in the wake of a disaster.

281. Cities consume over two-thirds of global energy supply, and over 70% of global carbon emissions are associated with cities (IPCC, 2015). A significant share of growth in the per capita greenhouse gas emissions (GHG) in developing countries is attributed to urban areas, through expanding and intensifying energy use, with emissions from sprawl, transport, commercial and residential buildings, and industries. Meeting the production and consumption needs of urban populations for food, energy, water, and transport significantly strains rural and urban ecosystems, locally and globally. Physical expansion of urban areas can directly compromise the provision of ecosystem services vital to cities, for example those provided by forests—clean air, providing water catchment integrity, helping to control storm water and conserving energy. Policies need to consider the linkages between cities and the surrounding rural areas as well as the broader trans-boundary ecological burden. Urban planning, governance systems, and services—including water, sanitation, transport and land markets—need to address gender and promote equal opportunities to achieve greater social, economic, and environment benefits.

282. Global response to these challenges has been a three-fold prioritization of urban solutions. Urbanization is prioritized by the *2030 sustainable development* agenda by dedicating Goal 11 to Sustainable Cities and Communities along with direct reference to cities within several of the 17 Sustainable Development Goals. This is complemented by the *Paris Climate Agreement's* emphasis on subnational actors, and the United Nation's one-in-twenty-year Habitat III conference that resulted in the adoption of the *New Urban Agenda (NUA)* in Quito, Ecuador. The NUA is an important milestone in the push for sustainability and resilience by world leaders, which included the Sendai Framework, Paris Agreement, and the Sustainable Development Goals. Goal 11 of the SDGs is to “make cities inclusive, safe, resilient and sustainable.” Collectively, these offer a global institutional commitment to steer urbanization to benefit, rather than burden, the global and local commons. Establishing a new framework, these global commitments focus on transformative solutions that are commensurate with the scale of the challenge and focus on a one world scenario where all countries must respond with solutions. This is a departure from the Millennium Development Goals' past focus on measuring inputs and outputs that were primarily focused on developing countries and had a marginal focus on cities.

283. Cities offer an effective entry point to operationalize this three-fold urban commitment and addressing these challenges for major investments in global environmental benefits in the context of local, national, and global level actions. This presents a timely opportunity for the GEF to support countries in harnessing the growing momentum by cities to advance the urban sustainability agenda, which is reinforced by the following four urban governance characteristics—local- and demand- responsive policy control, unrealized potential of rapid urbanization, internal and external agglomeration economies of scale, scope, and complexity.

284. Cities control policies and vital systems related to global and local environmental conditions, such as system-level management of local infrastructure and land use, regional

natural resource management, and setting some environmental standards. Many cities have direct control over vast pools of public land and private and public land use, zoning, and building codes, transit systems, local roads, water supply, wastewater treatment, solid waste management, labor markets, and others. Mayors and city administrators play an essential role in multiple levels of urban and regional governance, necessitating their direct engagement. They can be quicker in decision-making and responsive to pressure and requests from local constituencies. In the context of climate change city leaders are demonstrating global leadership as well.

285. Projected urban development demands present an opportunity and an imperative for cities to manage their development sustainably, starting with the planning and design phase. For example, there are many-fold efficiency and environmental gains to be had with ex-ante urban investments in reserving land for public right of way for infrastructure investments that follow with demand (Angel, 2014). There is an opportunity to facilitate upstream planning to demonstrate models that avoid locking in conventional urban forms, and to help demonstrate innovative options for retrofitting to make existing cities greener and more resilient. Enhancing inclusive urban-rural linkages offers opportunities to advance integrated regional development. in ways that ease economic pressures leading to congestion.

286. Concentration of people, wealth, and institutions enable agglomeration economies of scale, scope, and complexity in with gains for firms, households, and cost of providing basic infrastructure and services. Urban productivity tends to be higher, enabling more efficient output with fewer resources when guided along a sustainable urbanization pathway. Cities are incubators of innovation and present unique opportunities to generate and disseminate technological, social, and cultural ideas. These offer the dual-opportunity of decarbonizing urbanization and building deep resilience, contributing to achieve the 2030 Agenda set by the Sustainable Development Goals and the Paris Climate Agreement.

287. Cities are natural places for integrated solutions. Cities offer fertile ground to integrate operations of interdependent systems of water, energy, transport, health, education, and security services. Traditionally, these urban systems have been integrated with varying degrees of effectiveness through urban governance and land use planning. To advance integration of these human systems with natural systems there are strong environmental, social, and economic cases to be made. For instance, the development and management of watershed, ecosystems, forests as well as urban and peri-urban agriculture as elements of green infrastructure in and around cities, offer compounding benefits for global climate change mitigation and local urban adaptation, resilience, diminishing air and water pollution.

288. However, global financing gap for urban infrastructure is between USD 4.5 and 5.4 trillion per year with a 40% premium for efficiency gains and up to 27% premium for resilience. These financing gap figures dwarf official development assistance. Cities need a combination of traditional solutions and radical new approaches to scale action. For example, GEF's grants should encourage and enable cities to expand the traditional use of land use, zoning, and building codes and construction standards for property value enhancement and tax collection, land

pooling for town planning schemes and vacant land utilization while leveraging innovative non-traditional and lesser tapped resources such as land value capture, development exaction fees, own source revenue mobilization for local governments, strengthening sub-national government creditworthiness, and private sector technical and management collaboration.

Program Description

289. Recognizing the critical role of cities for sustainable development and risks of not acting now, the GEF joined forces with key entities to support cities' endeavors towards sustainable integrated urban planning. To shift from a project focus to a systems approach and directly engage cities, GEF's 6th replenishment initiated a Sustainable Cities Integrated Approach Pilot (SC IAP) with twin tracks.

290. The first is city-level projects in 23 urban jurisdictions across 11 recipient countries through a USD 140 million combined grant, leveraging USD 2.2 billion in co-financing. Each country is supported by one or two implementing agencies with projects spanning across several sectors and issues—transport, energy, solid waste management, biodiversity and ecosystem conservation, climate change, and urban governance.

291. The second is a Global Platform for Sustainable Cities (GPSC), led by the World Bank, which serves as a knowledge platform to link cities along common themes such as transit-oriented development, climate change, and city creditworthiness. The Global Platform expands access to technical expertise, facilitates knowledge sharing among learning and leading cities through existing major global city networks—ICLEI and C40—advocating urban sustainability and leading environmental think-tanks such as World Resources Institute (WRI), and technology providers such as the European Space Agency (ESA).

292. The Sustainable Cities IAP has played a major role in positioning GEF in the urban space, and further reinforced the need for GEF engagement with cities and urbanization both as drivers of global environment degradation and as key players in addressing Convention objectives. Sustainable cities engagement is a promising first step that is directly contributing to several of GEF's core corporate goals ranging from Multilateral Environmental Agreements—UNFCCC, CBD, UNCCD and Chemicals Conventions—to SDGs like Goals 7, 9, 11, and 13—on clean energy; industry, innovation, and infrastructure; cities; and climate action. The GEF emphasis on an integrated approach to sustainable cities directly mirrors the SDG 11 targets, particularly 11.B¹ “to increase the number of cities with integrated policies and plans towards sustainability and resilience.” GEF is well positioned to play a critical role in helping mayors and municipal leaders pursue the aspirations embodied in the SDG and adopted NUA.

293. The proposed Sustainable Cities IP in GEF-7 will build on the experiences of Sustainable Cities IAP and would strengthen the role of the global knowledge platform to enhance its catalytic impact in two ways. Firstly, cities not presently part of the network will be encouraged to join the global knowledge platform to share their experiences of sustainable urban planning. It is expected that the platform facilitates the dialogue among cities and experts on the cutting-edge knowledge and approaches on urban sustainability planning. Secondly, the linkage between the

global knowledge platform and individual cities' investments under the Program could be strengthened in two ways; cities can benefit from the cutting-edge knowledge about urban sustainability planning and at the same time they can inform and enrich the platform's knowledge base from their own experiences.

294. The Sustainable Cities IP will seek to push the GEF engagement further by enhancing policy and financing environments to increase the productivity of existing urban infrastructure and by incorporating innovations that are increasingly within reach to revamp how cities operate at all levels and for all stakeholders. This will be assured primarily through the Global Platform on Sustainable Cities (GPSC), which will create access by cities to cutting-edge knowledge and advocate good practices for sustainable urban development. The GPSC provides a single-entry point for all cities seeking to advance urban sustainability, and serves as a global convening space for dialogue and a 'clearing house mechanism' on issues, resources and expert needs that will help position cities as major hubs for global environmental and development benefits, including opportunities for financial leverage to advance the sustainability and resilience agendas for cities.

295. The GEF recognizes that achieving urban sustainability will require innovative planning to accommodate diverse needs of cities and local municipalities in a holistic and systemic manner, including the following emerging priorities for most recipient countries:

- *Energy efficient building, district, and transport systems* – Sustainable urbanization must address the need for livability (homes), jobs (offices) and mobility (connective infrastructure), with innovative and smart technologies that reduce energy use and prevent urban sprawl.
- *Green infrastructure and nature-based solutions* – Cities must consider the functional significance and value of nature and ecosystem services in designing the urban space, including spatial linkages in the context of watersheds and hydrological flows.
- *Conservation of globally important biodiversity in urban landscapes* – Cities must play important role in safeguarding species and habitats of global importance, especially in regions where urbanization is likely to exacerbate threats and extinction risks.
- *Climate-smart urban and peri-urban agriculture and forestry* - Cities present opportunities for developing sustainable urban food systems, which could contribute to reducing land degradation, shortening supply chains and increasing efficiency.
- *Tracking of resource use and consumption* – The generation of hazardous waste and the increasing amounts of domestic waste contaminated with hazardous waste due to lack of proper regulatory and legal frameworks in place remain a major challenge for cities. Cities should work towards actions to be taken to reduce the amount of waste generated, and to improve overall waste management processes and programs, by reducing, reusing and recycling, whenever possible. At the same time, they should work on reducing and

eventually eliminating POPs, such as PCBs and brominated flame retardants, for example.

- *Promotion of gender balance* in city planning and decision-making bodies as well as the use of gender-sensitive approaches to urban climate policy and city planning.
- *Embedding resilience* – Urban planning must consider areas of vulnerability to shocks and anticipate potential risks to humans and infrastructure.

296. While each of these priorities can be tackled independently or through disparate investments, the potential for negative tradeoffs can be greatly amplified in the absence of an integrated urban plan. Furthermore, the need to promote synergies in delivering both development and global environmental benefits will be lost. Hence the GEF approach is to promote integrated and holistic urban planning that aligns multiple priorities for long-term sustainable and resilient growth of cities.

297. The IP will advance the following three-step approach toward promoting convergence in impacts value-chain: (a) *Dialogue*— This will involve a consultative process with recipient countries, GEF agencies, and key urban stakeholders to help identify opportunities and establish entry points for aspiring cities; (b) *Diagnostic*— Aspiring cities will be in position to harness the GPSC to evaluate existing and planned approach for sustainability. (c) *Implementation*— Aspiring cities will establish priorities for investment and implementation of high-impact, sustainable urban policies, programs, and projects.

Objectives, Key Interventions, and Criteria for GEF Financing

298. Building on programming achievements through the Sustainable Cities IAP program, the GEF–7 impact program will continue to support countries with clear aspirations for mainstreaming sustainable and integrated urban planning for their major cities. The GEF financing to countries will be primarily driven by the following suite of five criteria:

- Drive to achieve a shared Urban Sustainability Vision through a network-based approach and to engage with knowledge sharing platform. This includes commitment to participate in knowledge management, cross-learning, and sharing of lessons learned; Agreement to monitor, track, and report on a harmonized set of performance indicators (urban sustainability metrics).
- *Impact and replication potential within country and globally*. Appreciation of global urbanization and sustainability trends; Relevance of pilot city experience to other cities for potential replication. For instance: (a) *replicating integrated approach through national city-networks* in Brazil, China, India, and South Africa; (b) *expanding partnerships* to scale-up urban resilience to include FCV countries, ecosystem based resilience and biodiversity conservation, and indigenous urban population centers.

- *Readiness to act, with experience in planning and analysis, and with “shovel-ready” proposals* - Availability of baseline support and credible overall financing plans for proposed activities; Engagement of stakeholders and ownership.
- *Geographical distribution and urbanization status.* Rationale for city selection in terms of size/tier (mega versus secondary, now or 2050) and geographical distribution. For mega cities, articulation of intervention focus (such as themes/sectors, geographical areas).
- *Local and national level commitment to integrated urban management and policy.* Articulation of urbanization challenges in relevant national sustainable development strategies and policies, including through national urbanization reviews, sustainability action plans and follow-up priority investments. For example, city to metropolitan region scale-up by supporting within-city projects to integrate metropolitan or city-region approaches.

299. The IP will focus primarily on harnessing the GPSC to expand the network of cities and municipalities committed to applying the sustainable and integrated city planning approach. This will further enhance opportunities for cities to access the best available tools, knowledge and expertise for integrating sectoral priorities toward smart- and sustainable urban development. Under this vision, aspiring cities can access the following services and support:

- Access to sustainable urban development knowledge continuously accumulated by the GPSC on sustainable urban development – this would include tools, training materials, knowledge products, and lessons of implementation from cities that have implemented investment and policy programs under the auspices of the GPSC
- Advice on the preparation of GEF city proposals, beginning with a strong focus on integrated sustainable city planning and management
- Access to practical lessons of experience from cities already supported by the GPSC in the implementation of sustainable sectoral programs embedded in an integrated sustainable plan for the city
- Identification of cities with relevant experience in the specific areas of interest of the proponent city, and initial exchanges for city-to-city advice in the preparation of the proponent city proposal to GEF funds (or other sources of financing linked to the GPSC)
- Access to global knowledge by various networks and institutions in areas related to urban sustainability and sectors of interest to the proponent city
- Invitation to periodic workshops and training sessions organized by the GPSC in the areas of interest of the proponent city

300. To maximize potential for global environmental benefits, countries through their integrated and holistic urban development plans for specific cities, can leverage GEF financing for the following interventions:

Evidence-based Spatial Planning—National, Regional, Local

- *Enhancing spatial planning* - Geospatial tools such as satellite maps and data layers of geographic information systems can be used in the urban context for a wide range of purposes, including mapping underground utilities, tunnels and other urban infrastructure to identify issues, improve efficiency and design retrofit, identifying infill areas such as abandoned land or buildings that are suitable for redevelopment and planning for their reallocation, mapping natural resources such as prime agricultural land and unique or endangered habitats, and mapping areas at risk of earthquakes, floods, landslides and other disaster risks and adjusting development plans accordingly.
- *Investing in digital and data leadership* - Efficient urban services delivery requires a capable municipal government that can implement policies and spend public resources effectively. It also requires an empowered citizenry able to hold city leaders to account. This can be strengthened through streamlining processes to reduce discretion and opportunities for rent-seeking, ensuring that public resources are collected and spent efficiently and in an environmentally-friendly manner, without leakage; improving municipal service provider management through better monitoring; and receiving feedback from service users to track satisfaction, identify problems, and improve service quality real time.

Decarbonizing Urbanization with Infrastructure Integration at National, Regional, and Local Scales

- *Coordinating inter-city infrastructure* - Inter-city infrastructure ranges from intercity rail systems to open space planning, sharing of waste disposal facility and water supply. Promoting seamless intercity connection can not only greatly reduce the carbon footprint of intercity transport, but also promote jurisdictional complementarities and generate spillover effects. Green space planning (greenbelts and greenways) can be used as growth boundaries to help contain urban sprawl and to separate different land use functions such as industrial activity and residential uses.
- *Innovation in freight and transport* – Promoting innovative technologies in the transport sector, including infrastructure and vehicles. Energy savings and reduced climate emissions result from increased efficiency in both freight and passenger transport as well as a potential decrease in overall transport needs. This in turn leads to a saving in lives, time, money, and the environment.
- *Building seamless urban connectivity* – Promoting the use of innovative (e.g. digital) technologies to improve urban mobility in various ways, including traffic management, multimodal trip planning and congestion pricing; ensuring safe movement for pedestrians and bicycles; and incentive programs that encourage non-motorized transport modes.

Building Deep Resilience with smart systems and slum solutions

- *Optimizing urban resources management* – Promoting the use of innovative (e.g. digital) technologies for various urban development needs, such as smart grids and demand management, monitoring resources consumption, and reducing waste through better management, composting, recycling and reuse (e.g. through sharing economy). The use of hazardous materials should be avoided, as appropriate, and there should be a reduction and elimination, in the long-run, of POPs such as PCBs, BFRs and UPOPs.
- *Accelerating building and district energy efficiency* – Promoting solutions for urban planners seeking to advance sustainability through application of technology and financing to foster energy efficient and resilient buildings and district heating/cooling systems which offer lower operating costs and long-term environmental benefits.
- *Streamlining municipal services for sustainability* - Streamlining services and process. One-stop computerized service centers can provide citizens with access to a wide range of public services from different departments at one location. This kind of service centers not only save time, speed delivery and expand options, but also reduce corruption opportunities.
- *Non-stop slum solution*—Developing ex-ante and ex-post solutions to scale up slum improvement and prevent expansion through a solutions portfolio—combining supply and demand side solutions such as site and services, slum upgrading, housing finance, subsidized mortgages, construction standardization, redesigned building codes, land tenure requirements, land markets; last mile extension of basic and resilient infrastructure service delivery all while avoiding mal-adaptations to climate change—such as slum upgrading in the flood plains and the like.

Cascade Financing Solutions for Urban Sustainability

- *Cities need to enhance fiscal capacities* in three domains for accessing capital under fiscal austerity. First, to negotiate and utilize intergovernmental fiscal transfers. Second, improve municipal financial management including managing and expanding own revenue collection and expenditure. Third, establish and enhance creditworthiness for accessing private capital markets. Cities also need to build capacity to develop bankable projects and investment opportunities while ensuring effective and efficient project design and delivery.
- *Experimenting with land value derivatives*. Cities may explore utilizing a range of conventional and contemporary instruments to derive and utilize value from urban land. These instruments may range from routine managing of land value creation through land use planning, zoning, and associated use and density distributions and its collection through property taxes to instruments such as land

value capture, development exaction fees, or incentivizing vacant land utilization to incentivize urban sustainability.

Existing initiatives and Potential Partners

301. The Global Platform on Sustainable Cities has already engaged all the major International networks and technology providers, including C40, ICLEI, UCLG, Compact of Mayors, 100 Resilient Cities, UN-HABITAT, WRI, ESA, and others. The broad-based coalition now in place will attract additional partners, including private sector entities to help increase investment opportunities for cities and local governments aspiring for sustainability. The network partners will increasingly connect people who are tackling challenges and enable them to learn from others' experiences and adapt solutions to their own unique situations.

302. By engaging the networks and technology providers, the GPSC will serve the needs of countries and cities, including the following:

- *Ensure Cities own and drive the GPSC agenda.* Cities are at the center of sustainable development, as has been recognized by, among others the New Urban Agenda and Goal 11 of the SDGs and the New Climate Economy initiative. Cities are also engines of national and global growth, accounting for around 80% of global economic output⁵⁵. City administrations are often acutely influential, with sharp local powers to affect the form of the city and investments happening locally⁵⁶. If Cities are central actors for local economic and sustainability efforts, they should also actively drive this global platform.
- *Make GPSC the platform of choice for all funders of sustainable cities.* As GPSC strategic planning exercises identify sustainable bankable projects, funding for the projects should not be restricted to GEF. The GPSC will help to pull resources from IFIs and the private sector to accelerate the implementation of sustainable projects.
- *Make GPSC focus on identifying, documenting and replicating solutions for sustainability.* The GPSC will focus on how to make cities more sustainable. As Cities are laboratories for innovation, the comparative advantage of GPSC should be in identifying, curating and documenting state of the art city-led initiatives, so that cities can learn from one another. The GPSC will aspire to be the umbrella organization centralizing the information about integrated strategic approaches for sustainability, providing technical advice to cities to have an impact on changes on the ground.
- *Make GPSC the global platform for peer to peer learning by cities.* The GPSC helps identify the different types of technical resources and solutions that “lead sustainable cities” can provide to other cities trying to follow a similar path. The GPSC should also rely on existing networks of cities from which to draw on

⁵⁵ Better Growth, Better Climate: The New Climate Economy Report. 2014.

⁵⁶ C40 Cities and Arup, 2014. Climate Action in Megacities: C40 Cities Baseline and Opportunities.

experiences, such as those provided by the Resource Team, that can also share innovations and insights.

- *Ensure GPSC becomes the center for innovation for monitoring progress by cities through geo spatial data.* The last few years have seen striking advances in the geospatial information sphere related to some trends: 1) sharp rise in the amount of data available through smart phones, credit cards, social media, GPS devices, Google and other resources; 2) an increase in the accuracy of data; 3) increase sophistication in the methods used to analyze geospatial information, partly enabled by standardization of data and databases; 4) advances in hardware; 5) maturation of open-source software, to make data more accessible to a broader group of people⁵⁷. All these advances create a huge opportunity to start thinking about data for urban sustainability in a new way. Hence, the GPSC will shift its focus to practical use of geospatial data.
- *Make GPSC agile for implementation, focused and helping to identify city priorities.* The GPSC will be strengthened to become more flexible and dynamic in implementation, to have a more fluid and direct communication with the local governments, and to ensure there is a designated entity leading the integrated planning effort at the local level and centralizing the capacity building and training efforts.

303. The GPSC is also serving to convene GEF Agencies and a wide range of relevant technical partners that are well placed to support the delivery of quality projects with countries and potential co-financiers. This framework for coordination and collaboration at country-level will help to define the best niche for GEF funds to enable and scale up the work of others including stimulation of increased private sector engagement.

Contributions to Multilateral Environmental Agreements

304. Various Conventions are increasingly recognizing the role of cities both as drivers of environment degradation and as key players in addressing Convention objectives. Specifically, the Sustainable Cities IP will contribute to UNFCCC, CBD, UNCCD and Chemicals Conventions.

305. The United Nations Framework Convention on Climate Change (UNFCCC) Decision 1/CP.16 recognized the need to engage subnational and local governments and numerous decisions identified a role for these subnational stakeholders and governments such as Decision 1/CP.11, Decision 1/CP.16, and Decision 2/CP.17⁵⁸. In Decision 1/CP.19 from 2013, Parties agreed to facilitate the exchange of experiences and best practices between cities and subnational authorities in identifying and implementing opportunities to mitigate GHG emission and adapt to the adverse impacts of climate change. Furthermore, the role of subnational governments to

⁵⁷ McKinsey & Company. 2014. Innovations in local government open data and information technology.

⁵⁸ The decisions refer to dialogue on long-term cooperative action to address climate change (1/CP.11), in adaptation plans and strategies (1/CP.16), and in Nationally Appropriate Mitigation Actions (NAMAs) (2/CP.17).

engage in the UNFCCC process is being discussed within the framework of the “Friends of the Cities,” among interested parties and institutions.

306. The Convention on Biological Diversity (CBD) Decision IX/28 articulated the need to involve cities in biodiversity strategies and action plans. A number of cities have initiated Local Biodiversity Strategic Action Plans in partnership with national governments, based on Decision X/22. In 2012, the CBD launched the “Cities and Biodiversity Outlook.” The CBD also set up a Cities for Life Summit, in parallel to the official CBD-COP, and created the Global Partnership on Cities and Biodiversity.

307. The United Nations Convention to Combat Desertification (UNCCD) recognizes the rural-urban interface as a major priority for tackling land degradation. Through its multi-year work program, the convention identifies migration as one of the important variables and hence considers cities strongly interlinked with what the Convention aims to achieve, through their potential role and impact on migration.

308. Article 6 of the Stockholm Convention and article 11 of the Minamata Convention address the management of waste that contains persistent organic pollutants (POPs) or whose poor management leads to the production of such chemicals, in a situation where cities are the main stakeholders. Moreover, cities are major users and producers of chemicals and waste, and have a key role in the management of a number of the new POPs relevant to cities.

309. The GEF can help develop and implement efforts in a more coordinated manner to enhance effectiveness and address common drivers that the individual Conventions seek to address. The GEF interventions will incorporate issues on gender equity and women’s empowerment as promoted by all of the above Conventions. The results and lessons learned on generating global environmental benefits for individual Conventions will also be shared, to help inform Parties as they consider the role of cities and urbanization in the Convention context.

Comparative Advantage of the Global Environment Facility

310. This IP builds on the robust demand from countries to join in the Sustainable Cities IAP program initiated in GEF-6. The objective in GEF-7 is to bring stronger coherence of interventions across an expanding network of participating cities through the enhancement of the GPSC. The GEF-6 IAP has now engaged with key networks and providers of technical assistance and knowledge such as ICLEI, C40, and WRI. This represents a platform and set of resources on which GEF-7 investments can build on. Key to this IP will be to ensure that cities move away from single-sector uncoordinated investments into more integrated multi-sector coordinated urban planning and investments.

311. The ability of the GEF to mobilize financing to address concerns that cut across multiple sectors and focal areas is a unique advantage. Stakeholders, including national and urban leaders and institutions, are calling for stronger efforts by the GEF to address key drivers of environmental degradation in an integrated manner through city-focused action. In addition, the GEF, as a pioneer of innovation through grant financing, is well suited to support the testing and

demonstration of models of integrated urban management, with a strong potential for impact per dollar invested. By ensuring that gender equality and women's empowerment are considered in demonstrated models, the GEF can leverage its advantage to greater benefit. The GEF grant funding in and of itself serves as an incentive mechanism to support promising innovative activities, helping to lower the risk to clients and other investors.

312. The GEF can play a key role partnering with relevant countries and cities as well as relevant GEF Agencies and bilateral institutions, building on the extensive experience in supporting urban area projects in various focal areas. The growing number of urban initiatives currently planned or implemented by GEF Agencies and bilateral institutions offers timely opportunities to catalyze action. The GEF will harness its partnerships to help establish an enabling environment for generating and channeling investments that contribute to global environmental benefits and associated resilience. The GEF will not directly invest in large scale infrastructure projects as this may be done through a multilateral development bank or bilateral loan packages as co-financing, or leveraged financing from countries or cities.

Global Environmental Benefits

313. In accordance with its mandate, GEF financing will contribute measurable global environmental benefits by: a) reducing greenhouse gas emissions (GHG); b) mainstreaming biodiversity conservation to harness ecosystem services and safeguard threatened wildlife species; c) integrating LDN targets; d) improved chemicals and waste management. Because the IP will target specific geographies during implementation, there is greater potential for economies of scale in primarily achieving objectives of the Climate Change Mitigation and Chemicals and Waste focal areas, and secondarily the Biodiversity and Land Degradation focal areas

314. Outcomes and GEBs for the impact program will be in line with the MEAs and the SDGs, as follows:

- Mitigation of GHG emissions through energy efficiency;
- Removal or disposal of hazardous chemicals, including industrial and pesticides POPs, and urban waste management;
- Conservation of threatened wildlife species and habitats; and
- Contributing to Land Degradation Neutrality.

Sustainable Forest Management Impact Program

Global Context

315. Forests cover around 30% of the earth's land surface, just below 4 billion hectares⁵⁹. Rapid development and competing land uses, particularly for farming and grazing lands, commercial plantations, and infrastructure expansion, have cut wide swaths through the world's forests. These threats place remaining natural forest areas and their globally important biodiversity under heavy pressure. As human populations continue to increase, competition for land only will further intensify. Over the past 25 years, the extent of the world's forests has declined by about 3%, but encouragingly, the rate of net forest loss has been cut by over 50% over this same timeframe⁶⁰. Advances made in slowing forest decline have been achieved through a range of measures, and important among these are the forest protection, management and restoration approaches that are at the core of sustainable forest management (SFM).

316. Despite this significant progress, many governments, nonetheless, face an array of economic, ecological, and political challenges in achieving SFM, and deforestation and degradation of many global forests continues at an alarming rate. This forest loss threatens vital environment services, such as the maintenance of biodiversity, climate stability, integrity of land, and delivery of fresh water. The degradation of forests and their associated environmental services also undermines the livelihood of an estimated 1.6 billion forest-dependent people, with consequences for migration and security.

317. The Amazon, the Congo Basin, and some important Dryland landscapes around the world are globally important for biodiversity and carbon storage, provide livelihoods and subsistence to communities that rely on forests and agriculture for their survival and as such qualify as “key ecosystems” where a concerted SFM approach can have value. In these globally important ecosystems, we have the opportunity to change the future development trajectory from natural resource depletion and biodiversity erosion, to one based on natural capital management and productive landscapes. The latest science also indicates that these globally important ecosystems require integrated ecosystem-scale management for maintaining their “ecological integrity and functioning” and delivering Global Environmental Benefits. Fragmented and isolated projects will not be sufficient in these large ecosystems as has been the case for much of the past SFM set of investments.

318. In GEF-6, an Amazon Landscapes Program (ASL) that for the first time brought 3 of the most important Amazonian Basin countries together was launched, to coordinate on important aspects of Ecosystem-wide management and development trajectories. The ASL program has focused on designing and implementing collaborative approaches to productive and conservation land uses that will provide for livelihoods while preserving the ecological integrity and global environmental value of this ecosystem. These approaches have the potential to be truly transformative, and ensuring that the integrity of these key ecosystems, and the services

⁵⁹ Global Forest resources Assessment 2015, FAO: <http://www.fao.org/3/a-i4793e.pdf>

⁶⁰ Ibid

they provide, is at the center of a sustainable development model that provides for people and production.

319. The time is now ripe for the SFM program to evolve into an Impact Program with a clear geographical focus to better harness time-bound opportunities for impact on critical forest biomes and systems. These 3 key forest regions are the major ecosystems and perhaps the last places where an integrated and concerted SFM approach can truly transform the course of development and produce multiple benefits for biodiversity, climate change, and land degradation.

Program Description

320. The SFM IP will focus on these 3 key ecosystems and address challenges associated with sustainably managing and protecting forests and drylands. The SFM IP takes on the drivers of forest loss and degradation through strategies aimed at creating a better enabling environment for forest governance; supporting rational land use planning across mixed-use landscapes; strengthening of protected areas; clarifying land tenure and other relevant policies; supporting the management of commercial and subsistence agriculture lands to reduce pressure on adjoining forests; and utilizing financial mechanisms and incentives for sustainable forest utilization such as markets, REDD+ and other PES. If sustainably managed, success in these areas can serve as models on addressing the nexus between generating global environment benefits, poverty alleviation, and improved economic development. As evidenced by the country leadership in the Amazon Sustainable Landscapes Program in GEF-6, through initial discussions with the President of Gabon, and a declaration of support from 6 Congo basin countries, this IP benefits from strong country support from key recipient countries.

321. The SFM IP will support multi-country collaboration as a design criteria for all projects. While work will be targeting in-country efforts at the sub-regional level, it will also help to address issues that are either difficult to tackle at the project level (e.g. carbon leakage effect, illegal timber exploitation, wildlife poaching and trafficking) and stimulate the potential for replication and scaling up. For instance, specific landscape level mechanisms will be proposed for conflict resolution between different land users and across national boundaries. Other mechanisms will address important cross-cutting issues, such as gender inequalities in the implementation of SFM.

322. The SFM IP will promote the inclusion of women and their role in the sustainable management of forests and trees and build capacity of communities to capitalize on the complementary role of women and men in the diverse activities needed for advancing the objectives of forest management, biodiversity conservation, and watershed protection in a local setting.

323. All the three targeted systems have benefited from pilot investments in previous GEF cycles creating a baseline to scale up impact: Amazon Sustainable Landscape Program, Strategic Congo Basin Program, and the Sahel and West Africa Program to Support the Great Green Wall Initiative. The SFM IP can therefore further advance previous gains by responding to country

priorities to protect, restore, and sustainably manage their forests and drylands so that they provide a wide range of ecosystem services, support local livelihoods, strengthen climate change resilience. GEF's implementing experience in the Amazon, Congo Basin, and elsewhere shows that coordinated programs foster collaboration, strengthen knowledge exchange, and extend the impact of the scope of the work.

Amazon Sustainable Landscapes

324. South America is home to several sensitive biomes, most notably the Amazon, where balancing economic development with conservation remains an on-going challenge. The Amazon Biome is defined as the area covered predominantly by dense moist tropical forest, with less extensive areas of savannas, floodplain forests, grasslands, swamps, bamboos and palm forests. The Biome encompasses 6.70 million km² and is shared by eight countries (Brazil, Bolivia, Colombia, Ecuador, Guyana, Peru, Suriname, and Venezuela), as well as the overseas territory of French Guiana (WWF, 2009). The majority of the Amazon forest is contained within Brazil (60%), Peru (13%) and Colombia (10%). The Amazon includes 610 protected areas, as well as 2,344 indigenous territories that cover 45% of the basin. More than 40% of the rainforest remaining on Earth is found in the Amazon and it is home to at least 10% of the world's known species, including endemic and endangered flora and fauna. The Amazon River is the largest river basin in the world and accounts for 15-16% of the world's total river discharge into the oceans. The Amazon River flows for more than 6,600 km and with its hundreds of tributaries and streams contains the largest number of freshwater fish species in the world. The Amazon forest and river ecosystem is one of largest natural areas that still has the potential to remain sustainably conserved and managed.

325. The Amazon plays a critical role in climate regulation regionally and globally. The Amazon forests helps regulate temperature and humidity, and is linked to regional climate patterns through hydrological cycles that depend on the forests. Given the large amount of carbon stored in the forests of the Amazon, there is considerable potential to influence global climate if not properly protected or managed. The Amazon contains 90-140 billion metric tons of carbon, the release of even a portion of which could accelerate global warming significantly. Land conversion and deforestation in the Amazon release up to 0.5 billion metric tons of carbon per year, not including emissions from forest fires, thus rendering the Amazon an important factor in regulating global climate⁶¹.

Drivers of environmental degradation

326. There are several interrelated factors constituting the drivers and root causes of the deforestation and degradation of the Amazon Biome. These are related to export markets (e.g. international demand for agricultural and forest goods, minerals and energy), transport infrastructure development, social inequality and poverty. All these are linked to the context of each country in the Amazon and in some cases to shortcomings of the policy frameworks to

⁶¹ Nepstad, D, C.M. Stickler, B. Soares-Filho, and F. Merry. 2008. Interactions among Amazon land use, forests and climate: prospects for a near-term forest tipping point. *Phil. Trans. Roy. Soc. B.* doi:10.1098/rstb.2007.0036

support sustainable development in various sectors and value ecosystem services, weak governance of some institutions and governmental entities to establish and enforce legislation for nature conservation and other sustainable development policies and lack of appropriate land use planning. These threats can be found in varying degrees in individual countries conforming the Amazon, and could be exacerbated by the lack of regional coherence in laws and policies among the Amazonian countries.

327. Given current environmental and development trends, the opportunity to make a lasting impact at the basin scale is likely to disappear in 10 to 20 years. Continued deforestation and interactions with climate change (including reduction of precipitation due to reduced evapotranspiration) is likely to speed up the rate of forest loss, and if current destructive trends continue, more than 50% of forests within the basin could be destroyed in the next two decades. In addition, deforestation will destroy habitat for migratory fish and likely accentuate the damaging impacts of mercury used in gold mining on the environment and human health.

Objectives and Key Interventions

328. The objective of this programmatic element is: to protect globally significant biodiversity and implement policies to foster sustainable land use and restoration of native vegetation cover. It will build on the four components of the GEF-6 ASL Program and its associated objectives with the aim to expand the reach of the GEF-6 ASL Program and to invite the other GEF-eligible countries that are part of the Amazon biome to become involved. The current initiative aims at generating scalable results in reducing deforestation and the loss and fragmentation of natural habitats as well as preventing the extinction of threatened species and improving their conservation status through four inter-related interventions:

- **Integrated Amazon Protected Areas:** This component will increase conservation and protection of biodiversity through the implementation of initiatives influenced by the successful Amazon Region Protected Areas Program in Brazil (ARPA). The GEF-6 ASL program will catalyze protected areas creation, and improve management and sustainable financing at the protected area system-wide level.
- **Integrated Landscape Management:** This component aims to contribute to climate change resilience and enhance sustainable land use by improving forest and land management and reducing carbon emissions from deforestation in the respective project areas.
- **Basin Connectivity:** While similar to the previous component for terrestrial landscapes, this component will focus on connectivity of the freshwater ecosystem and aquatic resources on which local livelihoods depend on for food security, transport, and water. Recent science clearly indicates a need to manage the freshwater resources from the headwaters to the delta as a single unit, otherwise risking losing the ecological functions of the basin.
- **Policies for Protected and Productive Landscapes:** This component will incorporate biodiversity management principles (both conservation and

sustainable use) into selected government sectors that are drivers of deforestation (i.e., agriculture, extractive industries and infrastructure) through sectoral agreements and/or instruments.

- Capacity Building and Regional Cooperation: This component will be designed to complement the national projects and maximize the efficiency of the broader approach. The component will provide opportunities for south-south learning, foster intergovernmental cooperation, use M&E tools and geospatial services, apply best practices and peer review and develop portfolio-wide training and communication strategies.

329. The key outcomes will be the following: increased area of global significant forest ecosystems in new protected areas; improved protected area financial sustainability and management effectiveness; innovative mechanisms to reduce the loss and promote the sustainable management of native forests implemented; integrated management practices and restoration plans to maintain forest ecosystem services implemented; increase in area of restored forest ecosystems; and sector policies and regulations are increasingly favorable for the reduction of deforestation through an integrated landscape- and sector-based approach that takes into account development needs of all groups of stakeholders and includes considerations of indigenous peoples, and gender.

330. In consultation with the countries, additional priorities may be included, such as the formalization or regulation of the artisanal and small-scale gold mining (ASGM) sector and the management of freshwater resources.

Existing initiatives and Potential Partners

331. The GEF-6 Amazon Sustainable Landscapes program will serve as a strong basis for the expansion of the program to other countries. The GEF-6 Program Steering Committee (PSC), chaired by the World Bank as lead agency and comprising one-program focal point from each country, the Global Environment Facility Secretariat, and relevant Implementing Agencies (UNDP & WWF-US) will act as an advisory mechanism to maximize synergies and contribute to the successful design and implementation of the Expanded Program. Depending on enrollment by new participating countries and the GEF Agencies that may join, the PSC will be expanded accordingly and the Terms of Reference for the PSC adjusted as necessary. The GEF-7 initiative will coordinate with developed donors (i.e., Norway, UK and others), bilateral-aid agencies (i.e., USAID, GIZ, and others), and private foundations (i.e., Gordon and Betty Moore Foundation, MacArthur Foundation, and Blue Moon Fund).

Congo Basin Sustainable Landscapes

332. Central Africa contains more than 2.87 million km² of forest ecosystems, comprised of both humid and dry forests. The region's 2.27 million km² of remaining closed canopy tropical forest represents one fifth of the what remains in the world for this highly valuable forest type, and, after the Amazon, is the earth's second largest area of contiguous moist tropical forest. Central Africa's Congo basin is defined by the watershed of the Congo river and primarily covers

Cameroon, Central Africa Republic, the Democratic republic of Congo, Equatorial Guinea, Gabon, and the Republic of Congo. The forest habitats provided by the Congo Basin are the largest on the entire African continent and are home to an extraordinary diversity of life. Endemic and emblematic species include, Great Apes (chimps, bonobos, gorillas) and the forest elephants, among others. Congo Basin forests also provide vital regional and global ecological services as carbon sinks, basin catchments, and regulators of climate. It is estimated that 46 billion metric tons of carbon are stored in the Congo Basin, particularly in the humid tropical lowland forests. The largest area of peatlands in the tropics, an area greater than England, was recently mapped for the first time in the swamp forests of the Congo Basin. These peatlands alone sequester some 30 billion metric tons of carbon, making them one of the most carbon-rich ecosystems on Earth⁶². Deforestation in Central Africa can affect rainfall and climate processes not only in Central Africa, but on other parts of the globe.⁶³ The values of tropical forests in the Congo basin have therefore conferred the area's ecosystems with significant importance as a global common asset^{64,65}. Importantly, they also provide fuel, food, shelter, medicine, and livelihoods to 60 million people who live in or near the forests, and fulfill social and cultural functions essential to local indigenous populations.

Drivers of deforestation and Objectives and Key Interventions

333. The main objective of the Congo Basin Sustainable Landscapes will be to Mainstream biodiversity conservation in forest management and land use planning through a landscape approach.

334. Small scale agriculture and harvesting of fuelwood are among the main drivers of deforestation in the Congo Basin⁶⁶, with the development of commodities and agribusiness increasingly becoming important. Subsistence agriculture combines various annual and perennial crops (cassava, maize, groundnut, banana, vegetables, and tuber), alternating with short or long-term fallows depending on local land availability.

335. The direct causes of declines to emblematic species (primates, elephants) are strongly linked to poaching and other changes in land use, most notably clearing of forests for farming and infrastructure development⁶⁷. Challenges associated with extreme poverty and historical enmity of local people over protected area management strategies that have run counter their interests are also deep-rooted causes of forest loss in the Congo Basin.

⁶² Dargie, G. C., Lewis, S. L., Lawson, I. T., Mitchard, E. T., Page, S. E., Bocko, Y. E., & Ifo, S. A. (2017). Age, extent and carbon storage of the central Congo Basin peatland complex. *Nature*. doi:10.1038/nature21048

⁶³ Todd M.C. & Washington R., 2004. Climate variability in Central Equatorial Africa: influence from the Atlantic sector. *Geophysical Research Letters* 31: L23202.

⁶⁴ Gibson L., et al. 2011 (corrigendum 2014). Primary forests are irreplaceable for sustaining tropical biodiversity, *Nature*, Volume: 478 Pages: 378–381

⁶⁵ *The Forests of the Congo Basin – Forests and Climate Change*, 2015. Eds. De Wasseige C, Tadoum M., Eba's Atyi R. & Doumenge C., 2015. Weyrich. Belgium. 128p

⁶⁶ *The Forests of the Congo Basin – Forests and Climate Change*, 2015. Op. cit.

⁶⁷ http://ec.europa.eu/environment/cites/pdf/WAP_EN_WEB.PDF

Objectives and Key Interventions

336. The Congo Basin Sustainable Landscapes programmatic element builds on GEF's investments in the region over a significant time period that started in the early days of the GEF by supporting individual protected areas for biodiversity conservation. In GEF-4, the approach evolved with a more strategic support at the scale of the protected area network in view of improving management capacities and sustainable financing. The development of a first programmatic approach using additional resources from the Tropical Forest Account paved the way to the Sustainable Forest Management Program and its incentive mechanism being deployed at scale during the GEF-5 cycle. In GEF-6, GEF support was organized mostly along two strategic programmatic approaches: Global Wildlife Partnerships, and the Restoration Initiative.

337. This objective will build on land-use, forest management, and REDD+ planning baseline investments to better integrate biodiversity conservation issues and pioneer sustainable forest management approaches that empower the local communities, including Indigenous peoples. Support will focus on:

- Increased conservation and protection of biodiversity through strengthening effective management of protected areas in the selected landscapes and transfrontier protected areas. This will improve protected area management while also tackling the drivers of poaching and trafficking. Several key transfrontier areas have been identified for potential protection because of their biodiversity importance and the need to be managed as a single unit.
- Regional cooperation through a knowledge management plan implemented to support south-south learning and foster intergovernmental cooperation. Specific financing mechanisms, including REDD+ and the use of non-grant instruments, and science based monitoring will be tapped to address key threats to endangered species, globally important forest habitats, and forest dependent peoples.

338. Selection of landscapes will be prioritized based on several criteria related to their potential for transformation and multiple benefits, including: 1) significant baseline investments on SFM and/or REDD+ as a starting point, 2) high carbon storage values, 3) presence of globally endangered species, 4) presence of forest dependent people in the surrounding forest patches.

Existing initiatives and Potential Partners

339. Many initiatives are on-going in the region that provide a strong baseline of partnerships on which to build: REDD+ program with FCPF and the carbon funds; the Forest Investment Program (FIP) and the associated IDA investments in DRC and republic of Congo; the Central African Regional Program for the Environment, CARPE, supported by USAID; the Program for Conservation and Rational Utilization of Forest Ecosystems in Central Africa, ECOFAC, funded by the European Commission since 1992; recently Central Africa Initiative (CAFI) launched a USD 200 million initiative for REDD+ in the Congo Basin. Moreover, most of the countries, as well as the COMIFAC, are on the way to developing submissions to the Green Climate Fund. The GEF can

play a strategic and catalytic role to compliment these investments, based on its comparative advantage.

Dryland Sustainable Landscapes

340. Dryland are a vital part of the earth's human and physical environments, encompassing grasslands, agricultural lands, and forests. They cover approximately 40% of the world's land area and support two billion people, 90% of whom live in developing countries where women and children are highly vulnerable to the impacts of land degradation and drought. Drylands provide much of the world's grain and livestock, many forest products and vegetable species as well as habitats for globally important biodiversity.

Drivers of degradation

341. Land degradation in dryland threatens livelihoods, food, water and energy security, and increases the vulnerability of millions of people, and in many cases serving as a cause of migration or social unrest. Population growth in areas where these systems are found is resulting in an increased need for agricultural production that often leads to a depletion of biodiversity (including the genetic bases for crops, livestock, and trees), reduction in vegetation cover, and loss of associated ecosystem services (erosion control, climate balance, pollination, etc.). In addition, pressures from natural factors related to climate variability and extreme weather events, such as frequent and prolonged droughts, lead to stark variations in year-to-year yields and income from agriculture. This threatens the resilience of agroecosystems, the stability of food production, and the conservation of forests environmental and socio-economic services.

Objectives and Key Interventions

342. The Dryland Sustainable Landscapes programmatic element will focus on sustainable forest and dryland management, and aims to avoid further land degradation and desertification in drylands and improve the quality and maintenance of these ecosystems. This will be done by tackling the root causes of land degradation, promoting the sustainable management of production landscapes in drylands, and addressing the complex nexus of local livelihoods, land degradation, climate change, biodiversity and environmental security. The program will generate multiple environmental benefits and enhance local livelihoods. A landscape approach will help to tailor implementation packages to a wide range of dryland landscapes contexts.

343. The main objectives of the initiative are: 1) Integrated Landscape Management with particular focus on sustainable forest management, rangelands, and livestock production; 2) the promotion of diversified agro-ecological food production systems in drylands; and 3) the creation of an enabling environment to support the two objectives above. The GEF will support the development adequate policies and financial mechanisms that aim to address the drivers of dryland degradation and promote the diffusion of land use practices, forest conservation, restoration and sustainable management at a scale consistent with the magnitude of these drivers.

344. Private sector involvement will be sought and encouraged to link smallholder producers and pastoralists to markets, introduce sustainable supply chains, and create stable revenues with dryland agricultural products and commodities including cotton, wool, leather, fuelwood, charcoal, shea, gum Arabica, etc. The initiative will also seek cooperation with the Land Degradation Neutrality Fund managed by Mirova, which is using a blended finance approach to attract private investors to invest in sustainable land management.

345. Outcomes will support participating countries to achieve Land Degradation Neutrality in poverty stricken and fragile areas and ultimately achieve Sustainable Development Goals in those geographies, focusing in particular on those countries or regions which have a high percentage share of arid and semi-arid drylands and should have set voluntary LDN targets that the IP will help to implement. Target geographies will be selected based on several criteria, including:

- Preponderance of drylands: Six countries have drylands on 99% of their surface: Botswana, Burkina Faso, Iraq, Kazakhstan, Moldova and Turkmenistan; Large areas of drylands can also be found in the dry central Andes in South America.
- Preponderance of poor communities: around 2 billion people live in drylands; Dryland populations are frequently some of the poorest in the world: India, Pakistan, Bangladesh, etc. Many of the communities' livelihoods depend on livestock, including pastoralism, nomadism, semi-nomadism.
- Importance of Climate risks and resilience issues;
- Addressing of complex contextual factors, including drought, food insecurity, and migration.

Existing initiatives and Potential Partners

346. There is no recognized global platform to promote the entire drylands agenda, but there are regional or thematic initiatives that will be instrumental in supporting implementation, including : 1) The World Initiative for Sustainable pastoralism (WISP) which is a global initiative that supports the empowerment of pastoralists to sustainably manage drylands resources, 2) TerrAfrica for the Sahel, the Horn of Africa, and Southern Africa; 3) The FAO Drylands & Forest and Landscape Restoration Monitoring Week; 4) The World Overview of Conservation Agriculture Techniques (WOCAT); and 5) Central Asian Countries' Initiative for Land Management (CACILM). Furthermore, global and regional NGOs and CSO are very active in working on the ground in drylands and should be involved in sharing their experience and lessons, including through a coordination with the GEF SGP.

Contributions to Multilateral Environmental Agreements

347. The Impact Program will help implement SDGs 13 and 15 on climate action and life on land. In addition, the Program will make significant contributions to achieving Aichi Target 2: Integrate biodiversity and development; Aichi Target 4: Sustainable production and consumption; Aichi Target 5: Habitat loss halved; Target 7: Sustainable agriculture, aquaculture and forestry; Aichi Target 11: Expansion of protected area networks; Aichi Target 14: Restore and

safeguard essential ecosystem services; Aichi Target 15: Enhance ecosystem resilience and carbon stocks; and Aichi Target 19: Knowledge-base and science applied.

348. The Program will also make significant contributions to the Climate Change Convention through its activities aiming at enhancing ecosystem resilience and carbon stocks, avoiding deforestation and increasing agriculture and forest areas under sustainable management. It will also address important safeguards, including in particular the respect for the knowledge and rights of indigenous peoples and members of local communities, the full and effective participation of relevant stakeholders, and the consistency with the conservation of natural forests and biological diversity.

349. With regards to desertification, land-degradation, and drought, the Impact Program will help reinforce SFM as a means of preventing soil erosion and flooding, thus increasing the size of atmospheric carbon sinks and conserving ecosystems and biodiversity. Inclusion of drylands in the IP responds to multiple criteria from the CBD and the UNFCCC, but it is essentially aligned with UNCCD goals and objectives and notably its focus on drylands and its LDN concept. The comparative advantage of GEF lies in its mandate given by the UNCCD as a financial mechanism and as the major investor in combating land degradation and desertification globally. Based on GEF experiences with championing SLM through impactful programs⁶⁸, the Sustainable Drylands Program will be able to liaise with the other Rio Conventions to bring transformative change in drylands globally.

350. The Impact Program will also contribute to the UNFF Global Objectives on Forests by reversing the loss of forest cover worldwide through sustainable forest management (SFM), including protection, restoration, afforestation and reforestation, and increase efforts to prevent forest degradation.

Comparative Advantage of the Global Environment Facility

351. The GEF has a mandate from the three Rio Conventions covering SFM and REDD+ activities, in all types of forests within 144 developing countries. The GEF has demonstrated through its portfolio the crucial importance of forests of all types providing a range of important environmental services, in particular to protect a globally important biodiversity, carbon stocks, offering livelihood options for many forest dependent people, and responding to a demand of timber and non-timber products to population living in the vicinity of forest areas. The SFM IP builds on GEF's track record as a champion of the protection and sustainable use of forests for multiple benefits, with to date over USD 2.7 billion in SFM grant support leveraging USD 14 billion of co-financing from other sources. In 2007, GEF initiated an SFM incentive program with the GEF-4 Tropical Forest Account that was announced at the Bali Climate Change COP. It was tested and extended to scale during GEF-5 and GEF-6, with a focus on protection, sustainable

⁶⁸ Such as the Great Green Wall Initiative (GGWI), the Sustainable Land and Ecosystems Management (SLEM) program in India, and the Central Asian Countries' Initiative on Land Management (CACILM)

management, and restoration of forests. The option to develop regional and global interventions has shown to be essential.

352. All the three targeted systems have benefited from pilot investments in previous GEF cycles creating a baseline to scale up impact: Amazon Sustainable Landscape Program, Strategic Congo Basin Program, and the Sahel and West Africa Program to Support the Great Green Wall Initiative. The GEF is well positioned to further advance previous gains by responding to country priorities to protect, restore, and sustainably manage their forests so that they provide a wide range of ecosystem services, support local livelihoods, strengthen climate change resilience. GEF's implementing experience in the Amazon, Congo Basin, and elsewhere shows that coordinated programs foster collaboration, strengthen knowledge exchange, and extend the impact of the scope of the work.

353. The Program will take on the drivers of forest loss and degradation through strategies aimed at creating a better enabling environment for forest governance; supporting rational land use planning across mixed-use landscapes; strengthening of protected areas; clarifying land tenure and other relevant policies; supporting the management of commercial and subsistence agriculture lands to reduce pressure on adjoining forests; and utilizing financial mechanisms and incentives for sustainable forest utilization such as markets, REDD+ and other PES. The GEF also serves as the financial mechanism of several MEAs whose interests are particularly relevant in all type of forests.

Global Environmental Benefits

354. The program will improve management effectiveness of protected areas developed in KBAs and conservation corridors. Buffer zones of protected areas will benefit from sustainable forest management practices, and forest conservation and management measures will result in tons of carbon stored and avoided emissions. The measure of GEBs will be the area of globally significant habitat, as measured in hectares, sustainably managed or conserved, hectares under sustainable land management, tons of CO₂e mitigated, and reduction in tons of Mercury.

Frontier Investments

356. The GEF has a long history of providing seed funding for “proof of concept” that has the potential to achieve impacts as scale at a later stage, either through replication, mainstreaming or by helping to catalyze market change. Furthermore, the GEF Instrument states: “The GEF shall ensure the cost-effectiveness of its and shall maintain sufficient flexibility to respond to changing circumstances in order to achieve its purposes.”

357. It is common practice for any private or public entity to dedicate a small fraction of its budget to R&D activities. These activities can be precursor investments to new product lines, or new technologies, or be investments in areas that show potential promise for future investments but that have no proven track record. The GEF has remained at the forefront of innovation in the areas of environmental work, in large part due to its capacity to evolve and innovate in response to a changing world. Whether these are investments in new technologies, or new financial mechanisms for environmental impact, the GEF is always exploring new ways to deliver on its mission to better serve the MEAs.

358. The proposed Frontier Investments enable the GEF to engage in priority emerging issues in order to understand the barriers and opportunities related to MEA obligations, which can then be considered for scaling up with larger, future investments.

359. The following cases exemplify GEF’s past role in innovating approaches and models that can now be “mainstreamed” in the environmental market adoption chain to be within the reach of other providers of environmental finance:

- Areas Beyond National Jurisdiction (ABNJ) is another space in which the GEF has been a pioneer investor. Whereas most donors have focused on the 40% of the ocean in Exclusive Economic Zones, the GEF invested USD 49M in ABNJ during GEF-5. This relatively small investment led to nearly USD 275M co-financing and fostered international and cross-sectoral public-private coordination to address compliance, protect fragile ecosystems and promote the precautionary approach to fisheries in the high seas, which is now recognized as a critical space for engagement and the subject of a possible UN agreement.
- A key area for GEF innovation has been the use of non-grant instruments (NGI) to offer concessional finance for “crowding-in” of private sector investment, also called blended finance. One key success measure is when GEF’s blended finance investments are replicated and scaled by others. For example, GEF and IFC partnered to develop innovative risk-sharing facilities where GEF funding was used as “first-loss” to lower the risk for local banks to invest in energy efficiency and renewable energy technologies. Later, IFC expanded those initial risk-sharing facilities to many additional countries and leveraged more than USD 1 billion in investment. Recently a similar approach was adopted by the CIF for risk-sharing investments. In GEF-6, this risk-sharing approach was adopted in a non-grant project focused on land restoration—the first of its kind to use risk guarantees to

encourage local financial institutions to invest in sustainable land management. In just the last 5 years, GEF was able to support equity investments in SMEs promoting sustainable energy, fisheries, and agroforestry. For example, GEF's non-grant equity investment in the Meloy Fund helped launch the first of its kind fund for sustainable fishing and cemented investment from major impact investors and foundations. In short, not only are GEF's non-grant innovations being replicated and scaled within sectors, but the techniques are being translated across sectors, from climate to forests to water and beyond, with the potential to catalyze greater investment across the entire GEF portfolio.

- In 2000 the GEF together with the International Maritime Organization (IMO), UNDP and several foresighted countries initiated a set of projects to understand the issues surrounding invasive species in shipping ballast water. The projects eventually led to the Globallast Partnership Program (GloBallast) whose goals were to: 1) build a solid community of practice through targeted research and development activities to inform global efforts for an international regulatory framework for ballast water, 2) expand the number countries participating in GloBallast to develop support for a Ballast Water Convention that is coming along smoothly, 3) leverage the private sector through a global industry alliance, to ensure that the private shipping sector becomes a recognized voice and a valuable partner both towards stimulating innovation to tackle invasive species, as well as in support of the political process. Finally, as the Ballast Water Convention has now been ratified and will step into force in September 2017, catalyzing an estimated 30-50 Billion USD private sector investments in reception and treatment facilities as well as continued scientific research, the set of GEF funded projects stands out as having taken a bold step, into an area that in 2000 was not part of the normal day to day business of GEF International Waters projects.

360. These initiatives illustrate that new approaches that take a wider “systems view” of the interconnected environmental challenges, and that involve a larger and more diverse set of actors, are required. The Frontier Investments seek to take the first step in catalyzing systemic change in the areas of Circular Economy, Green Finance, Environmental Security and Integrated National Planning.

Green Finance

Introduction

361. Green finance is a broad topic that fosters strategic approaches to engage the financial sector in the transformation process towards low-carbon and sustainable economies, in the context of global financial system, national financial systems, financial institutions, and financial instruments (e.g., green bonds, blue bonds) . Green finance seeks to support economic growth through policies and practices that internalize environmental externalities, thus encouraging markets to redirect investment flows from unsustainable and harmful investments to sustainable and environmentally beneficial investments.

362. Most of the investments that have been categorized as “green” are climate friendly, but only few sustainability criteria in areas beyond climate change have been applied so far. Innovative green finance such as blue bonds, forest bonds, conservation finance, new security regulations and corporate governance structures need to be validated and expanded.

363. There is also an inadequate recognition of the potentially significant financial risks of investment decisions where environmental factors have not been incorporated sufficiently, creating challenges for long-term financial stability and safety of financial institutions. Environmental risks have recently been reaching new scales and likelihoods of occurrence, however, this has not been adequately reflected in the financial system.

364. Harnessing the financial system is a pre-requisite to delivering the objectives of the MEAs and SDGs in a transition to a low-carbon, climate-resilient, biodiversity-friendly and land degradation neutral economy. The UN Environment’s Inquiry on the Design of a Sustainable Financial System concluded that transformation requires a more systemic approach to scaling up ambitious national roadmaps, and ways to leverage these initiatives at the international level.

Indicative Investments

365. The GEF will support initiatives that connect financial system reform with the broader environmental agenda, including climate, biodiversity, land degradation, international waters and chemicals and waste. The GEF’s intervention would work to transform the financial system toward internalizing the environmental externalities, both positive and negative. This way, GEF can assist countries in greening their financial systems at the root, maximising the potential benefit from GEF’s limited resources.

366. The growing recognition that the response to environmental challenges cannot be delivered by international agencies and governments alone is reflected in developments in the financial sector. For example, the Financial Stability Board’s Taskforce on Climate-related Financial Disclosure has been developing recommendations for managing the physical, liability, and transition risks of climate change. Rating agencies S&P and Moody’s have announced plans to assess the climate risks facing both companies and countries. Investor groups have called for greater disclosure of companies’ exposure to climate risks. New security regulations and corporate governance structures have become available. Environmental, Social and Corporate Governance (ESG) criteria, B-corporations (in the United States), corporate scorecards for environmental indicators, and voluntary industry commitments to support the implementation of the Paris Agreement are evident examples.

367. These initiatives illustrate that new approaches that take a wider “systems view” of the interconnected environmental challenges, and that involve a larger and more diverse set of actors, are required. However, these efforts to date mostly focus on climate change. In order to achieve the mission of the GEF, it is deemed critical to broaden this movement to include other environmental issues including biodiversity, land degradation, international waters and chemicals and waste. The GEF’s intervention will build on existing collaborations to foster and

strengthen national-level support. The GEF will also support complementary activities for global support and innovating conservation finance and respond to country driven priorities.

National-level support

368. Existing initiatives, such as the Inquiry on the Design of a Sustainable Financial System, provide a sound foundation for partnership development and identification of priority financial and regulatory systems for reform. The GEF Green Finance program would fast-track initial implementation in several countries that have already identified the need to transition towards green finance, potentially including Mongolia, Kazakhstan, Kenya, Nigeria, India, Argentina and Morocco. Other countries would then be added over time for maximum impact. The GEF will inform country recipients about innovations in green finance, tailor global financial innovation to local needs, and support fast-tracked implementation of country roadmaps.

369. The GEF will also foster the broader adoption of national green finance instruments and support enhanced alignment of national financial regulation with environmental sustainability considerations. This way, MEA guidance can be mainstreamed in financial sectors at the national and sub-national levels from the outset and ensure that MEA objectives are implemented in a catalytic fashion at the systemic level instead of leaving it to the vagaries of the market to consider MEA priorities on an ad hoc basis. In addition, national green finance institutions and green banks would be supported, where appropriate, while ensuring that existing players and finance are not displaced/crowded out.

Global support

370. GEF will promote coordination and collaboration at the international level, including through North-South and South-South learning and sharing of best/good practices and approaches, and build or strengthen coalitions of impact investors and private sector partners to accelerate efforts in specific sectors, as appropriate. GEF will provide support for open-access and standardized systems for companies to report on environmental, climate and sustainability performance, enabling sustainability benchmarking. This will require global-level technical design and assistance work to ensure coherence of approaches at the national and sub-national implementation levels. Standardized approaches for sustainability performance and benchmarking will be supported through technical assistance and capacity building together with commercial banks, institutional investors, and regional and national regulators and commissions.

371. This Frontier Investment will coordinate and exchange lessons with existing and emerging initiatives in the area of green and conservation finance such as the Sustainable Forestry Initiative (SFI), the Sustainable Banking Network (SBN) and the Equator Principles, and the Global Sustainable Investment Alliance (GSIA). It would also build on recent needs assessments such as the State of Private Investment in Conservation by Forest Trends. The GEF can use its convening power to bring together a broad range of actors across non-governmental, governmental and private sectors to promote the adoption of green and sustainable principles in finance across thematic areas and GEF focal areas.

Circular Economy

Introduction

372. The global economic system today is largely based on a linear, or take-make-dispose model, in which over 60 billion tons of natural resources are extracted per year⁶⁹, and over 13 billion tonnes are disposed into landfills, incinerators and waterways. This process is accelerating and resulting in resource depletion, ecosystem degradation, accumulation of waste and toxic materials in the environment, GHG emissions and marine debris, which are subsequently adversely affecting human health and the environment.

373. The Circular Economy (CE) approach offers a means of decoupling economic growth from environmental pressure through improved product design, material use, industrial process change, waste management and material recovery and recycling. This economic approach is restorative by design and intention. By promoting the adoption of closed loop production and consumption patterns within an economic system, CE aims to: 1) increase the efficiency and effectiveness of resource use; 2) minimize the amount of raw materials extraction needed and consequently the amount of waste flowing into the environment; and, 3) achieve a better balance and harmony between the economy, environment and society. CE implies the adoption of a systemic approach taking the entire system's perspective: sourcing secondary or renewable materials; optimizing resource use and minimizing externalities during production at the company level; keeping products, components and materials at their highest value at all times through sharing, repairing, reusing, remanufacturing and recycling; establishing effective secondary materials systems to connect recycled materials directly to manufacturers; increasing producers' and consumers' responsibility and awareness; promoting the use of renewable technologies and materials; and adopting suitable, clear and stable policies and tools that incentivize CE principles and support effective and environmentally sound after-use material management and recycling systems. Implementation of the CE approach involves multiple mechanisms, including: policies and regulations, technical assistance and capacity building, awareness raising, sustainable chemistry & technology, public procurement and financing models.

374. Instituting a CE system helps nations achieve global conventions commitments, including:

- Reducing greenhouse gas emissions by reducing fossil fuel extraction, which aligns with the Paris Agreement and the UNFCCC;
- Reducing hazardous chemical emissions by improving end-of-life practices to capture and properly dispose of these substances and redesign of materials and products, which aligns with SAICM and the Stockholm Convention; and,
- Safeguarding terrestrial, freshwater and marine biodiversity by reducing unsustainable resource extraction and reducing marine debris, which are prioritized by the CBD.

⁶⁹ Resources 2014, 3, 319-339; doi:10.3390/resources3010319

375. In the last three years, the Circular Economy concept has gained substantial global momentum as evidenced by the establishment of several strategic alliances and platforms designed to flip the global supply chains of materials. New multilateral institutions and alliances include the New Plastics Economy initiative led by Ellen MacArthur Foundation, the G-7 Alliance on Resource Efficiency, the Circular Economy 100, the International Resource Panel, the Responsible Raw Materials Initiative, the 10-Year Framework of Programmes on Sustainable Consumption and Production, the APEC Cooperative Network on Green Supply Chain and the Trash Free Seas Alliance.

376. At the national level Circular Economy is also building momentum with support across finance, commerce and environment ministries, industries, CSOs and academia. The Circular Economy approach is being pursued by many nations, including Argentina, Chile, China, Colombia, Costa Rica, India, Indonesia, Nigeria, Rwanda, South Africa, and Vietnam. These experiences demonstrate that local governments, including municipalities, are critical for success since much of decision-making occurs at this level. At global to national to local levels, private sector engagement is also critical and requires partnering with the range of corporations from electronic, textile, agriculture, construction, and consumer good sectors.

377. The GEF's comparative advantage is its convening power and its ability to bring all the actors in these complicated and interlinked global supply chains, including governments, industry and the finance sector, together to scale-up existing CE experiences. Furthermore, the GEF can assist developing country governments in creating the enabling environments for private-public partnerships and effective regulations and public services. This includes incentivizing the private sector to set up systems to re-capture materials contained in a number of products, such as systems for responsible urban mining of e-waste and plastics, as well as supporting municipalities in setting up effective and efficient waste management systems that ensure materials are recovered. As a result, governments will be better able to meet their MEA obligations and at the same time foster private sector driven innovations, which are required to ensure sustainability of these interventions. There is also an opportunity for the GEF to foster investments from private capital investors and engagement of multilateral development bank resources for infrastructure development at the national and regional levels into CE initiatives as the GEF de-risks investments and raises investor awareness and transparency regarding circularity of supply chains.

Indicative Investments

378. The Circular Economy Frontier Investment is designed to transition global supply chains and regional and national economic development strategies from take-use-dispose to redesign-reduce-recover-reuse-repair-recycle approaches. This long-term vision will result in a transformed economic system in which economic growth is decoupled from resource consumption. Doing so will enable nations to achieve global convention objectives of biodiversity, GHG reductions, water quality, ocean conservation and reduction of toxic substances from the global supply chain thereby significantly contributing to Global Environmental Benefits.

379. The GEF has a history of working on the CE issue primarily through its work on marine debris. Starting in GEF-5 the GEF funded projects to reduce the release of POPs from manufacturing of plastics and unsound waste management and recycling practices in Philippines, Indonesia and Caribbean. More recently the GEF invested in a global MSP to support green chemistry to reduce the use of hazardous chemicals throughout the industrial life cycle. To more directly address marine debris, GEF recently endorsed a MSP with UNEP to: 1) build a global alliance across the entire plastics value chain, 2) identify and socialize among APEC countries waste management solutions, including investment opportunities, and 3) advise on opportunities for future GEF investments.

380. The CE Frontier Investment is designed to catalyze change in the entire supply chain from minimal extraction to design to production to use to reuse or recycle back to design and production. The key intervention opportunities include:

- Circular Materials Sourcing – develop technologies and supply chains for non-toxic, recycled or responsibly and renewably-sourced materials and for durable, reusable and recyclable components (e.g. modular building materials) to replace virgin finite or unsustainably harvested resources that contribute to persistent substances (e.g. virgin synthetic fibers);
- Product and Process Redesign – redesign products, business models, infrastructure and supply chains to enable circular material flows;
- Sharing Platform – drive up utilization rate of products by making possible shared use, access and ownership;
- Product as Service – offer product access rather than ownership where the supplier takes responsibility for product lifecycle management (e.g. purchasing lighting instead of lightbulbs);
- Product Life Extension – extend product lifetime through repairs, design for durability, maintenance, refurbishing, reselling, donations, etc.; and,
- Recovery & Recycling of Materials – promote efficient collection systems to retain resources from after-use products into the economic system through reuse, repair, remanufacturing and recycling. This can be supported by the creation of businesses and trade markets for remanufactured or recycled components or materials, which leads back to the first intervention point.

381. The Circular Economy Frontier Investment will address major material supply chains: plastics, textiles, building construction, food and electronics. These were prioritized based on:

- The high level of GEBs that GEF investments could achieve, such as through plastics, which affects GHGs, harmful chemicals and marine debris;
- The relevance to other GEF investment themes, such as Chemicals and Waste, which addresses waste including electronics and plastics, International Waters which addresses land-based sources of pollution including plastics, Sustainable Cities which addresses building construction and Food, Land Use, and Restoration which addresses food waste;

- The high rate of expansion of the industry, such as electronics and fast fashion, particularly in developing economies; and,
- The opportunity to contribute to newly emerging partnerships (e.g. New Plastics Economy initiative, Trash Free Seas Alliance).

382. The CE Frontier Investment will include global as well as regionally framed national projects with an emphasis on private-public partnerships and scaling up to ensure broader impact. Each material sector will consist of a program that will include investing in 1) the relevant global alliance (e.g. New Plastics Alliance) to catalyze change in the global supply chain; 2) national or city level CE initiatives designed to scale-up regionally; and, 3) knowledge sharing of experiences and best practices.

Environmental Security

Introduction

383. The continuing decline of ecosystem services in many regions of the planet has increased concerns about environmental security, that is, the ability of societies to maintain robust ecosystems providing vital local and global goods and services on which social stability and widely shared prosperity depend. Recent events across the Middle East and Africa have highlighted how society's failure to maintain robust ecosystems can compromise basic human needs, such as the economy, infrastructure, food supply, governance arrangements and social services, and diminish the well-being of social groups in urban or rural contexts. In turn, the erosion of the social fabric leads to national, regional and global environmental degradation, further weakening the provision of ecosystem services, and creating a negative feedback loop that can be exceptionally difficult to break and reverse. Such threats are increasingly ranked by organizations like the World Economic Forum as among the greatest currently facing the planet.

384. An increasing number of reports analyze the complex interactions between climate change, food and water insecurity, extreme events – such as severe floods and prolonged and repeated droughts –, and their link to fragility, armed conflict and migration.⁷⁰ In the last 60 years, for example, between 40 and 60% of ongoing internal and interstate conflicts have been linked to land and natural resources.⁷¹ While environmental insecurity per se is rarely the determinant factor in causing fragility and social conflicts, climate change and increased climate variability, land degradation and water stress are considered risk multipliers for loss of livelihoods, conflicts and large-scale displacement especially in dryland and drought affected areas.

⁷⁰ World Food Program (WFP), 2017, *At the Root of Exodus: Food security, conflict and international migration*; and Ruettinger, L. at al., *A new Climate for Peace – Taking action on climate and fragility risks*, Independent report commissioned paper by G7 members, 2015; OECD, 2016, *States of Fragility 2016 – Understanding Violence*.

⁷¹ African Development Bank. 2016. From fragility to resilience – managing natural resources in fragile situations in Africa and as reported by UNCCD, 2015. In 2007, 80% of major armed conflict took place in vulnerable dry ecosystems.

Indicative Investments

385. The Frontier Program will focus on preventive actions that enhance environmental and water security at both national and regional levels to support the conditions needed to maintain a stable and resilient planet and associated societies. By positively reinforcing the linkages between human well-being and the health of ecosystems, GEF-7 investments will aim to maintain, enhance, and restore GEBs (with respect to sustainable land management, biodiversity and water security) that can support and contribute to decreasing fragility⁷², increasing human resilience and delivering substantial development co-benefits. GEF incremental funding in this area can enhance the impact of all Focal Area investments as well as large flows of international finance associated with disaster risk prevention and response as well as peace-building to generate Global Environmental Benefits (GEBs)⁷³. In particular, the Frontier Investments will contribute to the LDFA's objective 1 to implement LDN at national levels (see LDFA strategy). GEF's is uniquely placed to face these rapidly increasing challenges and can build on its extensive track record in delivering interventions to combat land degradation, address resource conflicts over land and water, and in implementing major capacity building programs in fragile states and post-conflict countries⁷⁴.

386. The Frontier Investment will focus on three major work streams:

Global monitoring and knowledge sharing

387. This component will focus on identifying early warning signs where environmental risks are contributing to fragility and conflict vulnerability⁷⁵ and sharing this knowledge to promote preventive or remedial actions as appropriate. During an active violent conflict, the system would also monitor specific locations where global environmental assets have been directly damaged and feed this information into recovery action plans.

- Global efforts to provide transparency to supply chains engaging the private sector may be supported, such as e.g. engagement in the MAP-X platform, co-developed by UNEP and the World Bank, to support the global monitoring and sustainable sourcing of natural resources in fragile states and countries affected by conflict.⁷⁶

⁷² The OECD fragility framework analyses five main dimensions of fragility: political, societal, economic, environmental, and security. Countries are ranked by OECD according to these dimensions.

⁷³ The Frontier Investment, therefore, will align with key priorities under the MEAs, such as directly supporting two of three UNCCD priorities, namely strategic objectives 1 and 2 on combatting desertification and land degradation and on improving livelihoods to prevent radicalization and migration. UNCCD is also addressing land security with a clear focus on fragility within the '3 S' Initiative *on Sustainability, Stability and Security in Africa*.

⁷⁴ Examples include – among other, partnering with UN Environment e.g. in delivering of over USD 35 million of projects in Afghanistan, Iraq, Haiti, Sudan, South Sudan and DR Congo.

⁷⁵ This would build on 'big data' efforts and involve a consortium including private sector players and NGO/think tanks to develop and maintain in cooperation with existing monitoring efforts, e.g. including through the International Organization for Migration (IOM), and others.

⁷⁶ MAP-X provides all stakeholders with access to authoritative information on natural resources, together with a suite of tools for data sharing, analysis and visualization. It is designed to support consultation, decision making,

- Development of a range of flexible and modular tools based on good practice to assess the specific linkages between conflict and environmental/natural resources/water-related stressors and identify strategic actions. This could cover both preventive and remedial actions as appropriate.
- Flexible support to apply these environmental assessment tools in 10 - 12 countries and/or sub-regional fragile or potentially conflict prone areas.
- Sharing of guidance and documentation of good practice via collaboration to aid dissemination and knowledge sharing to a wider community.

Decrease Environmental Security Risks

388. Support will focus on preventative action in 4 – 6 subnational hotspots to reduce environmental pressures and enhancing governance to prevent conflict and migration:

- Enhance governance of natural resources including tenure and access rights to land, water and other natural resources, including addressing potential uneven rights across gender and ethnic groups.
- Enhance sustainable livelihoods and natural resource based employment (e.g. including capacity building and micro-credits), including special attention to unemployed youth and gender differentiated needs and with special attention to drylands areas.

Restore Environmental Governance and Services

389. This component will focus on restoring natural resources and ecosystem services in conflict areas as a demonstration of the potential for post-conflict reconstruction through natural capital restoration. Support will target 3 – 4 conflict affected regions⁷⁷ and be limited to:

- Restoration of degraded lands and water sources, to restore food and water security and support livelihoods and natural resource based related employment opportunities in conflict prone or affected areas (with special attention to unemployed youth, women and other vulnerable or marginalized groups) .
- Rebuilding institutions and governance to increase transparency and access to information relative to natural resources and their management, with an aim to restore and maintain global environmental benefits over time.

390. Specific interventions are highly context specific and need to be built on a participatory, country driven assessment process. Interventions need to be built on a solid analysis and shared understanding of the drivers, dynamics and impacts of a potential crisis or past conflict and the

and compliance monitoring processes for natural resource concessions, contracts and agreements. Discussions are underway with Google, Apple and the EU to leverage other sources of geospatial information, crowd sourced data, and artificial intelligence in the identification of unregulated mining operations that can support supply chain due diligence.

⁷⁷ This could include sub-national, national or transboundary areas of content.

associated risks including those related to potential investments⁷⁸. This is a crucial step and prerequisite for lasting impacts rather than rushing to action and in the end focussing on treating only the symptoms or in fact enhancing uneven power relations within society and hence indirectly prolonging conflict situations. The on-going peacebuilding process in Colombia, e.g. offers an excellent example of different potential entry points for GEF projects that could both protect global environmental benefits and contribute to local environmental peacebuilding.

Integrated National Planning

Introduction

391. This Frontier Investment addresses the need to enhance coordinated planning and implementation of the five Conventions and the 2030 Agenda for Sustainable Development at the national level. The initiative also seeks to help encourage countries to identify and consider innovative and integrated measures to boost their national efforts to address various targets and obligations under the Conventions. In doing so, this Frontier Investment can ultimately contribute to addressing the gap that exists between the global needs/goals articulated through the Convention process, and the proposed national actions on the ground.

392. The international community and Conventions have reached key negotiation milestones to safeguard the planet and scaled up global action during the GEF-5 and GEF-6 period. Countries are now placing an increasing emphasis on implementation of these agreements. Guiding implementation on the ground are the national plans, to be informed by sound data and analysis on how the goals of the Conventions are being addressed and through enhanced transparency.

393. One key responsibility for the GEF as a/the Financial Mechanism for five Conventions is its support to Convention obligations, which may entail analysis of the relevant environmental conditions at the national level, and reporting the findings back to the Convention. The Conventions have also mandated the GEF to support countries to identify needs and develop plans for implementation towards addressing Convention goals. These reports and plans are numerous, including: Nationally Determined Contributions, National Communications, Minamata Initial Assessment, National Biodiversity Strategies and Action Plans, Stockholm Convention National Implementation Plans, among others. The significant support for Convention obligations and enabling activities totaling up to USD 500 million in GEF-7 calls for innovative approaches to enhance their relevance and utility for national planning purposes and implementation, and to facilitate coordination among national institutions.

394. During the GEF-6 period, three Conventions, namely CBD, CCD, and Stockholm Convention, have provided new decisions and guidance to the GEF to support SDG planning and implementation in GEF-relevant areas. The cross-cutting nature of the SDGs calls for an integrated planning and implementation approach that transcends various Conventions.

⁷⁸See previous for more detail.

Synergies across the focal areas, integrated programming and implementation have also been articulated by various COPs as GEF guidance and decisions.

395. While the GEF has been supporting national strategy formulation and reporting, primarily as Convention obligations and enabling activities, support has been provided separately for each plan and report for each Convention with little or no cross linkages. There is lack of integration across sectors, MEA processes and national development planning. To date, countries have received little support from the GEF to facilitate coordinated planning and reporting, and to inform cross-linkage opportunities. As a result, national actions toward fulfilling these international objectives are still lagging behind, with missed opportunities for the countries and the GEF.

396. As countries embark on the process to translate SDGs into national plans, targets and action, coordination between and with MEAs has become more important and timely than ever.

397. This Frontier Investment provides a pathway to address these COP guidance and priorities in a streamlined and integrated manner, aim for higher impact, and also is relevant to meet outcomes of specific Conventions. By facilitating convergence of national SDG plans with MEA priorities and objectives, decision-makers are able to design and implement policies and actions in a smarter way, taking into account SDGs in unison with MEAs rather than in a fragmented fashion.

398. In the longer-term, this Frontier Investment can also help to understand and help address the gap between the global needs/goals articulated and proposed action on the ground at the national level. Bridging this gap ultimately requires coordinated national planning to articulate necessary actions on the ground for various facets of sustainable development, to which this initiative is poised to contribute.

Indicative Investments

399. The Frontier Investment on Integrated National MEA-SDG Planning aims to enhance coordinated planning and implementation of the recent global environmental agreements for which the GEF serves as a/the financial mechanism and the 2030 Agenda for Sustainable Development. The GEF-7 period represents a window of opportunity for coordinated support, as this is the first time for the countries to implement national commitments/contributions/targets for these MEAs as well as the national SDG plans.

400. The GEF is uniquely positioned to help interested countries identify and strengthen areas where it may be viable to further enhance national and international commitments and action to accelerate and strengthen the implementation of MEAs toward sustainable development.

GEF's support for Convention obligations and enabling activities is the foundation for this Program⁷⁹.

401. The key contributions from this Frontier Investment therefore focus on institutional change and level of synergy achieved in national planning/implementation architecture, for MEA priorities and SDGs. These contributions are foundational in nature, where the outputs and outcomes, as well as the process at the country level, will inform other GEF programs. Among other partners, the Conventions Secretariats will be an important partner for this Frontier Investment. The initiative is comprised of three elements as follows.

Coordinated and synergistic MEA planning and reporting support

402. The GEF supports Convention obligations including national reporting, planning and strategies for various MEAs. Across the MEAs, it is estimated that at least five plans and strategies, and seven reports will be prepared or updated during GEF-7 period with GEF support (see Figure 1.1)⁸⁰. If catalyzed effectively with political momentum gathered through the SDGs, the legally binding nature of the MEAs, as well as voluntary elements, can and should be the foundation to compel global action toward a sustainable future for all.

403. By utilizing reporting as a tool to strengthen national capacities in the respective thematic areas, the GEF can make an impact in helping up to 20 interested countries, in collaboration with MEA Secretariats, to better understand how the implementation of MEAs can be streamlined, and how opportunities to strengthen plans and strategies can be realized.

404. Support may also be used to analyze and correlate to tracking progress on delivering country-driven, MEA-related SDG targets on the ground. This effort may enable countries to better link the reporting work stream to inform the planning and implementation of enhanced action as articulated in element above, and vice versa. The pilot common sets of data will enhance access to and use of data among relevant institutions, and inform decision making and policy development with more consistent and evidence based manner.

Planning-implementation support for SDGs and MEAs

405. Interested countries, upon request, will receive support to establish and utilize a coordinated planning and implementation framework for the MEAs and relevant SDGs at the

⁷⁹ This Frontier Investment also contributes to addressing needs for various Conventions, including but not limited to: need to raise the level of ambition as stated in the Paris Agreement to meet the 1.5-degree goal; need for innovative approaches and scale to address biodiversity, given that 95% of countries are not being on track to achieve the Aichi Targets, and; recent Stockholm Convention guidance to encourage the GEF, if appropriate, on its work on integrated programming as a means of harnessing opportunities for synergy in implementing the Stockholm Convention and contributing the global efforts to attain the chemicals and waste related SDGs that take into account the national priorities.

⁸⁰ Plans include: Climate Change National Adaptation Plan, Climate Change Nationally Determined Contribution, Land Degradation Neutrality national target, national follow-up to a post-2020 CBD strategy document, POPs National Implementation Plan, and Minamata Artisanal and Small Scale Gold Mining National Action Plan.

national level. Given that MEA priorities and legally binding elements may not be automatically included in national SDG planning and implementation, this Frontier Investment will aim at supporting concerted national efforts in considering SDG targets and indicators in an integrated manner with MEA priorities, and developing local action in the medium- to longer-term. This will be facilitated by a global platform that unites various practitioners' communities and thought leaders across themes that are MEA- and SDG-relevant.

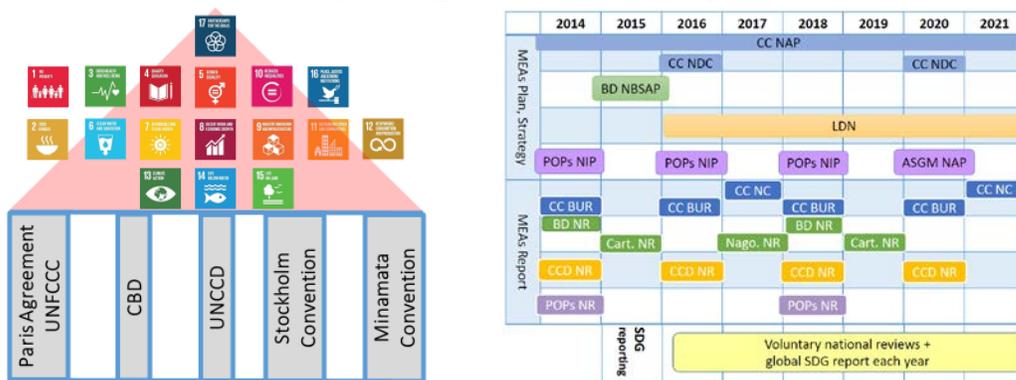
406. The initiative will provide support in establishing/enhancing the institutional and policy frameworks to enable up to 20 countries to continue to raise their level of ambition and track action in addressing sustainability challenges. Two or three workstreams, such as land and energy, may be identified for coordinated analysis. The initiative will also identify innovative financing opportunities to facilitate the realization of the implementation plans.

Enhancing CBIT beyond climate change

407. The Paris Agreement requested the GEF to support the establishment and operation of the Capacity-building Initiative for Transparency (CBIT) to assist developing countries in meeting the enhanced transparency requirements of the agreement in both the pre- and post-2020 period (see Climate Change Mitigation investment strategy for further information on CBIT).

408. This Frontier Investment will support additional opportunities for interested countries, upon request, to support the enhancement of transparency of action and support at the national level in GEF-relevant areas beyond climate change, such as: 1) activities to strengthen national institutions for transparency- and reporting-related activities in line with national priorities and for national planning purposes, based on MEA plans and reports; 2) activities to provide relevant tools, analytical support, and targeted training for meeting SDGs and MEA priorities hand in hand with each other; and 3) activities that may raise national/local ambition in implementing SDG and MEA priorities over time. During GEF-7, countries can also continue to request support for CBIT for climate change, as specified in the Climate Change Mitigation strategy.

Figure 1.1. Schematic of SDG and MEA linkages and timeline of MEA-related reporting and planning activities at country level



Private Sector Engagement

Global Context

409. In order to achieve the vision of GEF-7 to address the drivers of degradation, transform economic systems and reverse unsustainable global trends, the private sector will need to play an essential role. The call for greater private sector engagement for sustainability and protecting the environment were strengthened by the 2030 framework for the Sustainable Development Goals which places private sector engagement front and center.

410. Now is an excellent time to expand private sector engagement due to the growing business commitment to sustainability. According to a landmark report from the Business & Sustainable Development Commission⁸¹, pursuing sustainable and inclusive business models could unlock economic opportunities worth at least USD 12 trillion a year by 2030 and generate up to 380 million jobs, primarily in developing countries. Private sector leadership and commitments were also essential to fostering confidence in low emission technologies and business models considered essential for achieving the Paris Agreement. However, real leadership will continue to be needed to create partnerships between private sector, government and civil society to address the fundamental deficiencies in the current economic model.

411. GEF-7 will need to not only capitalize on the growing insertion and interest by private actors, but reinforce it and identify ways to integrate their role into GEF supported interventions to achieve its goal of addressing drivers of environmental degradation and triggering systems change.

412. For the past two decades, the GEF has worked with a wide range of private sector partners – from micro, small and medium enterprises to multi-national corporations and financial institutions – using a variety of intervention models, such as policy and regulatory reform, institutional capacity development, risk sharing, as well as convening and facilitating multi-stakeholder alliances. Most recently, the GEF-6 Integrated Approach Pilots have demonstrated the advantages of building strong platforms that include leading private sector partners. The introduction of NGI (Non-Grant Instruments) pilot also scored remarkable success in catalyzing private sector investment in new areas such as forest and fisheries.

413. Notwithstanding those achievements, the GEF has not kept pace with the growing opportunities for partnership with the private sector. Only 43% of respondents to IEO's survey agree that the GEF's ability to engage the private sector is a comparative advantage.⁸² Evidence suggests that STAR country allocation system have not proven amenable to fostering private

⁸¹ Better Business-Better World. January 2017.

⁸² GEF IEO (GEF Independent Evaluation Office) 2017, *Sixth Comprehensive Evaluation of the GEF (OPS6): The GEF in the Changing Environmental Finance Landscape*; and GEF/ME/C.52/Inf.04, *Evaluation of GEF's Engagement with the Private Sector*

sector involvement -private sector investments only account for 16% of co-financing across the portfolio, making the STAR as one constraint to greater private sector engagement⁸³. Countries rarely choose to program their STAR allocations towards private sector projects and programs, and private sector engagement is sporadic in the processes whereby countries establish priorities for GEF financing. Lack of knowledge and awareness on both sides is another reason for unsatisfactory participation by the private sector in GEF operations.

GEF-7 Strategy

414. To seize the growing opportunities for private sector engagement, the Secretariat has proposed two-pillar strategy for GEF7:

- The first pillar will expand the use of non-grant instruments across the Impact Programs, Frontier Investments, and focal areas;
- The second pillar will support the development of Public-Private Coalitions to strengthen the role of the private sector in supporting GEF investments.

Pillar 1: Expanded use of non-grant instruments

415. GEF key stakeholders are increasingly attracted to the use of non-grant instruments for blended finance, illustrated through the GEF-6 Non-Grant Instrument Pilot, as a mechanism to enhance private sector engagement. The Non-Grant Pilot was successful, attracting more proposals than could be funded, and resulting in ten innovative projects that included USD 91.2 million in GEF funding while attracting USD 1,689 million in co-financing.

416. Blended finance aims to use scarce public resources to unlock large multiples of private sector finance, and therefore has attracted significant interest in recent years, including a private sector window for IDA and added emphasis on catalyzing private investment by many bilateral and multilateral funds. The GEF experience using non-grant instruments shows that blended finance can be a potent instrument.

417. The GEF-6 Non- Grant Instrument Pilot, through debt, equity, or risk guarantees, was designed to pursue innovative blended finance using tools such as debt, equity, and risk to catalyze private sector investment and seek projects in all focal areas. Based on lessons learned from investments in clean energy and low-carbon technologies, GEF has successfully expanded innovative blended finance to natural resources management. Of the 10 projects awarded, 6 are focused on natural resources. Examples include:

- The Moringa Agro-forestry Fund for Africa, managed by the AfDB, will promote sustainable land management in production landscapes in Burkina Faso, Cote d'Ivoire, Kenya, Mali, Tanzania, Zambia, and Congo DR. The Fund will invest in 5-6 scalable, replicable agroforestry projects that combine plantation forestry with agricultural elements to capture most of the value chain.

⁸³ Ibid.

- The Meloy Fund, implemented by Conservation International and RARE will establish the first fund for sustainable small-scale fisheries in Southeast Asia to improve the conservation of coral reef ecosystems by providing financial incentives to fishing communities in the Philippines and Indonesia to adopt sustainable fishing behaviors and rights-based management regimes.
- The Third South West Indian Ocean Fisheries Governance and Shared Growth project managed by the World Bank will now include an innovative partnership with the Government of Seychelles to support the issuance of Blue Bonds to attract private sector investment, supported by a GEF non-grant investment. The Blue Bonds proceeds will strengthen efforts to improve management of fisheries and coastal conservation at regional and national levels and improve fish handling processes at targeted handling sites in the Seychelles.
- The Risk Mitigation Instrument for Land Restoration project, managed by the Inter-American Development Bank combines a GEF investment of USD 15 million with USD 120 million in co-financing to deploy innovative risk mitigation instruments to restore degraded lands in Latin America through investments such as sustainable management for increased eco-system services, landscape regeneration, intercropping, shade-grown systems, high-value forest products, and silvo-pastoral systems.

418. Under GEF-7, we will accelerate the use of non-grant instruments for blended finance in support of delivering GEBs. The GEF-6 Non-Grant Instrument Pilot was successful in demonstrating innovative approaches, diversity of focal areas, and interest from many countries and agencies. There was significant progress in identifying innovative opportunities for financing of natural resource management.

419. Under GEF-7, non-grant instruments will continue to catalyze investments from capital markets at global and national levels aligned with focal area objectives. Innovation will also be considered in the evaluation of projects. For example, one focus area may be innovative financing options developed with the Coalition for Private Sector Investment in Conservation (CPIC). In order to enhance future investments, several new measures will be considered to address lessons learned. These might include allowing larger scale investment packages by removing the project size cap; including options for advisory services (i.e., technical assistance); documenting the process for project selection and award; and promoting the use of non-grant instruments within STAR allocation projects. The selection criteria will ensure that GEF funds provide the minimum level of concessionality needed to “crowd in” private sector investment. Each investment will have an expectation of reflows to the GEF Trust Fund.

Pilar 2: Supporting the development of Public-Private Coalitions.

420. As noted, there are numerous barriers to expanded private sector engagement in GEF projects, including countries’ lack of interest or capacity in involving the private sector in STAR supported projects, and a lack of project designs with "cash flow positive business models." From the viewpoint of the private sector which is eager to pursue sustainability, the fact that not many

GEF projects have offered opportunities to engage global partnerships focused on drivers has diminished their interest in the GEF projects.

421. Interestingly under the recent portfolio, there are a limited number of success cases for the private sector involvement. Examples include:

- The Commodities IAP has enlisted the support of major palm oil producers who have committed to “zero-deforestation” palm oil production, facilitating training and capacity building for small-holders that form the foundation of the supply chain. In case of beef in Paraguay McDonald has joined this initiative. Domestic financial sector also has participated in promoting green financing;
- Philips, Osram, ABB, MABE and other appliances and equipment manufacturers are supporting the Sustainable Energy for All effort to accelerate energy efficiency and leapfrog developing markets to more efficient equipment;
- The Maritime Trading Organization and major shippers have committed to reduce the spread of invasive species through the Globallast Program;
- The GEF Gold partnership which aims at taking mercury out of the supply chain, builds a bridge between suppliers and corporate consumers of gold, such as computer, high end jewelry, as well as financial sector, enabling new approaches to reduce harmful mercury emissions across the full supply chain;
- GEF’s early support for water funds in Latin America fostered partnerships between public and private, urban and rural, to provide protection for vital catchment zones

422. It should be noted that these successful multi-stakeholder partnerships listed above are almost exclusively funded outside of STAR country allocation, specifically, either Chemicals and Waste focal area, International Waters focal area, or set-asides under the Rio Focal Areas. This suggests that under the STAR country allocations it is hard to form multi-stakeholder partnerships and platforms that involve business at the outset, leaving much less opportunity for business to be a full fledged partner.

423. The GEF-7 strategy offers opportunities to enhance private sector involvement. The goal of the GEF7 and in particular the proposed Impact Programs, is to address the driver of environmental degradation and trigger systems change. This requires strong involvement of the private sector in each of the Impact Programs. The private sector should be brought in at an early stage of the program design with well specified roles. In programming discussions, Countries and Agencies are expected to conduct careful analysis and stakeholder consultation to identify the particular role of the private sector inherent to the program they are designing.

424. Possible role of the private sector in Impact Programs may include:

- Within the Food Systems, Land Use and Restoration Impact Program, existing platforms and new partnerships will be critical to continue progress on linking major suppliers and consumers of agricultural commodities. Current market barriers include policy and regulatory frameworks, for example, those related to

food storage and distribution which do not provide incentives to shift to sustainable farming practices; inadequate implementation of existing regulations; risks of investing in sustainable land management and lack of capacity with small-holders who are critical to the supply chain; among others. Platforms are vitally needed to bring key actors, including businesses, together to encourage them to transition to sustainable business practices. These will be created either in jurisdictions under committed leaders and / or along supply chains of commodities around which many actors are already lined up. They can also foster innovative non-grant financing. For example, sustainable land management techniques, such as inter-cropping, can benefit from project preparation support and concessional financing.

- The Sustainable Cities Impact Program, as an extension of the GEF-6 Sustainable Cities IAP, will continue to create opportunities for multistakeholder platform involving the business. Prime examples from GEF6 include coalition for Energy Efficiency Building Coalition which brings cities as regulator of building codes and planner, businesses as provider of expertise and technology, and banking sector as financiers, and the GEF as a catalyst. Cities also offer valuable space to test new ideas of circular economy which involves various business sectors including transport and food systems. The platform, managed by the Agencies and city association such as ICLEI and C40 is becoming a hub for north-south and south-south cooperation in sustainable urbanization, including training on access to finance.

425. The proposed GEF-7 Frontier Investment on circular economy will require strengthened public/private cooperation because barriers to the entry of new products is very high. In the highly competitive market for products, no single manufacturer can introduce more expensive and sustainable products alone. However, through collaborative approaches, public private partnerships can foster a successful transition to sustainable products and bring costs down through economies of scale. For example, to reduce the devastating impact of plastics on our oceans, the GEF will be collaborating with leading philanthropies and corporate leaders to identify new technologies, new business models, and principles for circular economy that can significantly reduce plastic loading in our rivers and oceans.

426. In order to realize the opportunities to enhance the role of the private sector in those programs, it is critical for countries and agencies to bring the private sector upfront in the design stage of programming. Their role has to be clearly identified as core elements in each of Impact programs before finalization of the program design.

Corporate Programs for GEF-7

Background

427. The GEF has been implementing Corporate Programs, which are aimed at developing the capacity of its recipient countries and Civil Society Organizations (CSOs) to effectively protect the global environment. Under GEF-6, the following three corporate programs are being implemented – Small Grants Program (SGP), Country Relations Program, and the Cross Cutting Capacity Development (CCCD) Program.

Small Grants Program (SGP)

428. The SGP is aimed at financing community-led initiatives to address global environmental issues. It is currently being implemented by UNDP on behalf of the GEF partnership. It is specifically designed to mobilize bottom-up actions by empowering local civil society organizations, and poor and vulnerable communities, including women and Indigenous Peoples.

429. Since its launch in 1992, the SGP, through a decentralized national level delivery mechanism, has implemented more than 20,000 projects in 125 countries, at a total cost of USD 542 million (the average grant size per project under the SGP is USD 25,000).

430. SGP remains one of the GEF's most successful flagship initiatives and it enjoys strong and broad support from its stakeholders. A joint evaluation of the SGP by the GEF's Independent Evaluation Office and UNDP's Independent Evaluation Office from 2013-2015 concluded that the Program continues to play a key role in promoting the GEF's objectives. It specifically noted that SGP continues to support projects that are relevant, effective and efficient in achieving global environmental benefits, while addressing issues of livelihoods, poverty, gender equality and women's empowerment. The evaluation also reported evidence of strong replication, scaling-up, sustainability, and mainstreaming of SGP activities.

431. SGP Under GEF-7: Based on lessons learned during the last 25 years, and inputs from recent stakeholder consultations, including with governments, Convention focal points, and the private sector, the SGP will place greater focus in GEF-7 on promoting strategic and results-based investments at the local level in alignment with the GEF's Impact Programs, Frontier Investments, and Focal Area Strategies. SGP-financed projects could require greater focus on promoting and supporting innovative and scalable initiatives at the local level to protect the global environment in priority landscapes and seascapes. It could also support projects that would serve as "incubators" of innovation, with the potential for broader replication of successful approaches through larger projects supported by the GEF and/or other partners.

432. The SGP will give priority in GEF-7 to the following strategic initiatives, which complement the proposed Impact Programs at the community level: (a) Sustainable Agriculture and Food Security; (b) Low-Carbon Energy Access Benefits; (c) Local to Global Coalitions in Chemicals and Waste Management; and (d) Catalyzing Sustainable Urban Development.

433. The SGP's Country Programming Strategy will prioritize critical landscapes/seascapes to focus its programming on globally recognized important ecosystems (including Key Biodiversity Areas). It will continue to seek synergies, implement multi-sectoral approaches by involving communities at the landscapes/seascapes level, and facilitating communities' innovative actions to effectively manage the complex mosaic landscapes/seascapes.

434. The SGP will also finance strategic services to the civil society and community organizations to enhance their institutional, technical and financial capacities; and to develop partnership platforms and networks for scaling up. Special attention will be placed in strengthening SGP's operations in the Least Developed Countries and Small Island Developing States.

435. The SGP will enhance its decentralized approaches through its multi-stakeholder National Steering Committees and development of Country Programming Strategies, which are based on assessments and consultations with stakeholders in each country.

436. Furthermore, the SGP will support: (a) CSO-Government-Private Sector Dialogue; (b) Social Inclusion; and (c) Citizen Based Global Knowledge Platforms, the SGP will act as a convener for civil society, governments, and the private sector on key global environmental issues towards relevant GEF programs and projects, particularly on transforming policies and practices for sustainability under the Impact Programs.

Country Relations Program (CRP)

437. The goal of the Country Relations Program is to strengthen the capacity of the GEF recipient countries to fully participate in the GEF partnership to generate global environment benefits. As the major outreach vehicle for the GEF, the Country Relations Program is being used by various GEF stakeholder groups in the partnership to advance the protection of the global environment (see Box 1.3).

Box 1.3: Strategic Objectives of the Country Relations Program by GEF Stakeholder Groups

- ***The Secretariat:***
 - Meet with and explain the GEF evolution to recipient countries, including strategies, policies and procedures and how to develop a PIF;
 - Provide new training and tools to the GEF and Convention Focal Points and civil society representatives to be more effective in their work with the GEF and the achievement of Global Environment Benefits (GEBs) more generally;
 - Facilitate the knowledge exchange and learning around GEF project design and implementation at both country and regional levels;
 - Follow up and monitor programmatic approaches, for example the Great Green Wall program;
 - Explain the relation between GEF and the SDGs; and
 - Discuss programming issues with the Operational Focal Points (OFPs)

- **The GEF Focal Points** to understand and better carry out their responsibilities in the partnership, including to learn from other organizations best practices in areas such as project management, Knowledge exchange, national experiences and possible South-South cooperation.
- **The Convention Focal Points** to better understand and appreciate the contributions of the GEF as a financial mechanism to the achievement of the Convention objectives and therefore provide more informed guidance through the Convention Conference of the Parties (CoPs).
- **Civil society representatives** to meet and develop relationships with their Government counterparts, the Agencies and the GEF Secretariat to contribute better to the attainment of Global Environmental Benefits.
- **The Council members and Alternates** to meet with the focal points of the countries they represent to prepare for Council meetings, discuss regional projects, exchange information and views.
- **The recipient Council members and Alternates** to meet prior to the Council meetings to discuss issues of interest on the agenda.
- **The national governments** to meet national stakeholders to discuss and validate national objectives, strategies, policies, coordination, mainstreaming considerations relevant to environment in their decision making and specific GEF programming.
- **The Convention Secretariats** to take advantage of the presence of Focal Points and civil society to pursue consultations and other GEF related goals.

438. The Country Relations Program, under GEF-6, comprises a variety of opportunities for meetings and workshops to promote dialogue among different GEF stakeholder groups, including the following: GEF National Dialogues; GEF National Portfolio Formulation Exercise; GEF Introduction Seminars; GEF Council Constituency Meetings; the GEF Expanded Constituency Workshops (ECWs); and GEF Knowledge Days. Under GEF-6, a total of 27 ECW workshops were conducted in 2015 and 2016, and 13 are expected to be conducted in 2017 (including 10 that already happened).

439. The Country Relations Program activities are strengthening countries capacity by informing, assisting and empowering relevant officials, including GEF Focal Points, Convention Focal Points, and Civil Society Organizations to enable them to engage on and contribute to the protection of the global environment.

440. The *Country Relations Program in GEF-7*. The strategic objectives of the Country Relations Programs, as summarized in Box 1.3, will remain fully relevant under GEF-7. Countries have reported that the need addressed by the program remains high and the intensity of program engagement is not expected to decrease. The type of activities currently financed by the on-going program should continue to shape future offerings. However, greater emphasis could be placed in the design of workshops and meetings raising awareness about the unique features of the GEF-7 package offerings, with the view of helping countries engage and participate in new opportunities. It is therefore expected that once the programing directions of GEF-7 will be

firmed up, the Secretariat will work with Agencies, countries and other stakeholders to design activities responsive to the need to facilitate effective participation of the GEF country stakeholders in the implementation of the program.

Cross Cutting Capacity Development (CCCD) Program

441. The CCCD Program is aimed at assisting GEF recipient countries to address their institutional capacity gaps to enhance the ability to meet their obligations under international conventions, including catalyzing the mainstreaming of Multilateral Environmental Agreements (MEAs) into national policy, management or financial and legislative frameworks.

442. Specifically, the focus of the CCCD program includes the following:

- Integration of global environmental needs into management information systems.
- Strengthening of consultative management structures and mechanisms.
- Integration of the provisions of Multilateral Environment Agreements (MEA) into national policy, legislative and regulatory frameworks.
- Piloting of innovative economic and financial tools to support MEA implementation.
- Updating of National Capacity Self-Assessment.

443. As of February 2017, 14 years after the program was launched, 73 CCCD projects, with a total cost of about USD 63 million, have been approved by the GEF, with average project size ranging from USD 800,000 - 1 million. The majority remain under implementation.

444. These projects can be classified into the following objective areas: (a) improving environmental information, monitoring and reporting (40% of the projects); (b) strengthening coordination, consultation and management approaches to implement the Multilateral Environmental Agreements (MEAs) (38%); (c) Mainstreaming Implementation of MEAs in national development (27%); (d) improving policy and legislation frameworks (22%); and (e) pilot innovative economic and financial tools (8%).

445. An internal GEFSEC assessment of the GEF's CCCD portfolio noted that these projects have helped or are helping countries to achieve the following results:

- Improved environmental information, monitoring and reporting;
- Improved policies, legislation and guidelines;
- Mainstreamed the implementation of MEAs in national development;
- Strengthened coordination, consultation and management approaches to implement MEAs obligations; and
- Piloted innovative economic and financial tools.

446. This assessment also noted that the CCCD is highly relevant to the GEF and its recipient countries for a number of reasons, including the following: (a) it builds on the GEF's National Capacity Self-Assessment, which has helped countries to assess their capacity gaps and prioritize

them, and to then develop a roadmap to address the most critical capacity issues; (b) it provides and structures a platform which, in many countries, has brought sectors together for the first time to address the planning and the implementation of their MEA obligations.

447. CCCD under GEF-7. Work is on-going to define in detail the focus of the CCCD in GEF-7. It is proposed, at this point, that a more focused CCCD program would give priority to supporting LDCs and SIDs in need of further institutional capacity strengthening. Amongst those, countries which have conducted a self-assessment and identified gaps, but have not yet benefitted from a CCCD project yet, should be prioritized by the program. In addition, countries with demonstrated project results and well documented further capacity needs should be eligible for further support. At the operational level, given the proposed programing directions of GEF-7, attention would be placed on strengthening the institutional capacity/foundations of countries to identify, design and adopt more integrated approaches to generating environment benefits. Such support may include helping countries to: (a) adopt project/program planning processes that would ensure the use of integrated/cross-cutting/cross sectoral approaches; (b) undertake pre-project/program institutional capacity needs assessment and implementation of action plans to address them; and (c) use decision support tools to provide decision-makers with information on the value of the relevant environmental goods and services and the trade-offs.

GEF-7 FINANCING SCENARIOS, RESULTS AND OPERATIONAL GUIDANCE

Financing Scenarios

1. The volume of resources, and decisions about their deployment in priority areas, are at the core of a successful replenishment and an effective GEF-7. In GEF-6 the total replenishment volume amounted to USD 4,433 million, an increase of 4.3% compared to GEF-5. The GEF replenishment amount will be allocated across the GEF's five focal areas (Biodiversity, Climate Change, Land Degradation, Chemicals & Waste, International Waters), as well as other budget lines (Non-Grant Instrument Pilot, Corporate Programs, and Corporate Budget). The allocation for the three "Rio" conventions (Biodiversity, Climate Change, and Land Degradation) is further split between country allocations and set-asides. Country allocations, i.e. dedicated funds to each GEF recipient country to fund programs and projects prioritized by countries; are determined by the System for the Transparent Allocation of Resources (STAR). Set-aside allocations fund global and regional programs, and a set of financial incentives for country participation in Impact Programs. The distribution of funds among these areas will be decided by replenishment Participants on the basis of considerations about the overall impact on the global environment that could be achieved, in line with the GEF's mandate, taking into account the evolving external context within which the GEF operates.

2. This document presents two GEF-7 scenarios for consideration by Participants: A "*status quo*" scenario and an "*increased support*" scenario. The *status quo* scenario illustrates a possible allocation of an unchanged volume resources of USD 4.4bn, while the *increased support* scenario illustrates resource allocation in the case of USD 5.0bn—equivalent to an increase over GEF-6 of about 14%.

3. The *status quo* scenario embodies the following main resource allocation priorities (see table 2.1 below):

- Increased allocation for the Biodiversity Focal Area to further bolster GEF's ability to help combat the precipitous decline in global biodiversity by funding priority objectives identified in the four-year framework agreed at COP 13, and reflecting the CBD's financial needs assessment carried out in the run-up to COP 13.
- Increased allocation for the Land Degradation Focal Area, in support of UNCCD objectives, in particular around Land Degradation Neutrality and the intrinsic integrated nature of the land agenda. A particular emphasis on the GEF's work in drylands, which are especially susceptible to environmentally-induced fragility, is proposed.
- Reduced allocation for the Climate Change Focal Area, reflecting, in particular, the operationalization of the Green Climate Fund, which enables the GEF to more sharply focus on areas of its comparative advantage of promoting innovation and early adoption of low-carbon technologies and policies. It also reflects enhanced focus in GEF-7 on integrated programming whereby the GEF's climate impact would increasingly be driven by programming in other focal areas, for example Biodiversity and Land Degradation.

- Increased allocation for the Chemicals & Waste Focal Area, reflecting, in particular, growing demand for GEF support for implementation of the Minamata Convention, including for enabling activities, as it comes into force, but also reflecting a gradual expansion of the scope of work under the Stockholm Convention.
- Maintaining the allocation for the International Waters Focal Area, with a particular focus on helping countries' harness their blue economy potential and on supporting the management of transboundary freshwater resources.
- Increased allocation for Blended Finance ("Non-grant instruments"), reflecting the successful GEF-6 pilot in terms of the GEF's ability to catalyze private sector investments for the benefit of the global environment, through which high levels of private sector co-financing was achieved, including in "pioneering" areas like agro-forestry and small-scale fisheries.
- Increased corporate budget allocation (for the GEF Secretariat, Independent Evaluation Office, STAP and the Trustee), to reflect, in particular, the increase in the World Bank's (the GEF's host institution) overhead recovery rate and inflation.

4. Set-aside funding under the three Rio conventions would also increase in the *Status Quo* scenario, mainly on account of convention obligations. The allocation for enabling activities under the three Rio Conventions to support countries in their fulfillment of COP reporting requirements is proposed to increase. The cycle of reporting for both the CBD and UNCCD implies increasing need for funding during GEF-7. In addition, the Climate Change Focal Area includes a new, dedicated allocation for implementation of the Capacity Building Initiative for Transparency (CBIT), as agreed at COP 21.

5. In addition, set-asides will fund incentives for Impact Programs, as well as other regional/global programs. As was the case in GEF-6 for SFM and IAPs, allocations to incentivize countries to program resources for a limited number of "Impact Programs" will be provided. In GEF-7, the proposed Impact Programs focus on 1) food production, deforestation and restoration; 2) sustainable cities, and 3) 'biome-level' sustainable forest management interventions in the Amazon, Congo and drylands. A modest amount of resources is also proposed to be earmarked for emerging "frontier" areas of GEF work. The notional amounts that could be programmed into each Impact Program and Frontier Investment are illustrated in table 2.2 below. It should be emphasized—see also the "Operational Guidance" section below—that actual programming of IPs/FIs would depend on countries' demand and the use of their STAR allocations.

6. A larger envelope would enable—as illustrated in the *Increased Support* scenario—additional emphasis on priority areas in GEF-7. Considering the continued deterioration of the global environment, and the urgency of addressing this issues, the "increased support" scenario would allow the GEF to significantly step up its support, in particular in Biodiversity, Chemicals & Waste, Land Degradation, and NGI/Blended Finance, while also allowing for modest increases in other areas (Increased Support Scenario in the table 2.1 below).

Table 2.1. Summary of Financing Scenarios: *Status Quo* and *Increased Support*
(in Millions of USD)

			Status Quo	Increased Support
	GEF-5	GEF-6	GEF-7	GEF-7
Biodiversity Focal Area	1,210	1,296	1,412	1,580
STAR country allocations	968	1,051	1,124	1,267
<i>Focal Area Investments</i>			830	922
<i>Impact Programs</i>			294	345
Set-asides	242	245	287	313
<i>Convention obligations</i>	60	13	50	50
<i>Incentives to Integrated programming (SFM, IAPs, IPs)</i>	130	195	197	223
<i>Other global and regional programs</i>	52	37	40	40
Climate Change Focal Area	1,360	1,260	842	905
STAR country allocations	1,088	941	514	559
<i>Focal Area Investments</i>			318	330
<i>Impact Programs</i>			196	229
Set-asides	272	319	328	345
<i>Convention obligations</i>	80	130	120	120
<i>Incentives to Integrated programming (SFM, IAPs, IPs)</i>	100	130	128	145
<i>Other global and regional programs</i>	92	59	80	80
Land Degradation Focal Area	405	431	533	603
STAR country allocations	324	346	389	451
<i>Focal Area Investments</i>			259	306
<i>Impact Programs</i>			130	145
Set-asides	81	85	144	152
<i>Convention obligations</i>	15	15	50	50
<i>Incentives to Integrated programming (SFM, IAPs, IPs)</i>	20	60	94	102
<i>Other global and regional programs</i>	46	10		
Chemicals and Waste Focal Area	425	554	654	754
International Waters Focal Area	440	456	456	506
Non-Grant Instruments Pilot	80	115	200	300
Corporate Programs	210	197	183	197
<i>Small Grants Program</i>	140	140	140	150
<i>Country Support Program</i>	26	23	23	23
<i>Cross Cutting Capacity Building Program</i>	44	34	20	24
Corporate budgets: Secretariat, IEO, STAP and Trustee 1/	120	125	153	155
Grand Total	4,250	4,433	4,433	5,000

Note: In view of the preliminary status of discussion about possible hedging arrangements and their cost, the scenarios do not include any indicative allocation in this regard.

1/ Of which the IEO proposed 4-year allocation under GEF-7 amounts to USD24.5 million. The total budget request for the Secretariat, IEO, STAP, and the Trustee agreed during the GEF-6 replenishment negotiations was USD125 million. However, due to the recent increase in the World Bank staff cost recovery rate (clarified at the GEF 52nd Council meeting) actual costs for GEF-6 are projected to be USD129 million. The request for GEF-7 is USD153 million, equivalent to an increase of USD24

million compared to GEF-6. Of the increase from GEF-6, USD19.5 million is due to unavoidable cost increases, including the increase in the World Bank staff cost recovery rate, annual salary adjustments under World Bank rules, and additions in fixed costs for the office lease and IT equipment. The remaining USD4.5 million is requested to implement new mandates and core policy and operational priorities set out by the Replenishment. For the Secretariat, this includes priority work on gender responsiveness, private sector engagement and transparency, implementing the new CBIT mandate, and enhancing work on results and knowledge management. For IEO, this includes introducing and implementing new methodologies and technologies in evaluations, such as geospatial and remote sensing methods, and allocating more resources to fieldwork and verification.

**Table 2.2. Notional Programming Amounts for Impact Programs and Frontier Investments
(in Millions of USD)**

	GEF Status Quo			GEF-7 Increased Support		
	STAR	Set-aside	Total	STAR	Set-aside	Total
<i>Food, Land Use and Restoration</i>	310	190	500	390	230	620
<i>Sustainable Cities</i>	110	65	175	130	75	205
<i>SFM for Major Biomes</i>	160	110	270	160	110	270
- Amazon	60	40	100	60	40	100
- Congo	30	25	55	30	25	55
- Drylands	70	45	115	70	45	115
Frontier Investments	40	55	95	40	55	95
- Green Finance	0	30	30	0	30	30
- MEA/SDG Integration	20	10	30	20	10	30
- Environmental Security	20	15	35	20	15	35
Total	620	420	1,040	720	470	1,190

Delivering Results for the Global Environment

7. The proposed, GEF-7 programming directions aim to deliver greater results for the global environment, consistent with the GEF's core mission and mandate under the multi-lateral environmental agreements (MEA) it serves. Based on 26 years of experience, independent evaluations, and scientific evidence, the Secretariat expects that the proposed, GEF-7 strategy will yield greater results than those seen in past cycles, for a number of reasons:

- The GEF has financed projects and programs that, over time, have catalyzed large-scale and long-lasting, transformational change. The proposed, GEF-7 programs draw on key features of such transformational engagements.
- GEF-7 would make greater use of programmatic approaches, which have tended to outperform stand-alone projects, when appropriately designed and implemented.
- GEF investments hold tremendous potential for multiple benefits, which has so far not been fully harnessed.
- GEF investments may have considerable but underreported socio-economic co-benefits.

Many of these observations are grounded in independent evaluations as well as comprehensive analyses of past investments, as described in Box 2.1.

Box 2.1: Opportunities to achieve greater results – learning from experience and evidence

Through appropriate design, the GEF can increase the likelihood of its projects achieving transformational change. In a review of the terminal evaluations of 415 completed GEF projects, IEO found that 24% of these had achieved broader adoption at a large scale (i.e. they were sustained, mainstreamed, replicated or scaled up, or resulted in market change) (IEO 2017, *Sixth Comprehensive Evaluation of the GEF [OPS6]*). That share suggests room for improvement. In an associated review of projects that had achieved transformational change, i.e. deep, systemic, large-scale and long-lasting impacts, IEO identified a number of drivers of change that should be considered in project and program design. These include a high level of ambition, i.e. an explicit intention to make fundamental changes affecting an entire system; identifying relevant mechanisms for transformation; and harnessing market forces. (GEF/ME/C.52/Inf.06, *Review of GEF Support for Transformational Change*) The proposed GEF-7 Impact Programs have been conceived specifically with a view to contributing towards systems change and leveraging public-private partnerships; and lessons from past, transformational engagements by the GEF and others will be consulted closely in their further design.

Programmatic approaches tend to outperform stand-alone projects. The proposed GEF-7 Impact Programs, as well as some of the key focal area investments would be pursued primarily through coordinated, programmatic approaches. A recent evaluation concludes that programs have outperformed stand-alone projects in terms of their efficiency and

effectiveness, and the sustainability of their outcomes (GEF/ME/C.52/Inf.01/Rev.01, *Evaluation of Programmatic Approaches in the GEF*). IEO cautions, however, that complexity may adversely affect program performance (Ibid.). To address that risk, the GEF would seek to ensure a high level of coherence in design through the use of targeted incentive funds, and it would allocate resources for program-level coordination, knowledge management and M&E.

GEF investments hold tremendous potential for multiple benefits, and that potential has so far been underestimated. In contrast, the proposed, GEF-7 programming directions and results architecture are designed specifically with a view to generating and capturing multiple benefits. A growing share of GEF projects and programs are financed under multiple focal areas (MFA), and seek multiple, global environmental benefits (GEB). That share has increased from 22% in GEF-4, to 37% in GEF-5, and 52% in GEF-6 as at July 2017. Through MFA projects and programs, the GEF is seizing the many opportunities for synergies across its focal areas. (IEO 2017, *Sixth Comprehensive Evaluation of the GEF [OPS6]*) Other recent evaluations suggest, however, that single-focal area (SFA) projects and programs may also have important multiple benefits. For example:

IEO's Chemicals and Waste Focal Area Study (2016) found six SFA, chemicals and waste projects that set targets for reduced greenhouse gas emissions;

In the land degradation focal area, IEO found that investments have frequently had positive impacts in the biodiversity and climate change focal areas (IEO 2017, *Land Degradation Focal Area Study*). Indeed, IEO's recent *Value for Money Analysis for Land Degradation Projects* of GEF suggests that carbon benefits represent an essential component of the value of GEF investments in this focal area (GEF/ME/C.51/Inf.02);

The International Waters Focal Area Study (2016) suggests that international waters (IW) projects and programs could have significant benefits in terms of climate change mitigation and adaptation – in addition to the biodiversity benefits associated with fisheries projects; and

In climate change, finally, IEO found that the focal area has consistently had the lowest share of MFA projects, but that 87% of MFA projects that did not receive CC funding nevertheless tracked CC-related indicators (IEO 2017, *Climate Change Focal Area Study*).

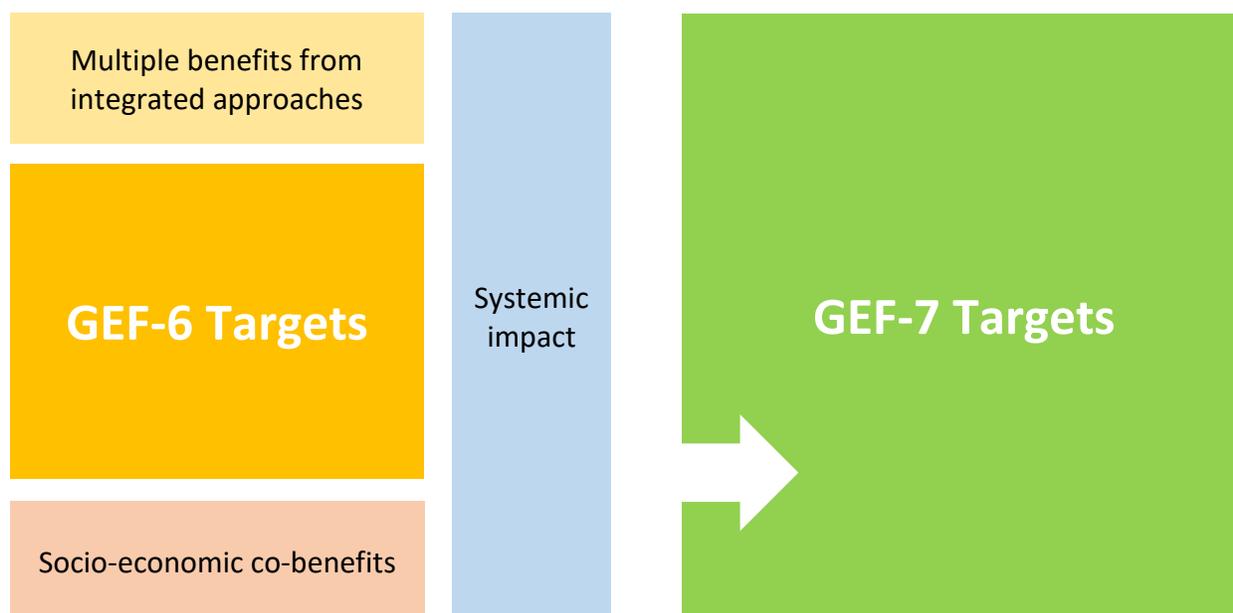
In spite of the clear potential for multiple benefits, early evidence suggests that the agreed, GEF-6 targets for GEBs underestimated to a significant degree the multiple benefits of certain types of projects. In part as a result, the GEF appears to be vastly exceeding some of those GEF-6 targets. Looking forward, the proposed, GEF-7 programs will explicitly aim to harness the synergies across the GEF's focal areas and deliver multiple benefits. Those benefits will also be systematically captured and monitored across a limited number of core indicators.

GEF investments may have considerable but underreported socio-economic co-benefits.

A review of nearly 1,000 on-going and completed projects, mainly approved in GEF-3 and GEF-4, found that 39% of these projects provide expected or actual numbers of beneficiaries, with more than 250 million people expected to benefit – directly or indirectly – from GEF investments. A separate review of 151 mid-term reviews and terminal evaluations found that 31% of projects included sex-disaggregated indicators, mostly related to project beneficiaries. Currently, however, the GEF’s results architecture does not systematically capture, aggregate or report data on any socio-economic co-benefits, such as numbers of beneficiaries disaggregated by gender.

8. Given the nature of the proposed, GEF-7 programs, and with the introduction of a more effective, fit-for-purpose results architecture, GEF-7 will aim high. The Secretariat is in the process of setting indicative targets across a preliminary list of GEF-7 core indicators, grounded in the proposed financing scenarios (see paragraphs 2–6 above). These targets are informed by bottom-up assessments of the potential benefits of the proposed GEF-7 programs, based on assumptions about the scale of those programs, participating countries, co-financing, and other factors. As such, while the targets will be subject to considerable uncertainty, as well as change as the replenishment process progresses, they will also benefit from lessons from the past (see Figure 2.1).

Figure 2.1: Setting ambitious targets for GEF-7



9. Early findings suggest that the GEF can set ambitious, yet achievable targets for GEF-7 that exceed those agreed for GEF-6 under a status quo financing scenario. This is primarily thanks

to the more integrated nature of the proposed, GEF-7 programs, as well as the expectation that the GEF will capture the results of those programs in a more comprehensive and systematic manner. Table 2.3 provides selected, preliminary findings to this effect. Specifically, a comparison of agreed GEF-6 targets and possible GEF-7 targets suggests the following:

- In terms of climate change mitigation, measured in tons of CO₂e mitigated, a realistic GEF-7 target could be more than double that agreed for GEF-6, reflecting the fact that a majority of Focal Area Investments, Impact Programs and Frontier Investments are expected to generate climate change benefits.
- With respect to the area under sustainable land management in production systems, the proposed Food Systems, Land Use, and Restoration Impact Program, along with the expected benefits arising from Focal Area Investments in land degradation, could enable at least a 40% increase from the equivalent GEF-6 target.
- As for the total area under improved management for biodiversity, including conservation and sustainable use, GEF-7 could generate at least a 30% increase from GEF-6, and the proposed core indicators would allow for a more nuanced breakdown of the GEF's contributions towards biodiversity.

Table 2.3: Early findings suggest that the GEF can set ambitious, yet achievable targets for GEF-7 that exceed those agreed for GEF-6 (GEF-6 targets and possible, GEF-7 targets for selected indicators under the proposed, status quo financing scenario)

GEF-6 Indicator	GEF-6 Target	Proposed, GEF-7 Indicator	Possible, GEF-7 Target ⁸⁴	% Change (GEF-6 to GEF-7)
Climate change mitigation				
CO ₂ e Mitigated (million metric tons)	750	Carbon Mitigated (millions of tons of CO ₂ e)	1,660	121%
Sustainable land management in production systems				
Production landscapes under improved management (million hectares)	120	Area of landscapes under sustainable land management in production systems (million hectares) ⁸⁵	170	42%
Improved management of landscapes and seascapes for biodiversity				
Landscapes and Seascapes under Improved Management for Biodiversity Conservation (million hectares); and Production landscapes under improved management (million hectares)	420	Total area under improved management, including conservation and sustainable use (million hectares) ⁸⁶	553	32%
- Landscapes and Seascapes under Improved Management for Biodiversity Conservation (million hectares)	300	- Terrestrial habitat under improved conservation and sustainable use (million hectares)	190	
- Production landscapes under improved management (million hectares)	120	- Marine habitat under improved conservation and sustainable use (million hectares)	7	
		- Area of landscapes under improved practices (million hectares; excluding protected areas)	346	
		- Area of marine habitat under improved ecosystem-based management (million hectares; excluding protected areas)	10	

⁸⁴ These figures are based on bottom-up estimates of the proposed programs under the status quo financing scenario described in paragraphs 2–6 above.

⁸⁵ This is intended as a sub-indicator to a proposed, higher-level GEF-7 core indicator, but included here for comparison with the equivalent GEF-6 target (see also Annex 6).

⁸⁶ This is an aggregation of the below, proposed GEF-7 core indicators (see also Annex 6).

10. The early findings presented in Table 2.3 point to possible, GEF-7 targets for some of the proposed core indicators. As noted above, however, any GEF-7 target values are subject to change. The targets will be set as a function of several variables that will not be defined until the conclusion of the replenishment process, including financing, programming directions, and the final list of core indicators.

11. As Table 2.3 suggests, the possible GEF-7 targets may not be readily comparable with those agreed and tracked in GEF-6. The proposed, GEF-7 core indicators have been identified in consultation with GEF Agencies and other stakeholders, and they respond to evolving monitoring and reporting needs as well as lessons and experience from GEF-6 and previous cycles. As a result, the final list of core indicators will introduce important updates and improvements from those applied to capture GEBs in GEF-6.

12. In part for the reasons above, early experience suggests that the expected results of approved GEF-6 projects and programs, as reported in the Corporate Scorecard⁸⁷, are not necessarily an appropriate guide to setting targets for GEF-7. Those expected results are mostly based on estimates presented at concept stage, and as such subject to considerable uncertainty, with occasional, large shifts in target values between Council Approval and CEO Endorsement. Moreover, experience from GEF-6 to date suggests a clear need for the Secretariat to work together with Agencies to strengthen the clarity, rigor and robustness of definitions, methodologies and guidelines for project and program -level monitoring and reporting on results.

13. Indeed, with an updated, corporate results framework centered on a limited number of relevant core indicators, and an evidence-based exercise to set replenishment-level targets across those indicators, the proposed strategy for GEF-7 establishes a high level of ambition, grounded in quantified targets, as well as a commitment to continuous improvement in the GEF's approaches and systems to capture and monitor results (see also paragraphs 25–34 in the GEF-7 Policy Agenda below).

⁸⁷ See e.g. GEF/C.52/Inf.05, *GEF Corporate Scorecard*

Operational Guidance

14. Countries will program their STAR country allocations for eligible activities under the three Rio Focal Areas, as described in the proposed GEF-7 programming directions. Eligible activities include Focal Area Investments, Impact Programs and Frontier Investments. If full flexibility is granted, countries will be able to program their STAR country allocations across the three Rio Focal Areas.
15. Enabling activities in support of convention obligations would be funded outside of the STAR country allocations.
16. For the proposed Impact Programs as well as certain Frontier Investments, countries would match resources from their STAR country allocations with additional, non-STAR incentive funds, at a ratio of 2 to 1. In order to access such incentive funds, countries would need to: 1) be eligible for the associated program, given its geographical scope; 2) commit to participate in the program and, where applicable, participate in coordination, monitoring and knowledge exchange activities; and 3) meet any additional, agreed program-specific criteria.
17. Each Impact Program would be implemented through one or more Programmatic Approaches, in accordance with GEF policy on the project and program cycles (OP/PL/01). Eligible countries would select the Agencies of their choice for participate in the IPs through country-specific Child Projects. Countries would express their interest for inclusion in a program. To this end, the Secretariat would invest in early outreach to make countries aware of the various opportunities available to them, and the processes whereby countries can participate.
18. A Lead Agency will lead the development of a program framework document (PFD), and coordinate with implementing agencies responsible for Child Projects. The selection of country participations will be made by the Lead Agency in consultation with the Secretariat. Both the Lead Agencies and Agencies selected by countries for country-specific projects are expected to ensure the quality of programs and projects in a way to maximize impacts along the agreed objectives under each of IPs.
19. The Lead Agency would be selected through a consultative process among participating agencies, facilitated by the GEF Secretariat. Agencies interested in taking a role as Lead Agency must express interest and demonstrate capability to carry out the responsibilities associated with its role, including their comparative advantage to coordinate the program, and willingness to work with participating countries and other GEF Agencies.
20. One key role of the Lead Agency is to develop a global or regional coordination and knowledge exchange component for the overall program, funded outside of participating countries' STAR allocations, intended to promote knowledge exchange, technical capacity development, quality assurance and consistency across Child Projects.

21. Upon approval of the PFD by the Council, Agencies selected by participating countries, in coordination with the Lead Agency and other participating stakeholders, would prepare their respective Child Projects for CEO Endorsement/ Approval. Consistent to existing policies, Child Projects under Impact Programs would be circulated to Council for review and comment four weeks in advance of CEO endorsement.

22. In case country demand exceeds the availability of incentive funds for a particular IP, the GEF Secretariat would convene and facilitate the process of country selection with the Lead Agency, based on agreed Impact Program-specific criteria. The mechanism will operate similarly to the incentive mechanisms applied in GEF-5 and GEF-6 with the SFM Program, and the Sustainable Cities and Food Security in Africa IAPs in GEF-6, by which more impactful child projects are given preference by the Lead Agency and the GEF Secretariat for inclusion.

23. Countries that have not been sufficiently competitive in securing incentive funds can still align their eligible project proposal with an IP, make use of their respective STAR allocations, thereby benefitting from knowledge and exchange platforms.

**GEF-7 POLICY AGENDA: FURTHER ANALYSIS ON OPPORTUNITIES,
CONSTRAINTS AND OPTIONS**

1. This chapter presents updated analysis and forward-looking policy options with a view to facilitating Participants' deliberations on key policy and institutional issues. It draws on the preliminary policy agenda presented at the first replenishment meeting in March 2017⁸⁸, comments made by Participants and Observers at that meeting and in subsequent interactions, as well as the findings, conclusions and recommendations of the Sixth Comprehensive Evaluation of the GEF (OPS6). The following policy and institutional issues are addressed:

- resource allocation,
- differentiation,
- results,
- partnership,
- private sector engagement,
- operational efficiency and transparency,
- gender, and
- knowledge management.

2. Drawing on the analysis presented here, Annex 1 sets out preliminary, draft policy recommendations for GEF-7. These draft recommendations are intended to help Participants consider specific, forward actions on the policy and institutional issues above, with a view to facilitating the review and approval of a final set of policy recommendations at the third replenishment meeting in January 2018.

Strengthening the GEF's Resource Allocation System for Greater Impact and Country Ownership

3. At the first replenishment meeting, the Secretariat proposed to retain a system of country allocations, and to increase flexibility for countries to program resources across focal areas. Participants and Observers have agreed that country allocations should remain, but they have expressed divergent views on the proposed flexibility. At the first replenishment meeting, as well as in subsequent feedback, several Participants and Observers have expressed support for full flexibility or greater flexibility to allow countries to program their allocations across focal areas. Others have expressed concern, however, that such flexibility could risk leaving some focal areas underfunded. Some have suggested that flexible country allocations could be supported, provided that the GEF remains able to track and report on funding approvals by focal area.

4. Evidence suggests that the System for the Transparent Allocation of Resources (STAR) continues to offer a clear added value to the GEF Partnership. The Independent Evaluation Office (IEO) concludes in OPS6 that STAR has contributed towards greater transparency in resource allocation, country ownership in programming, and improved predictability in project

⁸⁸ GEF/R.7/02, *GEF-7 Programming Directions and Policy Agenda*

preparation. Through such predictability, IEO further suggests that STAR may contribute towards a faster processing of funding proposals.⁸⁹

5. Notwithstanding its proven strengths, recent analysis suggests that STAR – in its current form – may constrain countries’ ability to program GEF resources in the most impactful way. Moreover, a rigid system of focal area -specific allocations is at odds with the way in which most GEF resources are currently deployed. As of August 10, 2017, 54% of all GEF-6 funding approvals were towards multi-focal area projects and programs, up from 35% in GEF-5 and 22% in GEF-4. That trend reflects several factors, including the inherent synergies between the three, STAR focal areas – biodiversity, climate change and land degradation – the availability of incentives for integrated programming, but also a desire among countries and Agencies to concentrate resources on fewer, larger investments. In the absence of flexibility, however, STAR presents a constraint to the design of integrated investments with multiple benefits. Indeed, interviews and surveys carried out for OPS6 suggest that stakeholders support further changes to STAR, such as increasing flexibility⁹⁰.

6. Evaluations have further found that more flexible STAR country allocations could strengthen the GEF’s engagement with the private sector, and the multi-lateral development banks (MDB). In the context of programmatic approaches, IEO finds that recent programs are to a substantial degree financed through countries’ STAR allocations, which has at times reduced program coherence⁹¹. In the absence of flexibility, countries’ unique STAR allocations constrain the scope and nature of their participation in programs. In addition, due to their relatively small size, particularly when divided among three focal areas, country allocations have made the GEF less attractive for certain partners, particularly the MDBs⁹². STAR has also been found to constrain the GEF’s ability to engage with the private sector⁹³.

7. Countries have made frequent use of flexibility. A comparison of indicative STAR country allocations and actual programming decisions does not show a large discrepancy between the two. As reported in the preliminary policy agenda in March 2017, demand for flexibility in the programming of resources is high, and countries have tended to take advantage of the flexibility available to them, consistent with their national priorities⁹⁴. In GEF-5, 63 countries had STAR allocations amounting to USD 7 million or less and thus had full flexibility to program those allocations across focal areas. As a result, USD 334 million or 14% of all country allocations were subject to full flexibility. Of those 63 countries, 57 (90%) used flexibility to move funds from one focal area to another. Still the resulting shifts did not account for more than one per cent of the indicative, STAR country allocations to any focal area.⁹⁵ (See tables 3.1 and 3.2)

⁸⁹ GEF IEO (GEF Independent Evaluation Office) 2017, *Sixth Comprehensive Evaluation of the GEF (OPS6): The GEF in the Changing Environmental Finance Landscape* (DRAFT FINAL REPORT OF OPS – AUGUST 30, 2017)

⁹⁰ Ibid.

⁹¹ Ibid.

⁹² GEF/ME/C.50/06, *Evaluation of the Expansion of the GEF Partnership - First Phase*

⁹³ GEF/ME/C.52/Inf.04, *Evaluation of GEF’s Engagement with the Private Sector*

⁹⁴ GEF/R.7/02, *GEF-7 Programming Directions and Policy Agenda*

⁹⁵ GEF/C.46/05/Rev.01, *Proposal for the System of Transparent Allocation of Resources [STAR] for GEF-6*

Table 3.1: Countries made frequent use of flexibility in GEF-5...

	Number	%
Countries with full flexibility (with total STAR country allocations of ≤ USD 7m)	63	44%
did not use flexibility	6	10%
used flexibility	57	90%
Countries that are not flexible (allowed marginal adjustments)	81	56%
did not use adjustments	42	52%
used adjustments	39	48%
Total	144	100%

Table 3.2: ...and the use of flexibility made virtually no difference in terms of the distribution of funds by focal area

	Indicative allocation at the beginning of the GEF-5	Movement of funds as a result of flexibility	Movement of funds relative to indicative allocation
	mUSD	mUSD	%
Biodiversity	968	+9.90	1.0%
Climate Change	1,088	-11.99	1.1%
Land degradation	324	+2.09	0.6%

8. As some Participants have pointed out, greater flexibility entails reduced predictability in terms of how much funding would be programmed towards each of the three STAR focal areas over the replenishment cycle. Based on current practice, actual programming decisions will be tracked by focal area. As requested by several stakeholders, the proposed GEF-7 financing scenarios provide a breakdown of funds by program as well as by focal area (see Chapter on “Financing Scenarios, Results and Operational Guidance” above). Actual GEF-7 programming decisions will be monitored against those notional allocations by program and focal area, consistent with current practice for the GEF Corporate Scorecard and Work Program Cover Notes⁹⁶. A shortcoming of such tracking is that each unit of GEF financing can be associated with one focal area only. This contradicts the fact that most units of GEF funding yield benefits across multiple focal areas (see above section on GEF-7 targets). To complement the monitoring of programming by focal area, therefore, the Secretariat proposes to also track the total amount of funds that contribute towards global environmental benefits in a particular focal area. This

⁹⁶ See e.g. GEF/C.52/Inf.05, *GEF Corporate Scorecard*; and GEF/C.52/05/Rev.01, *Work Program*

approach has been applied – at the request of some Participants – to estimate the total volume of “climate-related financing” provided by the GEF⁹⁷.

9. For the reasons stated above, the Secretariat believes that countries should have full flexibility to program their STAR country allocations across focal areas. Flexible country allocations would strengthen country ownership, enable a more strategic programming of GEF resources for greater impact, reduce the fragmentation of GEF funding, and make GEF programming more attractive to key partners.

10. The Secretariat is mindful of increasing the complexity of the GEF. Fully flexible country allocations would reduce complexity. The current flexibility rules, which allow countries with aggregate STAR country allocations of USD 7 million or less to program those resources across focal areas, whereas other countries are allowed marginal adjustments of up to USD 2 million, have already presented implementation challenges. In GEF-6, the resource shortfall has highlighted the complexity of this arrangement: countries have found it challenging to understand the amount of funds available for programming under each focal area -specific allocation at a given time, and the Secretariat’s accounting and planning frameworks have come under strain. Fully flexible STAR country allocations would avoid the implementation challenges associated with a complex, hybrid system of different flexibility rules for different countries.

11. Ultimately, the GEF’s contributions across focal areas should be measured in the global environmental benefits (GEB) delivered through GEF investments. To this end, a more flexible, upstream allocation of resources across focal areas requires a more robust, downstream capture, monitoring and reporting on expected and achieved results. The latter is discussed in the section on the GEF-7 results architecture below.

12. The Secretariat is not yet ready to present simulations of GEF-7 STAR country allocations. The remaining updates will be finalized within the coming weeks, and in advance of the third replenishment meeting in January 2018. Specifically, STAR simulations require the following input data, some of which are still going through a rigorous updating exercise:

- a. **STAR funding envelopes by focal area:** These are available for the two, proposed GEF-7 financing scenarios presented above (reference Table 2.1).
- b. **Gross Domestic Product (GDP) Index:** This has been updated based on 2015 values.
- c. **Country Performance Index:** This has been updated.
- d. **Global Benefits Indices:** Due to major updates, the Global Benefits Indices, particularly for biodiversity, are still undergoing further work before they can be used to simulate GEF-7 STAR country allocations.

⁹⁷ See e.g. GEF/C.48/03, *Annual Monitoring Review FY 2014: Part II*

Differentiation: Options to Adjust the Level and Terms of GEF Financing in Light of Countries' Diverse Needs and Capabilities

13. At the first replenishment meeting, and in subsequent interactions, several Participants and Observers have requested that the Secretariat develop policy options to (a) ensure that a greater share of GEF resources be directed to the poorest and most vulnerable countries, and (b) provide differentiated terms of funding for different groups of countries based on their level of income. Specifically, several Participants and Observers have suggested that the minimum STAR allocation floors could be increased to provide a larger share of GEF funding to least developed countries (LDC)⁹⁸ and small island developing states (SIDS)⁹⁹. Many Participants have also requested options for a greater use of non-grant instruments in high income countries (HIC) and upper middle income countries (UMIC)¹⁰⁰ that are not LDCs or SIDS, and, more broadly, ways to optimize the use of the GEF's concessional resources. Others have expressed concern over the proposed introduction of differentiated terms, pointing to the fact that the MEAs that the GEF serves do not differentiate among developing countries based on their level of income, and suggesting that the GEF holds a unique comparative advantage specifically as a grant-making institution.

14. Notwithstanding many Participants' and Observers' desire to explore options for greater differentiation, there appears to be broad support for continued GEF engagement in all recipient countries, including HICs and UMICs. Similarly, with respect to GEF support towards middle-income countries, IEO notes that many such countries – including some of the largest recipients of GEF funds – have tremendous potential for generating global environmental benefits, and greater capacity to deploy innovative financing instruments involving the private sector¹⁰¹. Accordingly, IEO suggests that “the shift toward greater resources for LDCs is appropriate; however, GEF support to middle-income countries should continue”¹⁰².

15. With respect to allocating more resources to the poorest and most vulnerable countries, LDCs and SIDS have benefited from a significant increase in their share of GEF financing in GEF-6

⁹⁸ This paper is based on the list of LDCs as at June 8, 2017, which comprises 47 countries (<https://www.un.org/development/desa/dpad/least-developed-country-category/lDCs-at-a-glance.html>). As a result, Equatorial Guinea, which graduated from LDC status earlier in June, is not considered an LDC here. All LDCs except Somalia have a STAR allocation in GEF-6.

⁹⁹ The GEF provides funding to 38 SIDS, of which 36 are UN member states (<https://sustainabledevelopment.un.org/topics/sids/list>). Among the SIDS that are UN member states, Singapore is not a GEF member. Among non-UN members, the Cook Islands and Niue are GEF members.

¹⁰⁰ This paper applies the current, FY18 World Bank lending groups (<https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>). There are 53 UMICs and HICs that are not LDCs or SIDS and that have received GEF support. Of these, 36 had a STAR allocation in GEF-6. Several UMICs and HICs have graduated from GEF support through EU membership.

¹⁰¹ GEF IEO (GEF Independent Evaluation Office) 2017, *Sixth Comprehensive Evaluation of the GEF (OPS6): The GEF in the Changing Environmental Finance Landscape* (DRAFT FINAL REPORT OF OPS – AUGUST 30, 2017)

¹⁰² Ibid.

compared to GEF-5. Participants to GEF-6 agreed on a number of policy recommendations aiming to provide “more resources to [LDCs] and [SIDS] in line with the recent guidance from the conventions, while reducing the concentration of resources in a few countries”¹⁰³. These policy recommendations included the following modifications to the STAR formula: (a) increasing the weight of the GDP index to 0.08, (b) lowering the ceilings for a single country’s share of each focal area to 10%, and (c) increasing the aggregate floor to USD 6 million for LDCs. Following these adjustments, STAR country allocations to LDCs and SIDS have increased by some 14% from USD 607 million in GEF-5 to USD 694 million in GEF-6 (See Figure 3.1 below). Conversely, STAR country allocations to UMICs and HICs that are not LDCs or SIDS have declined by 9%, from USD 1.14bn in GEF-5 to USD 1.04bn in GEF-6 (see Figure 3.2 below). Table 3.3 summarizes the changes in STAR country allocations between different groups of countries from GEF-5 to GEF-6.

¹⁰³ GEF/C.46/07/Rev.01, *Summary of the Negotiations of the Sixth Replenishment of the GEF Trust Fund*

Table 3.3: Summary of changes in country allocations from GEF-5 to GEF-6

	GEF-5	GEF-6	Difference (GEF-6–GEF-5, mUSD)	Difference (%)
Total STAR allocations (mUSD)	2,380	2,338	-27.4	-1.2%
Average allocation size (mUSD)	16.5	16.3	-0.4	-2.4%
Median allocation size (mUSD)	8.1	9	0.9	11%
Top 10% of recipient countries (14 countries)	1,092 46.2%	1,019 43.6%	-72.8	-6.7%
Bottom 40% of recipient countries	287 12.2%	330 14.1%	43	15.0%
LICs (mUSD)	276 11.7%	329 14.1%	53	19.38%
LMICs (mUSD)	769 32.5%	796 34.0%	27	3.5%
UMICs (mUSD)	1,237 52.3%	1,133 48.5%	-89	-7.2%
HICs (mUSD)	74 3.1%	70 3.0%	-5	-6.2%
Non-classified countries (mUSD)	9 0.4%	9 0.4%	0.3	3.1%
SIDS (mUSD)	235 10%	260 11%	24	10.4%
LDCs (mUSD)	430 18.2%	499 21.3%	69	16.0%
SIDS and LDCs (mUSD)	607 25.7%	694 29.7%	87	14.3%
UMICs and HICs that are not SIDS or LDCs (mUSD)	1,141 47.9%	1,043 44.6%	-98	-8.6%

Figure 3.1: GEF-6 modifications to STAR brought greater levels of funding to LDCs and SIDS... (total, indicative country allocations)

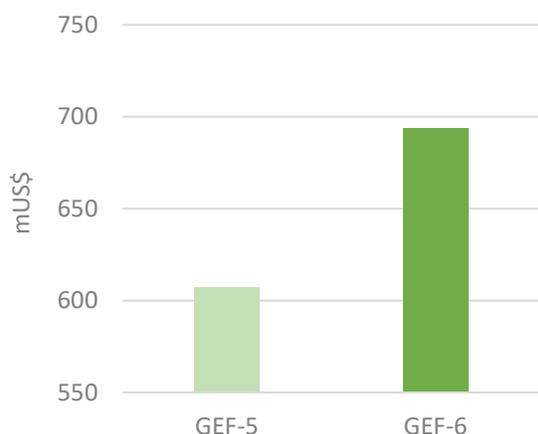
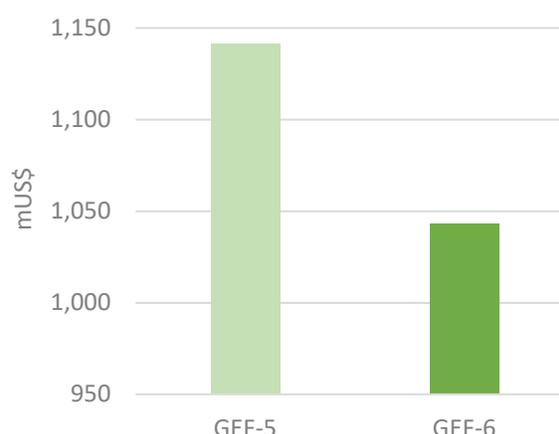


Figure 3.2: ...while reducing country allocations to the HICs and UMICs that are not LDCs or SIDS (total, indicative country allocations)



16. OPS6 provides a helpful breakdown of the impact of the different modifications to the STAR formula that were introduced in GEF-6. For LDCs, IEO finds that about half of the increase in funding was due to an increase in their country allocation floors from USD 4 million to USD 6 million. In contrast, increasing the weight of the GDP index had a much smaller, positive impact on LDCs' allocations. With respect to SIDS, the aforementioned increase in the weight of the GDP index led to a decline of 0.5% on average. On the other hand, an increase in the floors of 10 SIDS that are also LDCs led to an average increase of 5% in allocations across all SIDS.¹⁰⁴

17. Looking forward, country allocations continue to represent the first entry point for reviewing the distribution of funds across different groups of countries. As indicated above (see paragraph 12), however, the Secretariat is not yet in a position to present details on the distribution of STAR allocations across groups of countries based on updated input data, or simulations that would illustrate the impact of possible, further adjustments to the STAR model.

18. Country allocations amount to just over half of the GEF-6 envelope. Consequently, the programming of non-STAR resources can have a considerable impact on the distribution of funds between different groups of countries. As of August 10, 2017, national projects in LDCs and SIDS amounted to 29% of all funding approvals towards national projects, a significant increase from GEF-5 when the same share was 22%. Meanwhile the share of funding approvals to HICs and UMICs that are not LDCs or SIDS dropped from 50% to 42% of all funding approvals towards national projects. (See figures 3.3 and 3.4 below)

¹⁰⁴ GEF IEO (GEF Independent Evaluation Office) 2017, *Sixth Comprehensive Evaluation of the GEF (OPS6): The GEF in the Changing Environmental Finance Landscape* (DRAFT FINAL REPORT OF OPS – AUGUST 30, 2017)

Figure 3.3: Like country allocations, actual funding approvals towards the poorest and most vulnerable increased in GEF-6... (share of total funding approvals towards single-country projects as of August 10, 2017)

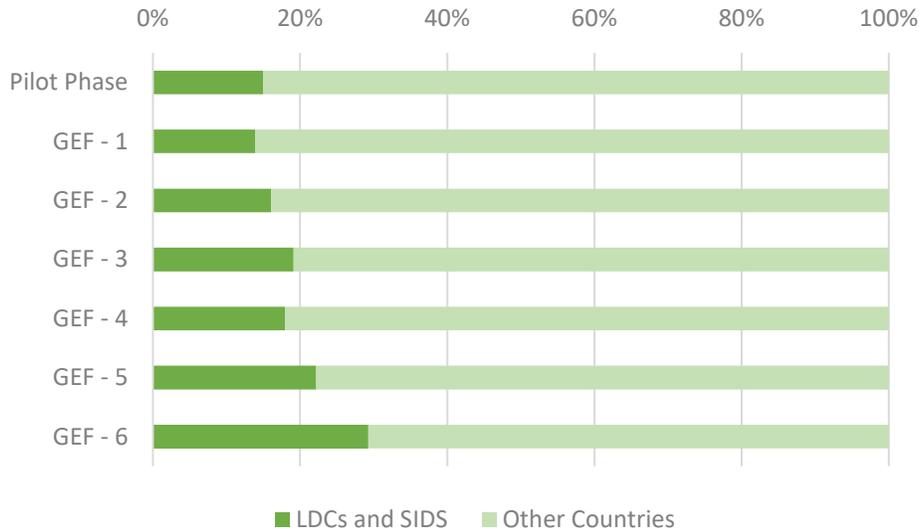
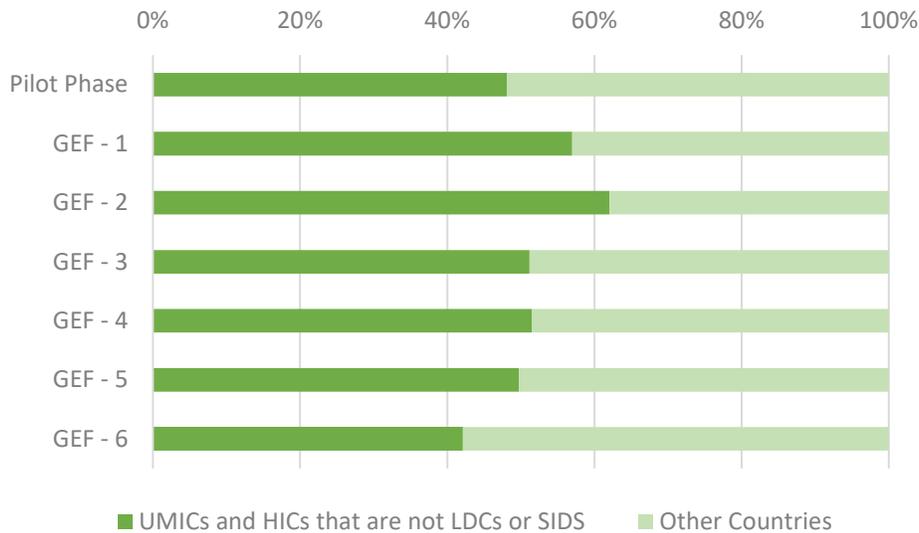


Figure 3.4: ...while funding towards HICs and UMICs fell (share of total funding approvals as of August 10, 2017)



19. With respect to differentiated terms of funding for different countries, two questions emerge: 1) What are the advantages and disadvantages of deploying GEF funding in the form of grants, concessional loans, and other non-grant instruments (debt, equity, guarantees), respectively? 2) What are the options for shifting terms in selected countries?

20. As for the first question, the preliminary policy agenda for the first replenishment meeting identified the possible pros and cons associated with a greater use of concessional loans to

governments (see Box 3.1)¹⁰⁵. It concluded that while such differentiation could offer benefits in terms of financial leverage and sustainability, it would also introduce major challenges from a perspective of the GEF's added value. Specifically, a shift from grants to concessional loans would most likely constrain the range of activities that the GEF could support, and the range of partners with whom the GEF could work.

Box 3.1: Possible advantages and disadvantages of shifting from grants to concessional loans

Possible advantages

- A greater use of concessional loans could allow the GEF to begin to differentiate the terms of its financing across different groups of countries, based on their level of income or other factors.
- Concessional loans would require recipient governments to finance a larger share of project costs, thereby providing higher leverage of GEF resources.
- Finally, loans would enhance the long-term financial sustainability of the GEF.

Possible disadvantages

- The GEF pursues global environmental benefits in various ways, many of which are only feasible with grant funding. These include, inter alia, support towards institutional capacity development, policy and regulatory reform, private sector risk sharing and providing aggregation costs, convening multi-stakeholder coalitions, and promoting knowledge exchange. In order for the GEF to effectively catalyze resources, actions and commitments for systemic change, it seems critical that it remains responsive and agile, with an ability to provide incremental financing to fill gaps and complement the work of others. A shift from grants to loans would inevitably constrain that ability.
- A shift from grants to concessional loans would limit the number and types of Agencies with whom the GEF could work, and possibly the types of counterparts that could execute GEF-financed activities.
- A continued, strong emphasis on grants may be more consistent with the fact that the GEF supports countries only with the ultimate objective of safeguarding global public goods.
- There is little evidence as yet that countries would be prepared to borrow from the GEF, and therefore there is a risk that the GEF's presence in certain countries would decline, should it shift from grants to concessional loans. One factor that could adversely affect the attractiveness of the GEF is that borrowing requires parliamentary approval in some countries. Moreover, unless appropriately targeted, it could also increase debt burdens in certain countries.

¹⁰⁵ GEF/R.7/02, *GEF-7 Programming Directions and Policy Agenda*

21. Whereas the GEF has little experience of public-sector lending, it has successfully deployed non-grant instruments, such as debt, equity and guarantees in private-sector projects and programs (see also section on “Private Sector Engagement” in the programming directions above). IEO’s recent *Evaluation of GEF’s Engagement with the Private Sector*¹⁰⁶ provides an exhaustive review of the GEF’s two-decades long experience of non-grant instruments, identifying a range of benefits associated with deploying GEF funding in the form of debt, equity and guarantees to private sector recipients. The review finds that non-grant instruments can, *inter alia*:

- Help minimize concessionality and the risk of market distortions;
- Increase the attractiveness of GEF projects to private sector partners; and
- Enhance the GEF’s long-term funding capacity.

22. As for the second question above, on ways to shift the terms of GEF financing in selected countries, different options could have dramatically different implications for programming. Options revolve around 1) the range of financial instruments used, and the terms at which those instruments are offered; 2) the recipients of funding; 3) the countries or groups of countries targeted for differentiated terms; 4) the amount and share of resources that would be provided in the form of differentiated terms; and 5) the focal areas that would be impacted by a shift from grants to differentiated terms. Table 3.4 summarizes some of these options. Each set of options has implications for programming, particularly in the context of the proposed, GEF-7 programming directions.

¹⁰⁶ GEF/ME/C.52/Inf.04

Table 3.4: Options for shifting from grants to non-grant instruments in selected countries

Key dimensions of shifting the terms of GEF financing	Policy options
Financial instruments and terms	(1) loans to public sector recipients in selected countries, on the terms set out in the GEF's policy on non-grant instruments ¹⁰⁷ ; or (2) any eligible, non-grant instrument – including debt, equity and guarantees – on the terms set out in current policy;
Recipients of GEF funding	(1) public sector recipients; (2) private sector recipients; or (3) both;
Countries subject to differentiated terms	(1) all UMICs and HICs that are not LDCs or SIDS (36 countries with a STAR country allocation in GEF-6); (2) UMICs and HICs that are not LDCs or SIDS, and whose STAR country allocations exceed a certain threshold, e.g. USD 30 million (nine countries in GEF-6);
Amount and share of resources subject to differentiated terms	Depending on the countries targeted, (1) STAR country allocations, and possibly non-STAR funding as well, could be accessible to targeted countries only differentiated terms; or (2) STAR country allocations in targeted countries could be partially subject to non-grant terms (e.g. 20% as a starting point);
Focal areas impacted by differentiated terms	Depending on the options above, differentiated terms could impact: (1) the three STAR focal areas only; or (2) all focal areas.

23. The Secretariat is of the view that differentiated terms – if introduced – should apply to a proportion of selected countries' STAR allocations. A good option to consider in this respect would be to target 20% of the STAR country allocations of UMICs and HICs that are not LDCs or SIDS, and whose STAR allocations exceed USD 30 million. Based on the GEF's experience and the reasons outlined above, the Secretariat further believes that the shift should be from grants to any eligible non-grant instrument, for private and public sector recipients, as per current policy. Based on GEF-6 STAR allocations this option would affect nine countries, and USD 141 million or about 6% of all STAR country allocations. While introducing a higher degree of complexity for affected countries, and introducing constraints in terms of the partners with whom the GEF could work, this option would potentially allow for the implementation of the proposed programming directions with minor adjustments, and could introduce greater opportunities for private sector engagement.

24. The GEF remains committed to ensuring the optimal use of its concessional resources. The GEF's policy on non-grant instruments establishes that the GEF will deploy such instruments to public sector beneficiaries on terms that are comparable to those of other international

¹⁰⁷ FI/PL/02

financial institutions, such as the International Development Association (IDA), whereas non-grant instruments to private sector beneficiaries will be designed and negotiated by Agencies to ensure minimum concessionality in order to avoid crowding out other sources of financing¹⁰⁸. Looking forward, the GEF's policies and approaches to ensuring the optimal use of its concessional resources will be kept under review in light of international best practice, and updated as needed. Where relevant, the GEF will provide grant and non-grant financing in full adherence with the "Cascade" principles spearheaded by the multi-lateral development banks (MDB). Those principles aim to encourage private sector participation, while optimizing the use of scarce public dollars for critical public investments.

Continuous Improvement of the GEF's Results Architecture

25. The successful delivery of the proposed GEF-7 programming directions requires enhancing the GEF's systems and approaches for capturing, monitoring, analyzing, and reporting on results to enable transparency, accountability and improved portfolio management. Drawing on experience and lessons learned, the GEF's results architecture should be developed further to ensure greater rigor, relevance, transparency and simplicity. Building on the preliminary policy agenda presented at the first replenishment meeting¹⁰⁹, this section outlines the principal challenges and opportunities to improve the GEF's results architecture.

26. In their feedback to date, Participants and Observers have expressed strong support for an enhanced results architecture that captures the expected and achieved global environmental benefits and socio-economic co-benefits of GEF projects and programs in a more comprehensive and timely manner, with improved quality. Several Participants have pointed to the need for simplifying the GEF's systems and tools for tracking results at the project and program levels, particularly with regard to integrated, multi-focal area investments. At the same time, many argue that the GEF should do more to capture the actual, multiple benefits it achieves. Several Participants and Observers have also welcomed proposals to identify and report on the socio-economic co-benefits arising from GEF investments, where relevant, while some have called for greater attention to the monitoring and reporting of outputs and outcomes related to gender equality. Finally, a number of Participants and Observers have requested that the GEF's future indicator framework be harmonized with the Sustainable Development Goal (SDG) indicators and targets, where appropriate.

27. IEO – in OPS6 – highlights important areas for improvement in terms of the GEF's systems and approaches for capturing, monitoring, analyzing, reporting, and applying data and information on results. IEO finds that the GEF's results practice has been effective in supporting reporting, accountability, and communications. However, it concludes that the GEF has so far had limited success in harnessing results information for evidence-based decision-making and learning. To improve the relevance of the GEF's results information, IEO further suggests that the

¹⁰⁸ FI/PL/02

¹⁰⁹ GEF/R.7/02, *GEF-7 Programming Directions and Policy Agenda*

GEF incorporate relevant SDG indicators in its results frameworks. Moreover, IEO sees continued room for simplifying the GEF's results architecture.¹¹⁰

28. Consistent with IEO's findings, conclusions and recommendations, the Secretariat is committed to continuous improvement across several dimensions of the current results architecture, specifically: 1) simplification of indicators and reporting requirements; 2) improved clarity, rigor and robustness of definitions, methodologies and data; and 3) enhanced availability, accessibility and timeliness of data and information on results for accountability, learning and decision-making.

29. The proposed GEF-7 results architecture would aim to overcome past challenges associated with rigor and robustness, and capture multiple benefits that were previously overlooked, while streamlining the number of indicators and metrics tracked at the project and program levels. The Secretariat is working with Agencies to develop a set of core indicators, each with a clear definition and associated guidelines and methodologies. The proposed, GEF-7 core indicators would be designed to capture critical information on the GEBs sought and achieved across all five focal areas, as well as the associated, socio-economic co-benefits, where relevant (see Annex 6 for a complete overview of the proposed core indicators). A second tier of indicators would be introduced to ensure a consistent capture of any additional information required for MEA reporting and accountability, as well as for portfolio-level analysis.

30. The proposed, GEF-7 core indicators and sub-indicators would be mapped to the relevant Sustainable Development Goals (SDG) targets and indicators. Indeed, all of the currently proposed, bio-physical core indicators are directly related to SDGs 13, 14 and 15.

31. In addition to streamlining its results framework for greater relevance and focus, the Secretariat is working with Agencies to simplify and automate the provision of project and program -level data in support of portfolio-level analysis, reporting and management. An upgraded IT platform (GEF Portal), which will be operational at the onset of GEF-7, will be instrumental in this respect. The new GEF Portal will dramatically streamline reporting as well as aggregation and analysis of results information, while improving the availability, consistency and quality of such information. The Portal will allow direct input of results data by Agencies at concept stage, CEO Endorsement/Approval, during implementation and at completion. Data will be captured in a consistent format and can be automatically aggregated across the proposed GEF-7 core indicators. This in turn will enable standard, portfolio monitoring reports to be automatically generated.

32. The GEF Portal will also support a Management Dashboard. The Dashboard will facilitate real-time oversight by the Secretariat and the Council on delivery against agreed, replenishment-

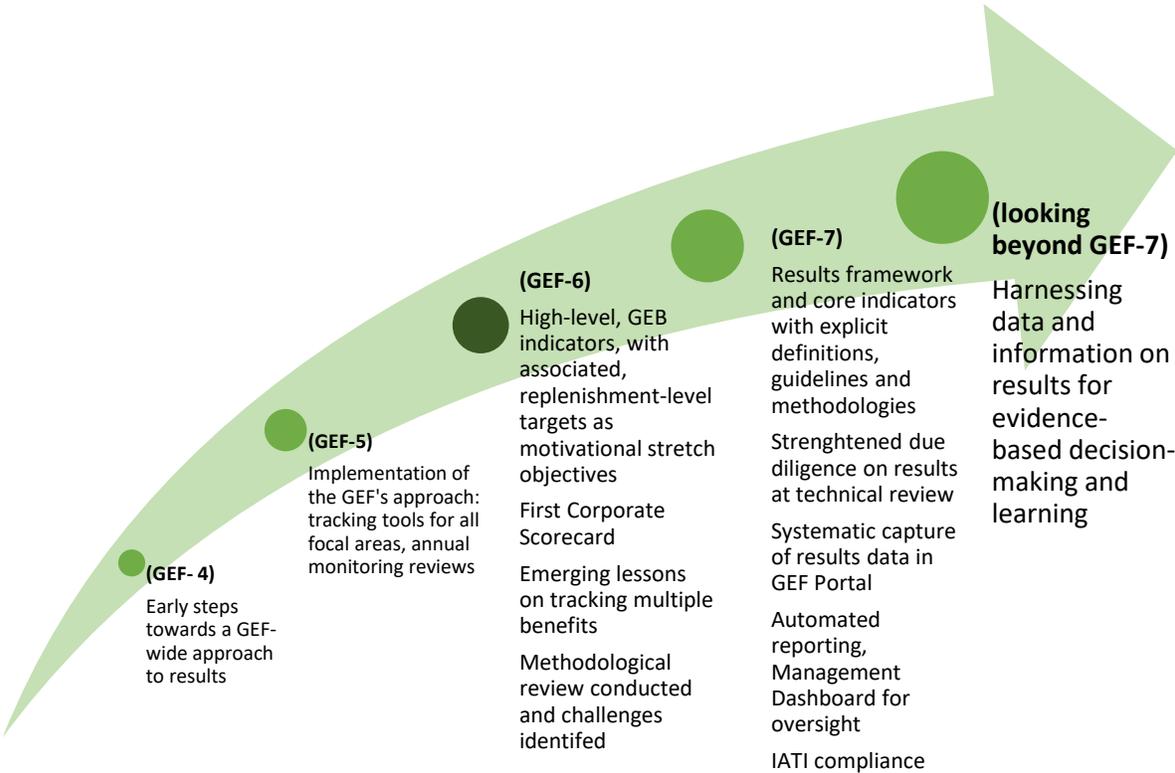
¹¹⁰ GEF IEO (GEF Independent Evaluation Office) 2017, *Sixth Comprehensive Evaluation of the GEF (OPS6): The GEF in the Changing Environmental Finance Landscape* (DRAFT FINAL REPORT OF OPS – AUGUST 30, 2017)

level targets for GEBs, as well as on progress against a range of other corporate effectiveness and efficiency indicators, drawing on the existing Corporate Scorecard¹¹¹.

33. As a function of the above improvements to the GEF’s systems and approaches, data and information on the expected and achieved results of GEF investments would become more widely available and more accessible to the GEF Partnership and the general public. Along with operational and financial information, the GEF would aim to publish data and information on results in compliance with the International Aid Transparency Initiative (IATI) Standard¹¹².

34. Over time, the steps proposed to strengthen the GEF’s results architecture in GEF-7 are expected to contribute decisively towards the GEF’s ability to harness data and information on results for evidence-based decision-making and learning (see Figure 3.5).

Figure 3.5: Continuous Improvement of the GEF’s Results Architecture



¹¹¹ See e.g. GEF/C.52/Inf.05, *GEF Corporate Scorecard*

¹¹² <http://iatistandard.org/>

Harnessing the Strengths of a Broad and Diverse Network of Agencies

35. The successful implementation of the proposed GEF-7 programming directions relies on a strong network of Agencies. The Partnership has to serve the needs of diverse groups of countries across all the GEF's areas of work, and the GEF needs to seek ways to harness the diverse capabilities of its partners.

36. At the first replenishment meeting in March 2017, several Participants and Observers requested that a discussion on the possible accreditation of additional Agencies be tabled at the second meeting. Different views have been expressed on this topic. Many have suggested that the current network of Agencies offers sufficient regional and thematic coverage, and that a further expansion would risk increasing competition among Agencies. Others have argued that the GEF should open the door to a larger number of Agencies, particularly national Agencies, which is seen as a way to strengthen country ownership and national institutional capabilities.

37. Apart from the size of the Partnership, several Participants and Observers have voiced concern over the high degree of concentration of GEF funding with a small number of Agencies, as well as the declining share of MDBs of GEF programming. Participants and Observers have underscored the added value that MDBs offer in terms of their ability to integrate environmental sustainability considerations into mainstream development policy and planning processes, and to leverage larger-scale development investments. Some have suggested that the GEF develop incentives and targets specifically with a view to encouraging MDBs to put forward more GEF projects and programs.

38. The possible expansion of the GEF Partnership is a subject of on-going deliberation by the GEF Council. In June 2016, the Council, having reviewed the document *Future Directions on Accreditation – A Follow-Up* decided to reassess, at the end of GEF-6 whether to launch a process to accredit a limited number of additional Agencies. The Council agreed that this assessment should build on the findings of OPS6 and take into account the criteria set out in the Secretariat's paper¹¹³. Those criteria include geographic and thematic coverage, efficiency, effectiveness, and the level and quality of engagement across the GEF Partnership.

39. OPS6 finds that the accreditation of additional Agencies has provided countries with access to new capacities, albeit with variation across focal areas and groups of countries. Overall, the expansion of the Partnership has had a positive impact on country ownership. Meanwhile IEO suggests that the increase in the number of Agencies, combined with the small size of STAR allocations in most countries, has at times resulted in counterproductive competition. It also points out other efficiency trade-offs, such as the costs to the Secretariat and countries of managing relations with a larger number of Agencies, and the initial investments in capacity development and learning by new Agencies.¹¹⁴

¹¹³ *Joint Summary of the Chairs: 50th GEF Council Meeting, June 7–9, 2016*

¹¹⁴ GEF IEO (GEF Independent Evaluation Office) 2017, *Sixth Comprehensive Evaluation of the GEF (OPS6): The GEF in the Changing Environmental Finance Landscape* (DRAFT FINAL REPORT OF OPS – AUGUST 30, 2017)

40. An analysis of developments over the past fifteen months does not suggest any major change in terms of the geographic coverage of the current network of 18 Agencies. As concluded in June 2016, there do not appear to be any major geographic gaps in the Partnership. The data does suggest, however, that SIDS, particularly in the Pacific, have seen by far the lowest levels of coverage from GEF-3 to GEF-6, relative to other groups of countries (see figures 3.6 and 3.7).

Figure 3.6: The current network of 18 Agencies provides a considerable degree of choice for most countries, including LDCs, whereas SIDS stand out as the group of countries that have access to the smallest number of Agencies (share of countries in groups by number of Agencies used between GEF-3 and GEF-6, based on approved national and single-Agency projects as of August 10, 2017)

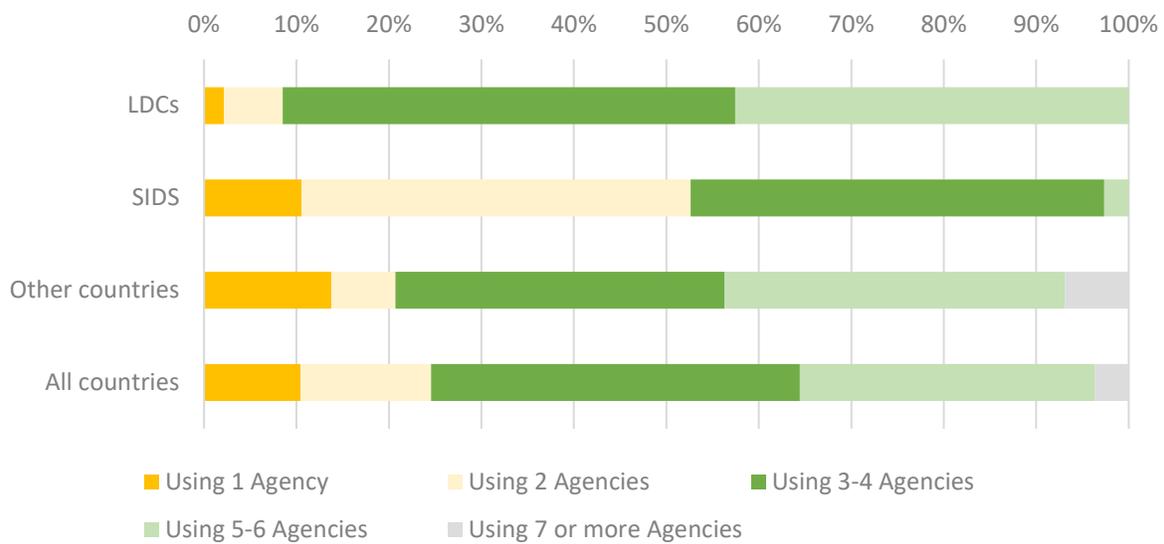
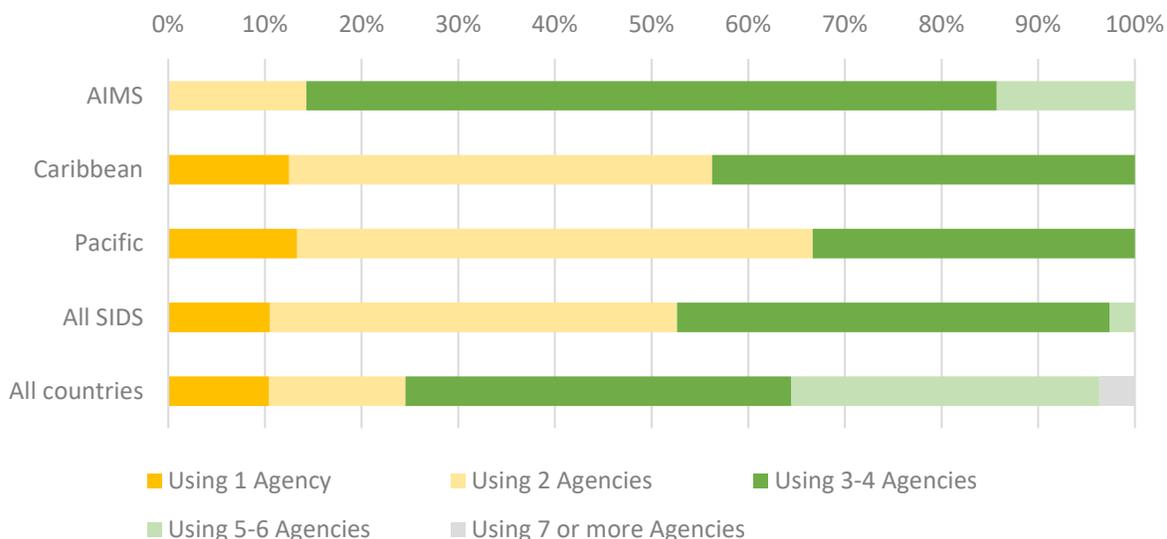


Figure 3.7: Pacific SIDS have access to a somewhat smaller number of Agencies than SIDS on average (share of countries in groups by number of Agencies used between GEF-3 and GEF-6, based on approved national and single-Agency projects as of August 10, 2017)¹¹⁵



41. Along similar lines, the latest data does not point to any critical thematic gaps in terms of the ability of the current network of 18 Agencies to serve all GEF focal areas. The chemicals and waste focal area has seen the lowest level of Agency participation in relative terms, with only six different Agencies overseeing at least one single-Agency chemicals and waste projects since GEF-3, compared to at least ten different Agencies in other focal areas. At the same time, however, the breakdown of funding approvals in chemicals and waste suggests a relatively balanced distribution between the Agencies involved. (See figures 3.8 and 3.9)

¹¹⁵ The first row refers to SIDS in the Atlantic, Indian Ocean, Mediterranean and South China Sea (AIMS)

Figure 3.8: Agency participation is high across focal areas, although chemicals and waste stands out with the lowest level of coverage in relative terms (number of Agencies with at least one approved, single-Agency project, by focal area, as of August 10, 2017)

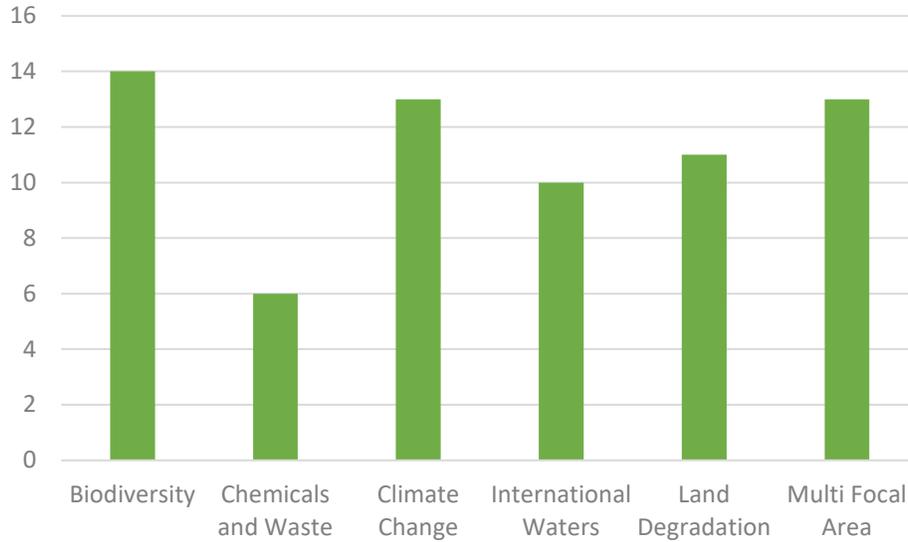
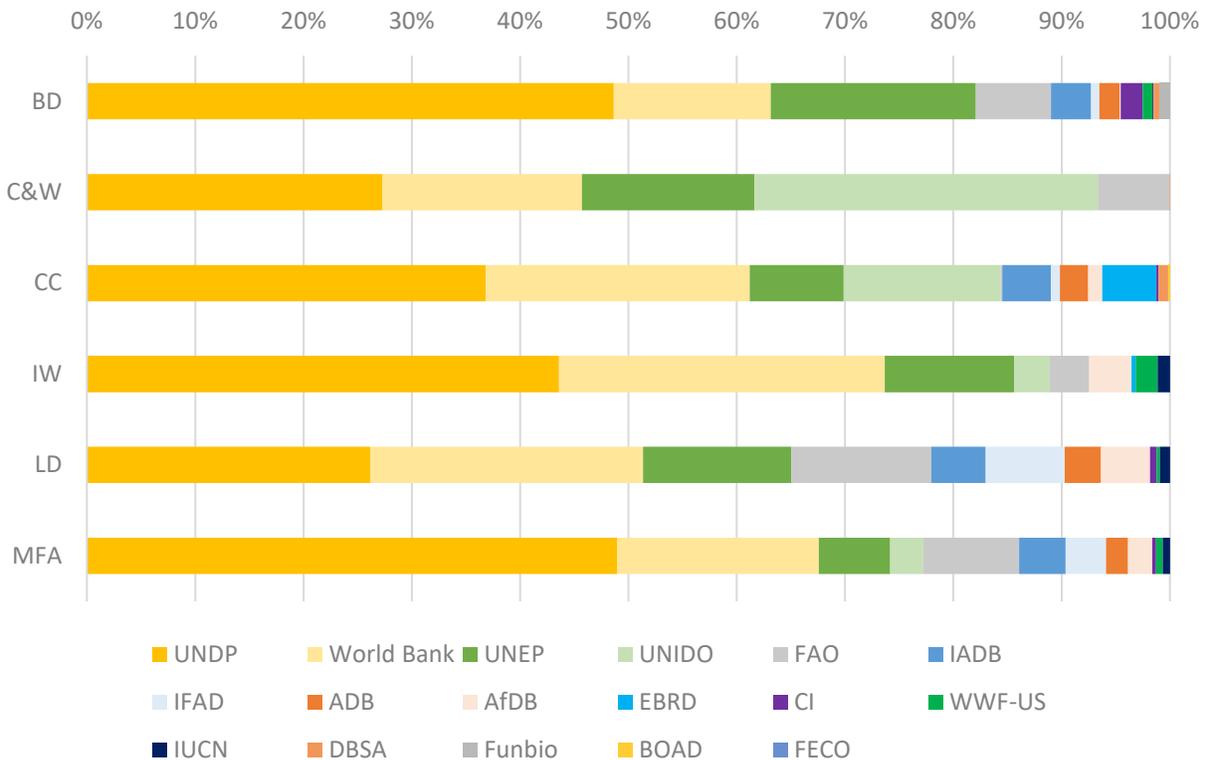
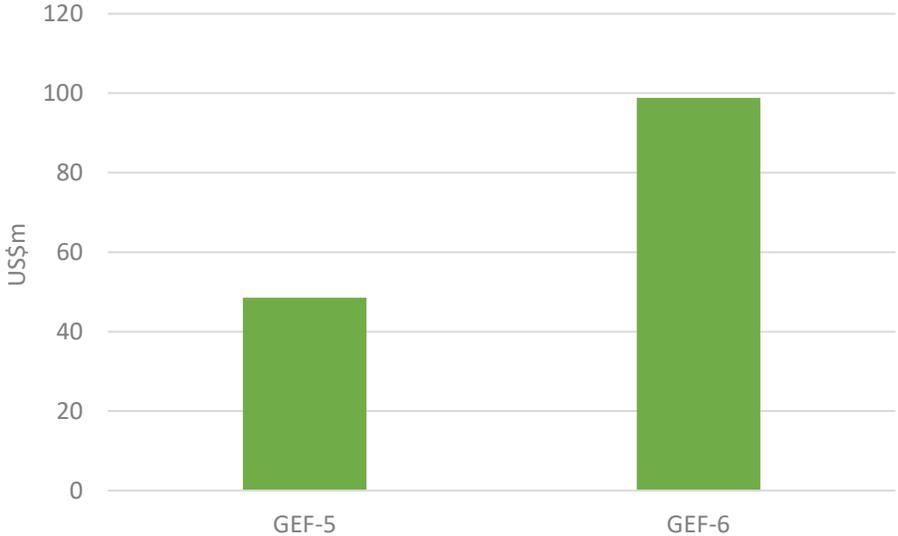


Figure 3.9: At the same time, chemicals and waste exhibits a very balanced distribution of funding approvals among the four dominant Agencies involved (share of GEF project financing by focal area and Agency towards single-Agency projects, GEF-4 – GEF-6, as of August 10, 2017)



42. The eight newly accredited GEF Project Agencies have so far had a limited impact on the geographic and thematic coverage of the Partnership. As they become more engaged in GEF programming, however, coverage will likely continue to improve. As of August 10, 2017, these Agencies had secured GEF-6 funding approvals worth just under USD 100 million in GEF project financing, or about five percent of all approvals towards single-Agency projects (see Figure 3.10 below). These figures reflect the fact that several of the new Agencies were not yet ready to fully engage in GEF-6 programming, but could be expected to play a more important role in the future. These include Agencies such as BOAD, CAF and FECO, which have demonstrated capacity of managing large portfolios of projects.

Figure 3.10: The eight newly accredited GEF Project Agencies have so far had a limited impact on programming (GEF project financing for approved, single-Agency projects implemented by the eight, new GEF Project Agencies, as of August 10, 2017)



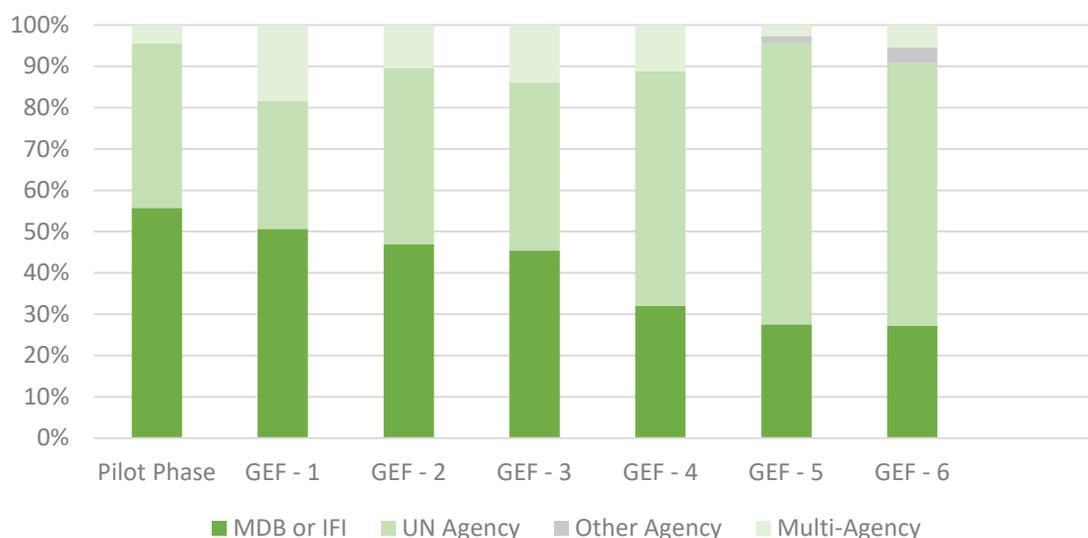
43. As concluded in June 2016, updated analysis as well as the findings and conclusions presented in OPS6 do not point to a clear need to expand the GEF Partnership so soon after the accreditation of eight new Agencies. Based on the criteria of coverage, efficiency and effectiveness, as well as the quality of engagement across the Partnership, the potential cost of accrediting a limited number of additional Agencies would appear to outweigh the potential benefits.

44. With respect to Agencies’ engagement in the GEF Partnership, there is a concern over the degree to which the GEF is able to optimize the diverse capabilities present across the expanded network of Agencies, particularly the unique strengths of the MDBs and IFIs¹¹⁶. As highlighted in

¹¹⁶ This group of Agencies includes ADB, AfDB, BOAD, CAF, DBSA, EBRD, IDB, IFAD and the World Bank.

OPS6 and associated evaluations, the share of MDBs and other IFIs of GEF funding approvals has declined considerably over time, from between 50% and 60% from the Pilot Phase to GEF-3, to just over 30% in GEF-4 through GEF-6 (see Figure 3.11 below). That sharp decline from GEF-3 to GEF-4 coincides with the introduction of country allocations under the GEF-4 Resource Allocation Framework (RAF), and has often been attributed to the financial fragmentation and increased competition associated with a resource allocation framework based on relatively small country allocations. Meanwhile the MDBs and IFIs have benefited from an increasing availability of other sources of external financing to address environmental issues.¹¹⁷

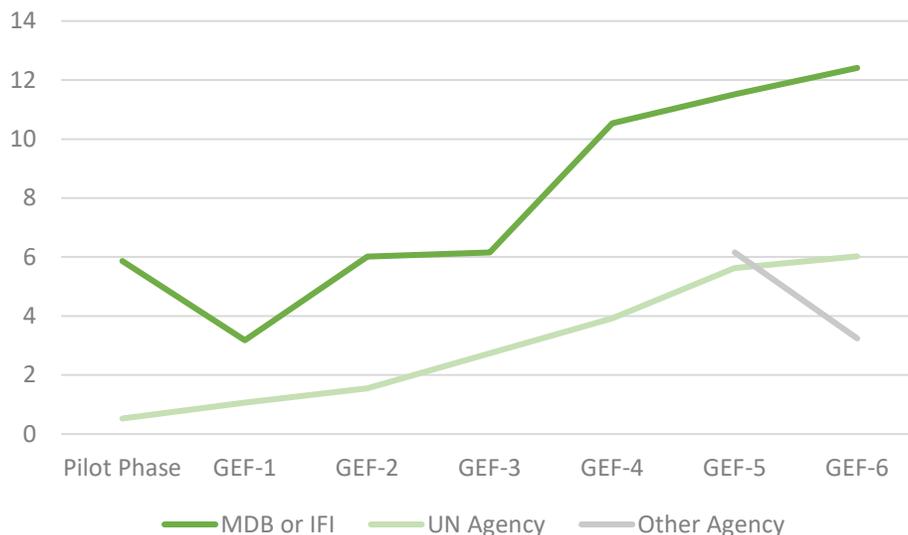
Figure 3.11: Following a sharp decline from GEF-3 to GEF-4, the nine MDBs and IFIs account for less than a third of GEF programming over the past decade (share of approved GEF project financing by replenishment phase as at August 10, 2017)



45. Looking forward, there are compelling reasons for the GEF to continue to work closely with the MDBs and IFIs. These Agencies offer a distinct comparative advantage in their ability to work with ministries of finance and other key institutions at the core of national policy, planning and budgeting processes, and with the private sector. Moreover, the MDBs and IFIs are unique among GEF Agencies in their ability to blend GEF funding with larger-scale development investments (see Figure 3.12).

¹¹⁷ GEF IEO (GEF Independent Evaluation Office) 2017, *Sixth Comprehensive Evaluation of the GEF (OPS6): The GEF in the Changing Environmental Finance Landscape* (DRAFT FINAL REPORT OF OPS – AUGUST 30, 2017); and GEF/ME/C.50/06, *Evaluation of the Expansion of the GEF Partnership - First Phase*

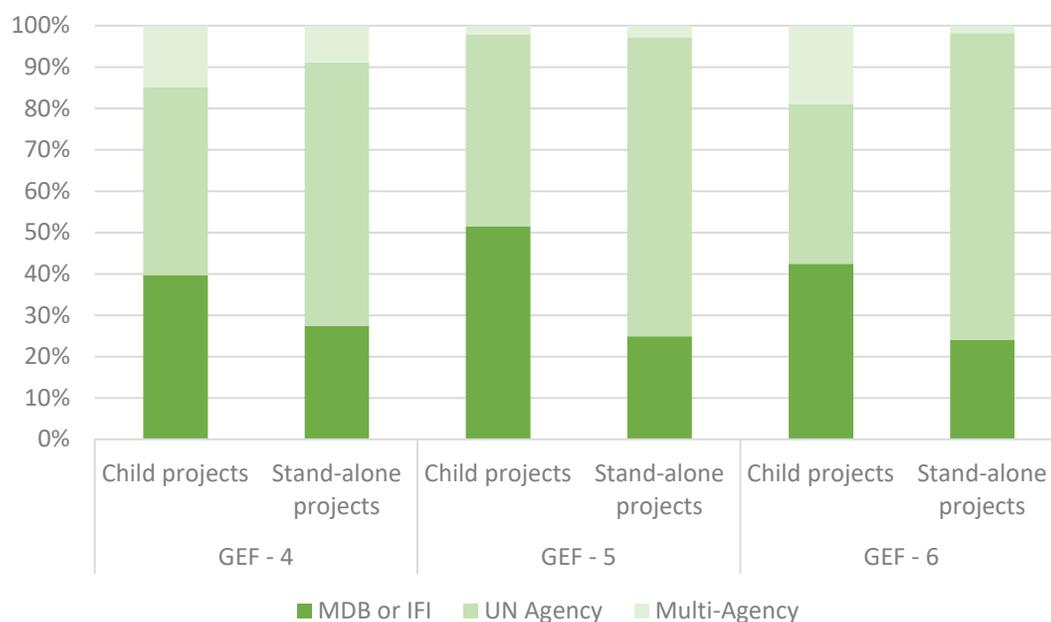
Figure 3.12: MDBs and IFIs continue to mobilize the highest levels of co-financing (ratio of confirmed co-financing to GEF project financing at Endorsement/Approval, August 10, 2017)



46. The proposed, GEF-7 programming directions and policy recommendations introduce several ways in which the GEF will be better placed to harness the unique strengths of the MDBs and IFIs:

- a. **Greater investment in coordinated, programmatic approaches, with upstream engagement:** From GEF-4 to GEF-6, programmatic approaches have seen higher levels of MDB and IFI participation than stand-alone projects (see Figure 3.13). Moreover, views expressed by the MDBs themselves suggest that enhanced upstream dialogue helps identify opportunities where the GEF can leverage MDB investments. As discussed above (see section on “Operational Guidance”), the proposed, GEF-7 Impact Programs, as well as some of the other, key programming areas would be delivered through programmatic approaches, with associated, upstream dialogues among multiple stakeholders to align resources and skills to address shared opportunities and challenges.

Figure 3.13: Compared to stand-alone projects, programmatic approaches have seen greater MDB and IFI engagement (share of GEF project financing towards approved program child projects and stand-alone projects, by replenishment phase as at August 10, 2017)



- b. **Flexible STAR allocations, coupled with stronger incentive funding to curb fragmentation:** More than half of all the funds programmed by MDBs and IFIs in GEF-6 is for multi-focal area projects and programs. With flexible STAR allocations, and targeted incentive funds for key programming areas, MDBs and IFIs would be better placed to overcome the constraints associated with STAR and secure funding for larger projects and programs.
- c. **Scaling up GEF funding in the form of non-grant instruments:** MDBs and IFIs have traditionally managed most of the GEF’s projects and programs that deploy non-grant instruments with reflows to the GEF Trust Fund. A significant increase in such financing should therefore have a positive impact on their engagement.

47. The Secretariat believes that the GEF should aim to maintain a level playing field for all Agencies. In other words, the Secretariat does not see a need to introduce any form of preferential treatment of one group of Agencies over another. As per current policy, countries should remain able to select the Agencies they wish to work with, and the choice of Agency should be grounded in that Agency’s comparative advantage to carry out the proposed project or program. The introduction of a predetermined resource allocation to a selected group of Agencies would cause further complexity, rigidity and it would not guarantee the most efficient programming of resources from countries’ viewpoint. The Secretariat stands ready to continue to engage in a dialogue with both Agencies and countries to identify any issues that might prevent

the GEF from fully harnessing the strengths of its broad and diverse network of Agencies, and to bring such issues to the Council's attention along with possible policy options to address them.

Broadening the GEF's Engagement with the Private Sector

48. As recognized in the preliminary policy agenda presented at the first replenishment meeting, a broader and deeper engagement with the private sector is a prerequisite for success in GEF-7¹¹⁸. The GEF has worked with a wide range of private sector partners – from micro, small and medium enterprises to multi-national corporations and financial institutions – using a variety of intervention models, such as policy and regulatory reform, institutional capacity development, risk sharing, as well as convening and facilitating multi-stakeholder alliances.

49. Notwithstanding more than two decades of experience and recent progress in the context of key GEF-6 programs, as well as the non-grant instruments (NGI) pilot, the GEF has not kept pace with the growing opportunities for partnership with the private sector. Only 43% of respondents to IEO's survey agree that the GEF's ability to engage the private sector is a comparative advantage.¹¹⁹ To seize growing opportunities for private sector engagement, the Secretariat has proposed a two-pillar strategy for GEF-7: namely to 1) expand the use of non-grant instruments, and 2) supporting the development of public-private coalitions (see section on "Private Sector Engagement" in the programming directions above).

50. Participants and Observers agree that the GEF should strengthen its engagement with the private sector. As for how this could be achieved, feedback provided to date highlights a desire to clarify the GEF's additionality vis-à-vis the private sector, and how the GEF will avoid distorting markets. In a similar vein, many have requested further clarity as to how the GEF will complement other environmental finance providers as it relates to private sector engagement.

51. Several Participants and Observers have expressed support for the first pillar, a continued and scaled-up use of non-grant instruments to leverage private financing, drawing on lessons learned from the GEF-6 NGI pilot. Many have requested further details in this respect, including on the range of instruments to be used, the linkages between such a dedicated funding window and the proposed GEF-7 programming directions, selection criteria, country ownership, and the Secretariat's approach to reflow management. To address these questions, the Secretariat stands ready to develop, for Council consideration, an approach to non-grant investments in GEF-7, including further details on the process for selection and award, the involvement of external financial expert reviewers, and portfolio risk assessment.

52. A number of Participants and Observers have also sought further clarity on the second pillar in terms of the rationale for private sector engagement through thematic, public-private coalitions. Feedback to date suggests that there is a need to clarify the GEF's added value in

¹¹⁸ GEF/R.7/02, *GEF-7 Programming Directions and Policy Agenda*

¹¹⁹ GEF IEO (GEF Independent Evaluation Office) 2017, *Sixth Comprehensive Evaluation of the GEF (OPS6): The GEF in the Changing Environmental Finance Landscape* (DRAFT FINAL REPORT OF OPS – AUGUST 30, 2017); and GEF/ME/C.52/Inf.04, *Evaluation of GEF's Engagement with the Private Sector*

relation to such platforms, and there are concerns that new platforms would be established against a backdrop of a rapid proliferation of similar mechanisms for multi-stakeholder cooperation on issues pertaining to the global environment and sustainable development.

53. As noted above (Paragraph 6), the GEF's system of country allocations has been cited as an important constraint to greater private sector engagement¹²⁰. Operational restrictions often reflect broader gaps in interest, knowledge and capacity. Countries rarely choose to program their STAR allocations towards private sector projects and programs, and private sector engagement is sporadic in the processes whereby countries establish priorities for GEF financing. These constraints have in a limited way been addressed through the establishment of dedicated funding windows for private sector projects and programs. In addition, certain GEF projects and programs have been specifically designed to seize opportunities for private sector engagement, as described above (see section on "Private Sector Engagement" in the programming directions above). The Integrated Approach Pilot (IAP) program on commodity-driven deforestation, and the GEF's participation in the Green Fund targeting deforestation driven by palm oil, soy and beef are examples of initiatives that leverage multi-stakeholder cooperation among private and public sector actors for global environmental benefits.

54. The Secretariat takes the view that the most effective way to enhance private sector engagement in the face of the operational restrictions associated with STAR is to bring along private sector partners at a very early stage of programming, based on a clear understanding of their role and added value. The proposed Impact Programs aim at triggering systems change, which requires strong private sector involvement. To facilitate such involvement, the programs will provide opportunities for private sector stakeholders to participate in the early design of GEF investments. Agencies and countries are expected to clearly identify the role of the private sector in their projects and programs. In addition, more could be done to strengthen the knowledge and awareness of GEF stakeholders in countries and Agencies of the ways in which private sector engagement could contribute towards more effective and more impactful GEF projects and programs. Conversely, survey responses collected by IEO suggest that there is a similar need to make the GEF better known and more accessible to private sector stakeholders¹²¹.

55. The evolution of the GEF's private sector portfolio is also constrained by a lack of systematic monitoring and learning on private sector engagement in GEF projects and programs. The GEF's current systems and approaches for monitoring and knowledge management do not allow for a systematic identification of private sector projects and programs, let alone a breakdown of those projects and programs in terms of how private sector partners are engaged. The introduction of the GEF Portal presents an opportunity to address this gap, and thereby allow the Council, the Secretariat, Agencies and other stakeholders easy access to the GEF's performance on and experience of private sector engagement to protect the global environment.

¹²⁰ Ibid.

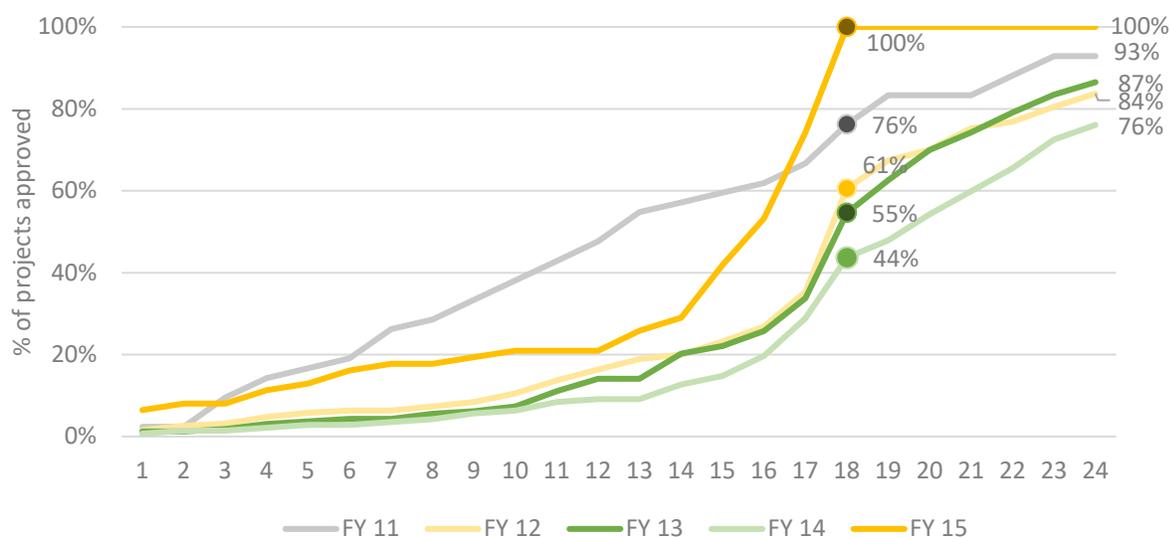
¹²¹ Ibid.

Enhancing the Operational Efficiency and Transparency of the GEF

56. In order to successfully implement the proposed GEF-7 programming directions, the GEF needs to enhance efficiency, effectiveness, accountability and transparency throughout its organizational structure and business processes. In response to the Secretariat’s preliminary policy agenda for the first replenishment meeting¹²², Participants and Observers stressed the need to further increase the efficiency and transparency of GEF operations. The feedback received also pointed to a need for further clarity with regard to the reasons for delays in project preparation and startup.

57. After nearly three years of implementation, the GEF has seen full compliance with the new cancellation policy¹²³. The policy established a strict, 18-month deadline for the submission of full sized projects (FSP) for CEO Endorsement. As of August 2017, for all FSPs approved in fiscal year 2015 (July 2014 to June 2015), Requests for CEO Endorsement were submitted for Secretariat review within 18 months from Council Approval. In comparison, for fiscal years 2011 to 2014, between 24% and 56% of projects were not submitted within 18 months. (See Figure 3.14)

Figure 3.14: The new cancellation policy has seen full compliance (share of approved FPSs by months elapsed from Council Approval to submission for CEO Endorsement)



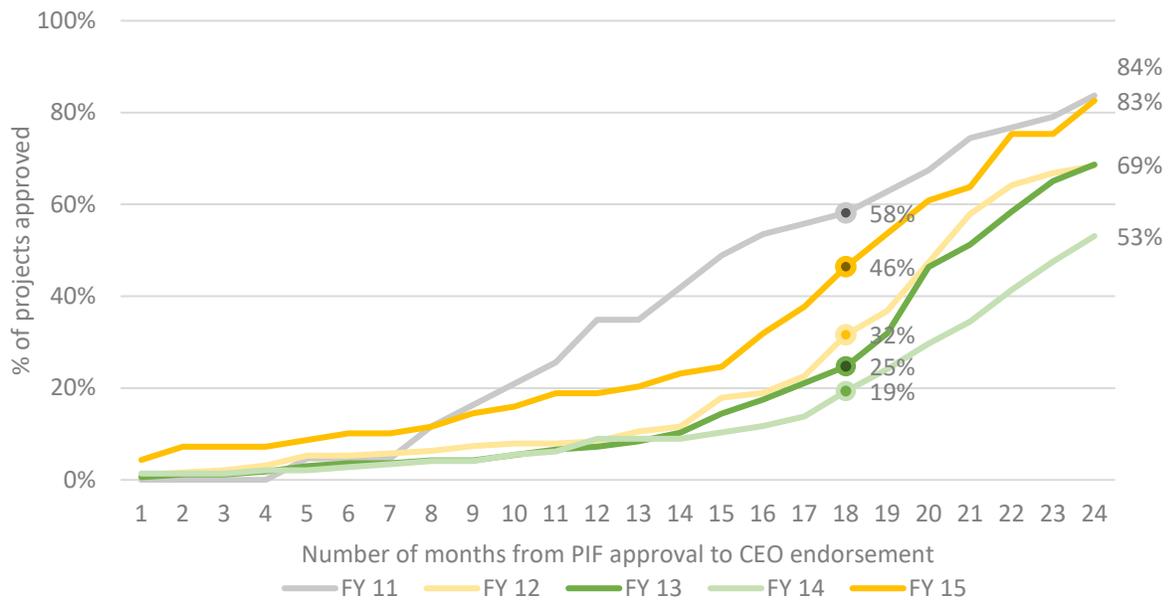
58. The latest data suggests that while the cancellation policy has had a positive impact on project preparation times, most projects continue to underperform against the agreed time standard of 18 months from Council Approval to CEO Endorsement. The new cancellation rules appear to have reduced the number of projects with very severe delays: after 24 months, 83% of

¹²² GEF/R.7/02, *GEF-7 Programming Directions and Policy Agenda*

¹²³ OP/PL/01, *Project Cancellation*

projects submitted in FY15 had received CEO Endorsement, compared with 69% or less in the three years before. Meanwhile fewer than half of all FSPs meet the 18-month time standard: of the FSPs approved by the Council in FY15, 46% received CEO Endorsement within 18 months. This confirms that most projects, even when submitted on time, undergo several iterations, and in some cases additional Council review, all of which contributes towards a longer time elapsed from approval to endorsement. (See Figure 3.15)

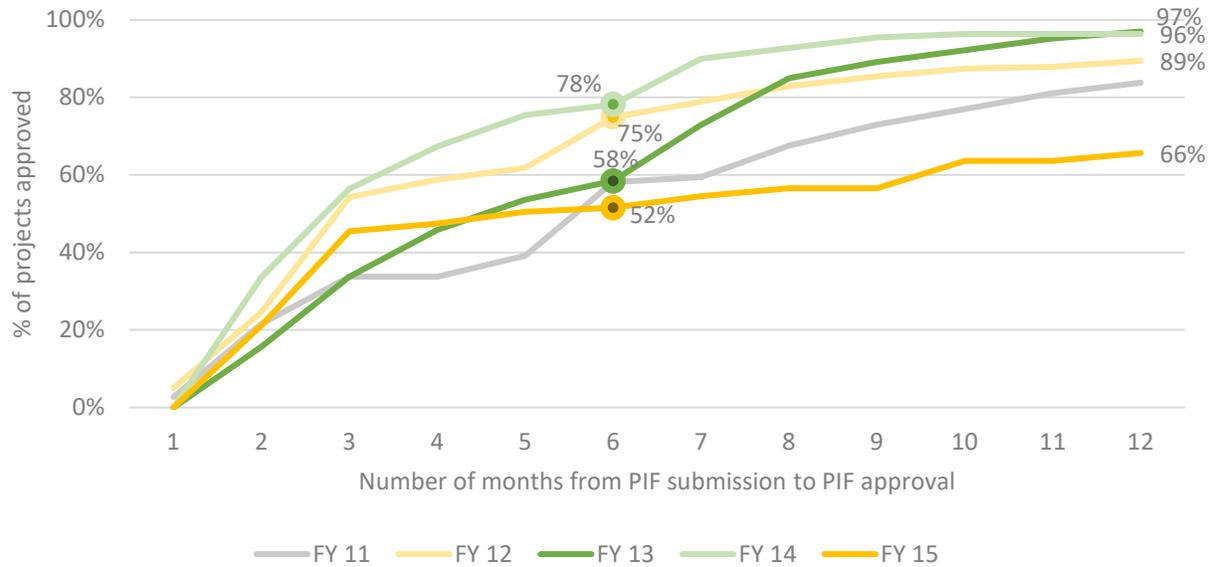
Figure 3.15: GEF-6 has seen fewer outliers in terms of project preparation (share of CEO Endorsed FSPs by months elapsed from Council Approval to CEO Endorsement)



59. Analysis carried out since March 2017 provides a broader picture of the performance of the GEF’s project cycle. It confirms that there is considerable scope to further accelerate project preparation and startup, and there are many potential entry points for policy reform:

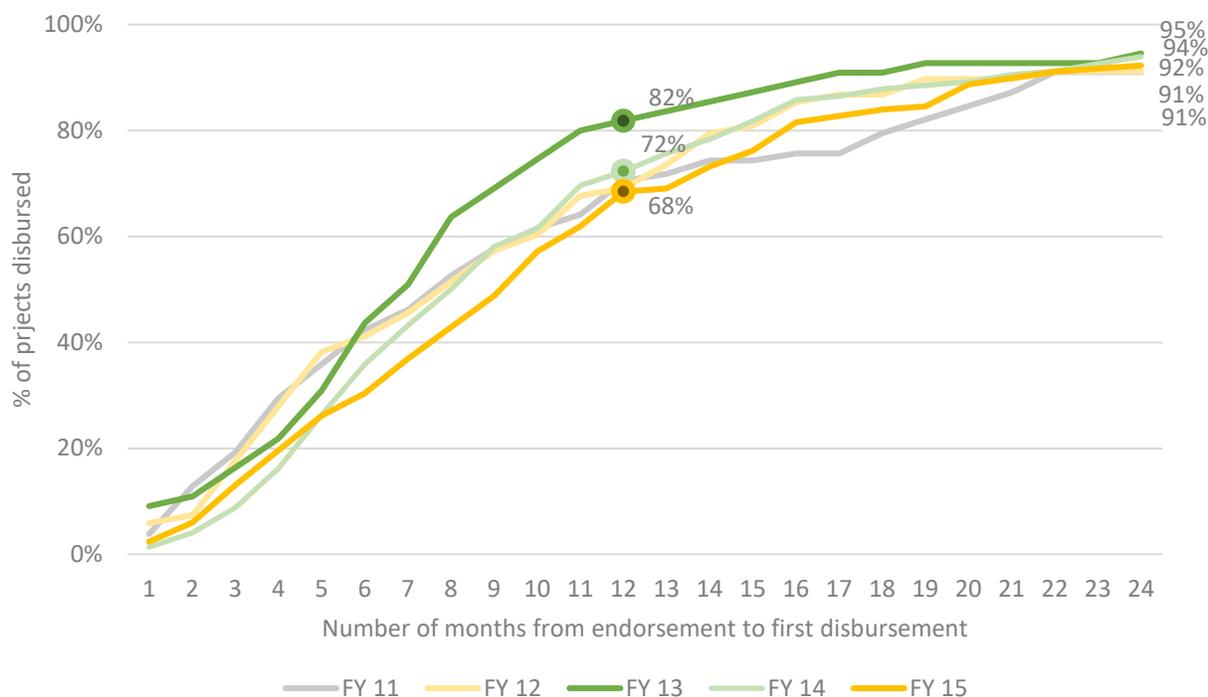
- a. **Over the past five years, between 22% and 48% of FSPs have taken more than six months to progress from initial submission to approval by the Council.** In fiscal year 2015 (FY15, July 2014 to June 2015) – the first year of GEF-6 – these delays appear to have increased. This may in part be driven by the Council’s desire to front-load certain areas of GEF-6 programming from which early lessons were expected, which resulted in somewhat longer wait periods for other projects. (See Figure 3.16)

Figure 3.16: A significant share of projects have to wait more than six months for Council Approval (share of approved FPSs by months elapsed from PIF submission to Council Approval)



b. **Between 18% and 32% of FSPs that have begun implementation in recent years did not reach first disbursement within one year from CEO Endorsement (See Figure 3.17).** Data collected over five years does not suggest any clear trend in this respect, and the reasons for delays have been difficult to pinpoint. In 2016 the Secretariat, in cooperation with Agencies, carried out an analysis of factors behind the time taken for first disbursement. The three most common reasons identified across all Agencies were 1) lengthy government approval processes, 2) recruitments, and 3) capacity constraints among executing partners.

Figure 3.17: As for the time elapsed to first disbursement, data over the past five years does not reveal a clear trend (share of FSPs by months elapsed from CEO Endorsement to first disbursement)



60. The challenges outlined above, and the further analysis carried out by the Secretariat and Agencies suggest two lessons: 1) the operational efficiency of the GEF should be tackled in a comprehensive manner, rather than focusing on a single metric, and 2) improving the flow of information on operational progress is a prerequisite for success.

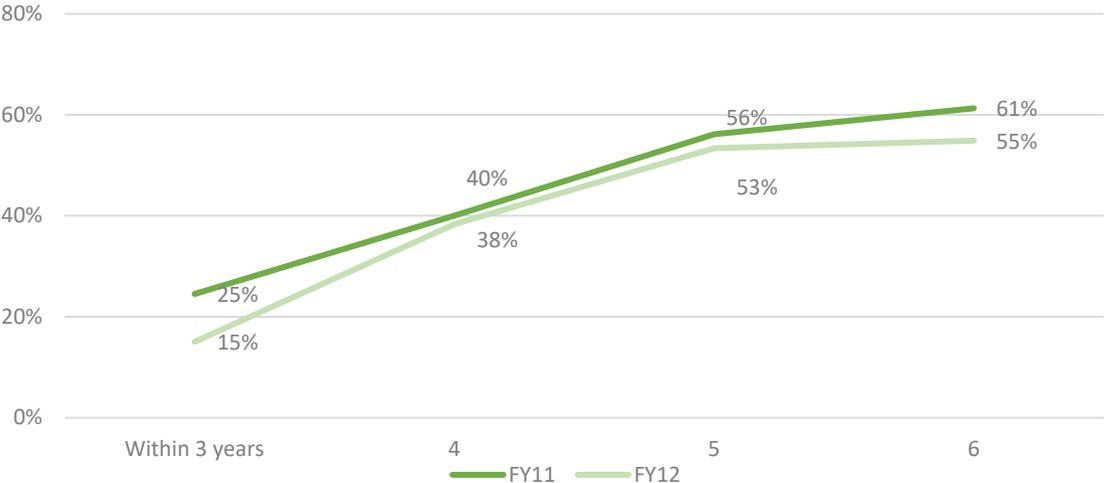
61. Recognizing the complex reasons for delays in project preparation, launch and implementation, the Secretariat continues to work across the Partnership to identify opportunities for enhancing efficiency. The Secretariat has initiated an in-depth dialogue with all Agencies to further investigate the ways in which the GEF can accelerate its project cycle. Options under consideration include, *inter alia*, updating the cancellation policy to establish deadlines for actual CEO Endorsement/Approval rather than for the submission of complete documentation alone, tranche payments of Agency fees tied to agreed implementation milestones, and stronger requirements for project-level reporting during implementation. This dialogue is underway, with a two-day inter-Agency retreat on this and other matters scheduled for late-September 2017.

62. With respect to the flow of operational information for oversight and transparency, several Participants and Observers agreed that the GEF should enhance its monitoring of implementation progress, and improve compliance with existing reporting requirements. Specifically, while recognizing the overall high level of transparency in GEF governance and operations – as highlighted, *inter alia*, in several independent reviews carried out by

Transparency International – Participants and Observers welcomed concrete proposals on how the GEF could improve the flow of information throughout the project cycle. In this respect, many have expressed support for a proposal for the GEF to begin publishing data to the IATI Registry by the end of fiscal year 2019 (June 2019).

63. GEF-7 presents an opportunity to considerably improve the timeliness of project and program -level reports, and the use of those reports for portfolio-level monitoring and reporting. Of projects launched in fiscal years 2011 and 2012, more than 40% had not submitted a mid-term review within six years of first disbursement (see Figure 3.18). Mid-term Reviews are required for all FSPs and are strongly encouraged for medium-sized projects (MSPs) as per current guidelines on the project and program cycles¹²⁴, and could be a valuable reference for portfolio-level monitoring and learning. Mid-term reviews are submitted in different, Agency-specific formats however, and the Secretariat has made limited use of them to oversee portfolio-level progress and trends.

Figure 3.18: Many projects do not submit a mid-term review even after six years of implementation (Share of projects by years elapsed from first disbursement to submission of mid-term review)



64. As mentioned above (see Paragraph 31), the Secretariat expects to launch in the first half of 2018 an upgraded IT platform. The GEF Portal is expected to introduce a step-change in terms of the GEF’s ability to capture, aggregate, analyze and report on data related to financing, operational progress and results across the Partnership and for the general public, with associated improvements in efficiency and transparency. Through the direct entry of project proposals and implementation reports by Agencies, automated reporting, as well as a management dashboard for oversight, the GEF Portal will improve the quality and timeliness of

¹²⁴ GEF/C.52/Inf.06, *Guidelines on the Project and Program Cycle Policy*

a range of mission-critical information, and substantially improve the transparency of the GEF by making public information available in a more timely and accessible manner. With the GEF Portal in operation from the onset of GEF-7, the GEF will be able to begin publishing data to the IATI Registry before the end of fiscal year 2019 (see Paragraph 33 above).

Towards a More Gender-Responsive GEF

65. Equality for women and girls is a strategic and operational imperative for the GEF. The principal drivers of the deterioration of the global environment are closely intertwined with gender inequality and social exclusion. As a result, efforts to combat environmental degradation, and those to address gender inequality, can be mutually supportive. This is reflected in commitments across the MEAs that the GEF serves, as well as in Agenda 2030, which recognizes gender equality and women's empowerment as a sustainable development goal in its own right, as well as a catalyst for reaching other goals.

66. Several Participants and Observers continue to underscore the importance of gender equality and the empowerment of women and girls for the GEF's work. In this regard, many look forward to a clear articulation of how the GEF will move towards a gender-responsive approach, proactively seeking positive gender outcomes across its projects and programs, and systematically tracking and reporting on those outcomes. A number of Participants and Observers also welcomed the progress made in developing an updated GEF policy and guidelines on gender, which represent important building blocks for gender-responsiveness in GEF-7.

67. Thanks to the effective implementation of the GEF Gender Equality Action Plan (GEAP)¹²⁵, the GEF's work on gender mainstreaming and gender equality has seen positive momentum. The action plan sets out a gender mainstreaming approach for the GEF, along with tangible activities in the areas of project and program support, capacity development, knowledge management, as well as monitoring and evaluation. GEAP has been implemented through a partnership of Agencies, MEA secretariats, the CSO network and the GEF Secretariat. As a result of this work, the following key achievements from GEAP can be observed:

- a. **The multi-stakeholder, GEF Gender Partnership has emerged as an effective platform for collaboration on gender and the environment.** The Partnership has brought together the gender experts of Agencies, other environmental finance providers, MEA secretariats, and other stakeholders. The GEF Gender Partnership is playing an instrumental role in the process to develop a new GEF policy and guidelines on gender.¹²⁶
- b. **Monitoring and reporting on gender has been strengthened.** Specifically, the GEF has begun reporting on progress against the GEF-6 core gender equality indicators, as well as the implementation of GEAP. Formal and regular portfolio reviews have been helpful in identifying patterns and gaps among projects with

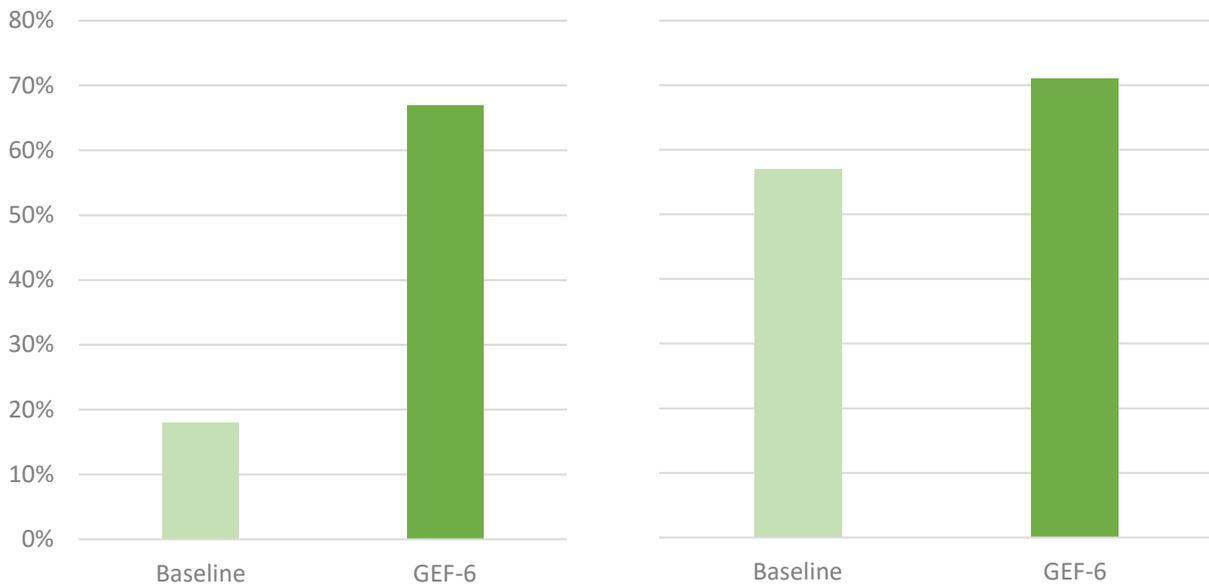
¹²⁵ GEF/C.47/09

¹²⁶ See also GEF/ME/C.52/Inf.09, *Evaluation of Gender Mainstreaming in the GEF*

respect to attention to gender, and the need to provide more targeted upstream guidance and support.

- c. **Portfolio-level gender performance suggests an upward trend.** The IEO's recent *Evaluation of Gender Mainstreaming in the GEF*¹²⁷ revealed, for example, a dramatic reduction of 'gender blind' projects from 64% before the GEF policy on gender mainstreaming was introduced, to 1.3% in OPS6, and a nearly sixfold increase in the number of projects rated gender aware. Analysis of GEF-6 projects also shows improvements in gender performance at entry. As of April 2017, 67% of new GEF-6 projects had undertaken a gender analysis at the design stage, compared with a baseline of 18%. Half of these projects included specific activities targeting women, and 71% of new projects included sex-disaggregated information and indicators compared to a baseline of 57%. (See Figure 3.19)

Figure 3.19: GEF-6 has seen important progress across key indicators for quality-at-entry (LEFT: share of projects that carry out a gender analysis during design; RIGHT: share of projects with gender-responsive results frameworks)



68. At the same time, available evidence suggests room for improvement. While the above data indicates widespread progress in terms of the degree to which gender is considered in the design of GEF projects and programs, the GEF's approach to gender has so far resulted in modest improvements in terms the number and share of projects that can be considered 'gender

¹²⁷ GEF/ME/C.52/Inf.09

transformative', i.e. that go beyond gender mainstreaming and facilitate a critical examination of gender differences and strengthens systems that support gender equality.¹²⁸

69. The experience of implementing GEAP has yielded valuable lessons. Specifically, it underscores 1) the importance of codifying and strengthening the GEF's policy and guidelines on gender, 2) the need to move beyond the process of gender mainstreaming towards a more gender-responsive approach, and 3) the need to better capture progress and outcomes across key dimensions of gender equality. The latter include areas such as access to and control over natural resources, access to benefits and services, as well as participation in decision-making and planning processes related to the environment.

70. Looking forward, the GEF will aim to seize concrete opportunities to promote a more gender-responsive approach across relevant GEF-7 programs. Specifically, progress will require: 1) understanding gender differences in terms of impacts and opportunities; 2) strengthening investments in human skills and capacity; 3) enhancing women's access to productive assets and services; 4) enhancing women's role in natural resource -related decision-making processes, with women as agents of change at all levels.

71. The GEF's approach to gender in GEF-7 will build on progress and lessons learned in GEF-6, as well as a new policy and guidelines. It will be informed by findings, conclusions and recommendations of IEO's recent *Evaluation of Gender Mainstreaming in the GEF*¹²⁹, as well as six years of experience of implementing the current policy on gender¹³⁰. It will also respond to emerging guidance on gender from the conferences of the parties to the MEAs that the GEF serves. Crucially, the GEF's efforts to pursue gender equality and the empowerment of women and girls will be underpinned by the forthcoming policy and guidelines on gender.

72. The Secretariat proposes that a forward-looking strategy and action plan on gender equality be developed to frame further action in GEF-7. The strategy would set a clear direction for the GEF's continued efforts to promote gender equality as well as the empowerment of women and girls in the context of its mandate to protect the global environment. Drawing on the GEF-6 GEAP, a time-bound action plan would frame the implementation of the strategy, with a focus on:

- a. **Knowledge management, learning and communication:** In GEF-7, targeted measures would be carried out to strengthen learning and knowledge sharing, and leverage the expertise and experiences of the GEF Gender Partnership. The action plan would ensure a continued focus on sharing best practices on gender across GEF Agencies and country partners, with greater focus on the links between gender equality and project performance across the GEF's different areas of work, as well as tools and resources to support gender-responsive approaches in project design and implementation.

¹²⁸ GEF/ME/C.52/Inf.09, *Evaluation of Gender Mainstreaming in the GEF*

¹²⁹ Ibid.

¹³⁰ SD/PL/02

- b. **Monitoring and accountability:** The action plan would maintain and strengthen, where needed, the gender reporting processes institutionalized in GEF-6, with additional attention to qualitative reporting. A gender marker system could be introduced to track and report on key gender equality outcome areas.
- c. **Capacity development:** A key component of a GEF-7 action plan on gender would be to further broaden the competencies and awareness of Secretariat staff, the GEF Partnership and other stakeholders on matters related to gender equality and the empowerment of women in the GEF's areas of work.

Leveraging the GEF's Knowledge Assets for Greater Efficiency, Effectiveness and Impact

73. Knowledge is a primary asset of the GEF Partnership. Thanks to a diverse portfolio of projects and programs that include pilots, demonstrations, innovative instruments and unique integrated approaches, as well as an extensive network of partners, the GEF is in a unique position to facilitate the capture, transfer and uptake of lessons, expertise and best practice in order to more effectively address global environmental challenges and influence decision-making regarding the global environment.

74. Participants and Observers to GEF-7 have agreed that the GEF should continue its efforts to strengthen its knowledge management (KM) systems and practices. Further work will build on important advances made in GEF-6. One of the policy recommendations of the GEF-6 replenishment negotiations was for the GEF to: 1) improve the uptake of lessons learned in its projects and programs through the establishment of a learning platform; and to 2) develop a comprehensive work plan for building a Knowledge Management (KM) System "to improve the GEF partnership's ability to learn by doing and thereby, enhance its impact over time". As a follow-up, the Council approved the KM Approach Paper in June 2015, which lays out steps to put in place systematic KM processes that would support the generation, use and dissemination of knowledge within the GEF. Accordingly, the Secretariat created an internal KM Team in September 2015 and constituted a multi-stakeholder KM Advisory Group to act as an informal sounding board and provide guidance on KM.

75. The Secretariat has been implementing the action plan included in the KM Approach Paper and has also undertaken a KM Audit and developed a *KM Roadmap* for the GEF, which outlines the gaps, opportunities, and key steps to strengthen KM across the GEF Partnership by improving 1) information management and sharing, and 2) collaboration and learning across the Partnership. In this context, the Secretariat has designed and implemented regional GEF Knowledge Days, a country-level knowledge sharing activity with field visits to GEF- financed projects. These visits feature Learning Stations, a knowledge exchange technique developed by the GEF to facilitate on-site experiential and peer-to-peer learning. To date, 26 GEF Knowledge Days have taken place, reaching more than 2,000 participants from 120 countries. The Secretariat

has also created a Knowledge and Learning Page on its website and launched GEF KALEO, a web-based knowledge sharing tool that uses machine learning to provide GEF stakeholders with quick access to information on operations and institutional matters. Furthermore, the Secretariat, in collaboration with Agencies, has developed a practical and results-focused planning guide on knowledge exchange. This guide presents tools and techniques for effective knowledge exchange in GEF projects and highlights a variety of GEF case studies and best practice examples of knowledge sharing for enhanced global environmental impact. Based on this guide, the Secretariat has also organized 13 regional training sessions on the Art of Knowledge Exchange, reaching country level stakeholders from more than 120 countries. The Secretariat is currently working, with guidance from the GEF KM Advisory Group, to develop guidelines on the GEF's KM requirements throughout the project cycle, to incorporate KM components into the GEF Project Management Information System, and to identify options for putting in place an IT-based GEF Knowledge and Learning Platform that would be functional in GEF-7.

76. The GEF's objective for further enhancing KM in GEF-7 is to operationalize and fully utilize a Knowledge and Learning Platform to support evidence-based decision-making across the Partnership, and to facilitate the capture, customization and sharing of information on best practices and lessons learned from GEF-financed projects, especially in support of the proposed Impact Programs.

77. For GEF-7, the key focus of the Secretariat's KM work would be to: 1) operationalize and implement an IT-based GEF Knowledge and Learning Platform, in collaboration with GEF partners, to facilitate the capture, curation, analysis and sharing information on best practices and lessons learned from GEF-financed projects and programs; 2) strengthen and expand communities of practice to facilitate the uptake of lessons and best practices, especially in the context of the proposed, GEF-7 Impact Programs; 3) develop and implement a GEF Knowledge Repository and a document management system for GEF knowledge products; and 4) more systematically integrate knowledge capture, dissemination and learning into GEF project design, implementation and reporting.

78. Finally, there is an opportunity to deploy upstream strategic communication to enhance the transformational change sought by GEF-7. Beyond sharing facts, messages and knowledge about the underlying drivers of environmental degradation, a strategic communication approach can be used to selectively leverage support for the objectives of GEF-7 programming, both at design and at implementation stages.

ANNEXES

Annex 1: Draft, GEF-7 Policy Recommendations

Drawing on the analysis presented in the updated, GEF-7 policy agenda and proposed programming directions, the Secretariat has identified preliminary, draft GEF-7 policy recommendations for Participants' consideration. These draft recommendations are intended to help Participants consider specific, forward actions on key policy and institutional issues, with a view to facilitating the review and approval of a final set of policy recommendations at the third replenishment meeting in January 2018.

- The GEF-7 policy recommendations are aimed at enhancing the effectiveness and efficiency of the GEF, and to enable the successful delivery of the GEF-7 programming directions. The policy recommendations take into account the GEF's evolving operating environment and the latest guidance provided by the conferences of the parties to the multi-lateral environmental agreements that the GEF serves, while drawing on science, evaluative evidence, and experience over 26 years of operations.
- In their GEF-7 policy recommendations, Participants address the following, eight areas:
 - a. resource allocation,
 - b. differentiation,
 - c. results,
 - d. partnership,
 - e. private sector engagement,
 - f. operational efficiency and transparency,
 - g. gender, and
 - h. knowledge management.

Resource Allocation

- Participants agree that a system of country allocations represents a key strength of the GEF. Country allocations have contributed towards greater predictability, transparency and country ownership in the allocation and programming of resources.
- Participants also recognize that the System for the Transparent Allocation of Resources (STAR) should continue to evolve in line with the GEF's increasing emphasis on integrated approaches that yield global environmental benefits across multiple focal areas.
- Participants request that the Secretariat, taking into account the findings, conclusions and recommendations of the Sixth Comprehensive Evaluation of the GEF (OPS6), present for Council consideration a proposal to provide [full flexibility for all STAR

recipient countries] to program their allocations across any or all of the three STAR focal areas: biodiversity, climate change, and land degradation.

- Participants further request that the Secretariat continue to track and periodically report to the Council on the programming of funds as well as expected and achieved results by focal area.

Differentiation

- Participants agree that the GEF should continue to serve all recipient countries.
- Participants also recognize that those countries have different needs and capabilities that evolve over time, and that GEF support should be adequately tailored to the circumstances of each country.
- Participants recommend that the GEF provide a larger share of its funding to least developed countries (LDC) and small island developing states (SIDS), while harnessing the ability of countries with higher capacity to contribute towards protecting the global environment.
- Participants request that the Secretariat, in its proposal to the Council for updating STAR, include the following modifications with a view to providing a greater share of GEF resources to LDCs and SIDS [Draft policy recommendations will be presented before the third replenishment meeting.]:
 - a. Increasing the weight of the GDP per capita index to [XX];
 - b. Lowering the ceilings imposed on each focal area to [XX]; and
 - c. Increasing the aggregate floor to [XX] for LDCs and SIDS.
- Participants further request that the Secretariat present for Council consideration a proposal for updating the terms of GEF financing, as follows [A draft policy recommendation on this point will be presented before the third replenishment meeting.]:
 - a. [For upper middle-income countries and high-income countries that are not LDCs or SIDS, and whose STAR country allocations exceed [XX], [XX%] of those allocations shall be made available only in the form of non-grant instruments on the terms set out in the applicable GEF policy.]

Results

- Participants agree that the GEF's effectiveness in fulfilling its mandate is ultimately determined by the global environmental benefits delivered through the activities it funds.
- Participants welcome the improvements made in the GEF's ability to capture and report on results at the portfolio level.
- Participants emphasize, however, that continuous improvement is required for the GEF to fully harness data and information on results for evidence-based decision-making and learning.
- Participants request that the Secretariat, in consultation with Agencies, and taking into account the findings, conclusions and recommendations of OPS6, present for Council consideration an updated results architecture, with a view to promoting:
 - a. Simplification, with fewer, more relevant indicators and more streamlined reporting on project and program -level results;
 - b. Improved clarity, rigor and robustness of definitions, methodologies and data; and
 - c. Enhanced availability, accessibility and timeliness of data and information on results for accountability, learning and decision-making.

Partnership

- Participants agree that a broad and diverse Partnership of Implementing Agencies is a key asset for the GEF.
- Participants acknowledge the contributions made by the new, GEF Project Agencies, and take note with appreciation of those Agencies' growing engagement in GEF operations.
- Participants agree that the current network of 18 Agencies provides a sufficient degree of geographic and thematic coverage to serve the needs of all regions and countries across all focal areas. [Accordingly, Participants do not see a need to further expand the GEF Partnership at this time.]
- Participants recommend that the Secretariat continue to monitor the geographic and thematic coverage, as well as the effectiveness, efficiency and engagement of the GEF Partnership, and report to the Council on its findings.

Private Sector Engagement

- Participants underscore that a broader and deeper engagement of the private sector is a prerequisite for success in GEF-7.
- Participants further agree that the GEF should continue to strengthen its engagement with the private sector, using a variety of financial instruments and intervention models.
- Participants agree that the GEF should continue and scale up the use of non-grant instruments to leverage private financing, drawing on lessons learned from the successful GEF-6 non-grant instruments pilot. In this respect, Participants request that the Secretariat, taking into account the findings, conclusions and recommendations of OPS6, present for Council consideration an updated approach to the use of non-grant instruments in GEF-7, including, *inter alia*, project and program selection, the involvement of external financial expert reviewers, and portfolio risk assessment.
- Participants further recommend that the Secretariat continue to strengthen awareness, knowledge and capacity across the GEF Partnership of the ways in which private sector partners can be engaged with a view to enhancing the effectiveness and impacts of GEF projects and programs, and enhance its outreach to private sector partners with the aim of raising their awareness of the opportunities offered by the GEF.

Operational Efficiency and Transparency

- Participants welcome the progress made in reducing the time elapsed from project approval to submission for CEO Endorsement/Approval.
- Participants recognize, however, that there is further scope to accelerate the preparation and implementation of GEF projects and programs. Moreover, Participants agree that there is a need to enhance the flow of data and information on operational progress and financing throughout the GEF project cycle to enable stronger oversight and transparency.
- Participants request that the Secretariat, in consultation with Agencies, identify and present for Council consideration a proposal with additional policy measures to enhance the operational efficiency and transparency of the GEF, including [... Draft policy recommendations will be presented before the third replenishment meeting, upon further consultation with Agencies.].

Gender

- Participants recognize the improvements made in gender mainstreaming across GEF projects and programs, including the growing share of projects that carry out gender analyses, and the increasing use of gender-responsive results frameworks and indicators.
- Participants also note the limitations found in OPS6, and welcome the new policy and guidelines on gender as important steps forward in addressing those limitations, and in promoting a more gender-responsive approach.
- To ensure continued progress and improved results, Participants request that the Secretariat prepare for Council consideration a strategy on gender, supported by a time-bound action plan to support its implementation in GEF-7. The strategy and action plan should address, *inter alia*, capacity development needs across the GEF Partnership; monitoring and reporting on progress and outcomes related to gender equality and the empowerment of women and girls; as well as knowledge management related to gender.
- In developing and implementing the strategy and action plan, Participants recommend that the Secretariat continue to work closely with the GEF Gender Partnership.

Knowledge Management

- Participants agree that knowledge is an important asset of the GEF Partnership.
- Participants also note with appreciation the steps taken to build the GEF's knowledge management systems and practices in GEF-6, as well as the increasing attention to learning and knowledge exchange in GEF projects and programs, notably the integrated approach pilot programs, and in outreach to recipient countries.
- With a view to building on and consolidating the advances made in GEF-6, Participants recommend that the Secretariat implement and make active use of IT-based solutions to capture, analyze and share lessons learned and best practice from GEF projects and programs, in collaboration with GEF partners; and report on such efforts to the Council.

Annex 2. Biodiversity Focal Area and Associated Programming Results Framework

Goal	Impacts	Indicators	Means of verification
Maintain globally significant biodiversity in landscapes and marine habitat	<p>Biodiversity conserved and habitat maintained in national protected area systems and other effective area-based conservation measures</p> <p>Conservation and sustainable use of biodiversity in production landscapes and marine habitat</p>	<p>Intact vegetative cover and degree of fragmentation in national protected area systems and other effective area-based conservation (hectares)</p> <p>Intact vegetative cover and degree of fragmentation in production landscapes (hectares)</p> <p>Coastal zone habitat and marine habitat intact in marine protected areas and productive marine habitat (hectares and km).</p>	Remote sensing and, where possible, supported by visual or other verification methods.
Objectives	Outcomes	Indicators	Means of verification
<p>1) Mainstream biodiversity across sectors as well as within production landscapes and marine habitat</p> <p>2) Reduce direct drivers of biodiversity loss</p>	Landscapes and marine habitat under improved management (excluding protected areas)	<p>Landscapes under improved management to benefit biodiversity (hectares, qualitative assessment, non-certified)</p> <p>Landscapes that meet national or international third-party certification that incorporates biodiversity considerations (hectares)</p> <p>Degraded lands undergoing restoration (hectares)</p> <p>High Conservation Value forest loss avoided (hectares)</p> <p>Marine habitat under sustainable management to benefit biodiversity (hectares, qualitative assessment, non-certified)</p> <p>Marine habitat that meets national or international third-party certification that incorporates biodiversity considerations (hectares)</p> <p>Large Marine Ecosystems with reduced nutrient pollution and hypoxia (number)</p> <p>Globally over-exploited fisheries moved to more sustainable levels (% of fisheries, by volume)</p>	GEF tracking tools

	<p>Terrestrial habitat under improved conservation and sustainable use (million hectares)</p> <p>Marine habitat under improved conservation and sustainable use (million hectares)</p>	<p>Terrestrial protected areas created¹³¹ (hectares)</p> <p>Terrestrial protected areas under improved management effectiveness (hectares)</p> <p>Marine protected areas created (hectares)</p> <p>Marine protected areas under improved management effectiveness (hectares)</p>	<p>GEF tracking tools</p>
<p>3) Strengthen biodiversity policy and institutional frameworks</p>	<p>NBSAPs revised as appropriate</p> <p>Protocols to CBD (Cartagena and Nagoya) under implementation</p>	<p>NBSAPs revised following COP guidance (proportion of GEF eligible parties successfully revising)</p> <p>Ratifications of protocols, supplementary protocols (number)</p> <p>Degree of implementation of Cartagena and Nagoya Protocol (tracking tool score)</p>	<p>GEF database, GEF tracking tools, in-depth reviews of portfolio</p>

¹³¹ Per the GEF biodiversity focal area strategy, new protected areas created with GEF support must meet the Key Biodiversity Area criteria.

Annex 3. Programming options available to countries against the priorities and outcomes of each objective as identified by COP 13

Objective 1. Mainstream biodiversity across sectors as well as within production landscapes and seascapes

A) Improve policies and decision-making, informed by biodiversity and ecosystem values	Programming options
Expected Outcome 1: Financial, fiscal, and development policies, as well as planning and decision-making ¹³² take into account biodiversity and ecosystem values, ¹³³ in the context of the different tools and approaches used by Parties to achieve the Aichi Biodiversity Targets.	Biodiversity Focal Area Investments: Natural Capital Assessment and Accounting
Expected Outcome 2: Identified significant incentives, including subsidies, harmful for biodiversity are eliminated, phased out, or reformed, consistent and in harmony with the Convention and other international obligations and taking into account national socioeconomic conditions.	Biodiversity Focal Area Investments: Natural Capital Assessment and Accounting Biodiversity Mainstreaming Impact Programs: Food systems, land use, & restoration Sustainable Cities International Waters Focal Area Strategy: sustainable fisheries
Expected Outcome 3: Economic sectors affecting significant biodiversity adopt sustainable supply chains and/or clean production processes, thus minimizing their impacts on biodiversity.	Impact Programs: Food systems, land use, & restoration
B) Manage biodiversity in landscapes and seascapes	Programming options
Expected Outcome 4: Loss, fragmentation, and degradation of significant natural habitats, and associated extinction debt, is reduced, halted or reversed, and conservation status of known threatened species is improved and sustained, including through monitoring, spatial planning, incentives ¹³⁴ , restoration, and strategic establishment of protected areas and other measures.	Biodiversity Focal Area Investments: Inclusive Conservation, Preventing the Extinction of Known Threatened Species and Wildlife for Sustainable Development Impact Programs: Food systems, land use, & restoration Sustainable Forest Management Impact Program: Amazon Sustainable Landscapes, Dryland Forests, Congo Basin Landscape
C) Harness biodiversity for sustainable agriculture	Programming options
Expected Outcome 5: Biodiversity supporting key agricultural ecosystems, such as through pollination, biological pest control, or genetic diversity, is conserved and managed, contributing to sustainable agricultural production.	Biodiversity Focal Area Investments: Securing Agriculture's Future: Sustainable Use of Plant and Animal Genetic Resources Impact Programs: Food systems, land use, & restoration (Food Systems Program)

¹³² At spatial, non-spatial, sectoral, national and subnational levels.

¹³³ See decision X/3, paragraph 9(b)(ii).

¹³⁴ As referred to in Aichi Biodiversity Target 3.

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Objective 2. Reduce direct drivers of biodiversity loss

D) Prevent and control invasive alien species	Programming options
Expected Outcome 6: Management frameworks for invasive alien species are improved	Biodiversity Focal Area Investments: Prevention, Control and Management of Invasive Alien Species
E) Reduce pressures on coral reefs and other vulnerable coastal and marine ecosystems	Programming options
Expected Outcome 7: Anthropogenic pressures on vulnerable coastal and marine ecosystems, including coral reefs, mangroves and seagrass beds, and associated ecosystems, including pollution, overfishing and destructive fishing, and unregulated coastal development, are reduced, thus contributing to ecosystem integrity and resilience	Biodiversity Focal Area Investments: Improving Financial Sustainability, Effective Management, and Ecosystem Coverage of the Global Protected Area Estate (Marine Protected Areas) International Waters Focal Area Strategy: Coastal and marine protected areas and fisheries
F) Enhance the Effectiveness of Protected Area Systems	Programming options
Expected Outcome 8: The area of protected areas under effective and equitable management is significantly increased, including development of sustainable financing. Expected Outcome 9: The ecological representativeness of protected area systems, and their coverage of protected areas, and other effective area-based conservation measures, of particular importance for biodiversity is increased, especially habitats for threatened species.	Biodiversity Focal Area investments: Improving Financial Sustainability, Effective Management, and Ecosystem Coverage of the Global Protected Area Estate Inclusive Conservation Sustainable Forest Management Impact Program: Amazon Sustainable Landscapes Congo Basin Landscapes International Waters Focal Area Investments: Coastal and marine protected areas
G) Combat illegal and unsustainable use of species, with priority action on threatened species	Programming options
Expected Outcome 10: Illegal, unregulated and unsustainable taking, and/or trafficking of species of flora and fauna, including marine species, is significantly reduced and both demand and supply of related products is addressed, with priority action on threatened species.	Biodiversity Focal Area Investments: Preventing the Extinction of Known Threatened Species (including Wildlife for Sustainable Development)

Objective 3: Strengthen biodiversity policy and institutional frameworks

<p>H) Implement the Cartagena Protocol on Biosafety</p>	<p>Programming Options</p>
<p>Expected Outcome 11: The number of ratifications of the Cartagena Protocol on Biosafety and the Nagoya–Kuala Lumpur Supplementary Protocol on Liability and Redress is increased.</p> <p>Expected Outcome 12: National implementation of the Cartagena Protocol on Biosafety and the Nagoya–Kuala Lumpur Supplementary Protocol on Liability and Redress is enhanced.</p>	<p>Biodiversity Focal Area Investments: Implement the Cartagena Protocol on Biosafety</p>
<p>I) Implement the Nagoya Protocol on Access to Genetic Resources and Benefit-sharing</p>	<p>Programming options</p>
<p>Expected Outcome 13: The number of ratifications of the Nagoya Protocol is increased.</p> <p>Expected Outcome 14: Number of countries that have adopted legislative, administrative or policy measures on access and benefit-sharing to implement the Protocol is increased, including, inter alia and as appropriate, measures for mutual implementation with other relevant international agreements, coordination in transboundary genetic resources and associated traditional knowledge, and/or procedures to issue internationally recognized certificates of compliance.</p>	<p>Biodiversity Focal Area Investments: Implement the Nagoya Protocol on Access and Benefit Sharing,</p>
<p>J) Improve biodiversity policy, planning, and review</p>	<p>Programming options</p>
<p>Expected Outcome 15: Parties meet their reporting obligations under the Convention and the Protocols, through submission of relevant national reports and of relevant information through the clearing-houses.</p> <p>Expected Outcome 16: National policy and institutional frameworks are reviewed, their implementation and effectiveness assessed, and gaps identified and addressed by the frameworks.</p> <p>Expected Outcome 17: The review and, as appropriate, revision and update, of national biodiversity strategies and action plans in the light of a successor framework to the Strategic Plan for Biodiversity 2011-2020, is implemented, incorporating an enhanced focus on achieving policy coherence.</p>	<p>Biodiversity Focal Area Investments: Countries will be able to access the focal area set-aside funds to implement enabling activities.</p>

Annex 4. Expected Outcomes from investments in chemicals and waste

Convention	Main Sector	Chemical	Actions required	Expected Outcomes
Stockholm	<p>Production and use of industrial POPs and pesticide POPs for applications listed as specific exemptions / acceptable purposes in Annex A and B of the Convention.</p> <p>Industrial source categories that have the potential for comparatively high formation and release of unintentional POPs listed in Part II of Annex C of the Convention and source categories listed in Part III of Annex C of the Convention.</p>	<p>Industrial POPs:</p> <p>Annex A: Hexachlorobenzene (HCB) Polychlorinated biphenyls (PCB) Hexabromobiphenyl Hexabromodiphenyl ether and heptabromodiphenyl ether (hexa and heptaBDE) Pentachlorobenzene (PeCB) Tetrabromodiphenyl ether and pentabromodiphenyl ether (tetra and pentaBDE) Hexabromocyclododecane (HBCD) Hexachlorobutadiene (HCBD) Polychlorinated naphthalenes (PCN)</p> <p>Annex B: Perfluorooctane sulfonic acid, its salts and perfluorooctane sulfonyl fluoride (PFOS, its salts and PFOSF)</p>	<p>Investments to phase out the production and use of POPs in agricultural and industrial applications: Promote and deploy safe and effective alternatives to POPs to ensure full transition from the reliance on these chemicals. Promote access to improved management practices such as improved entomological surveillance, evidence-based decision making and integrated vector management. Phase-in best available techniques and best environmental practices to reduce and ultimately eliminate releases of POPs from production and use. Assist with identification of products and articles in use and wastes containing POPs, including strengthening data collection mechanisms and methods for establishing and</p>	<p>Elimination of over 100,000 tons of POPs and POPs containing and contaminated material. (indicator – Amount and type of POPS eliminated)</p> <p>Reduction of at least 2,000 gTEQ/year of unintentionally produced POPs from priority sources categories identified in the Stockholm Convention. (indicator – Amount and type of POPS releases eliminated)</p> <p>Strengthening the capacity of sub-national, national and regional institutions to enable the sound management of chemicals and waste.</p> <p>Strengthen, and where appropriate create, the enabling environment to allow for private sector</p>

		<p>Unintentional POPs (UPOPs):</p> <p>Annex C: Polychlorinated dibenzo-p-dioxins (PCDD) Polychlorinated dibenzofurans (PCDF) PCB HCB PeCB PCN</p> <p>Pesticide POPs:</p> <p>Annex A: Aldrin Chlordane Dieldrin Endrin Heptachlor HCB Mirex AlphaHCH BetaHCH Chlordecone PeCB Lindane Endosulfan Pentachlorophenol and its salts and esters (PCP)</p>	<p>maintaining reliable inventories.</p> <p>Investments to reduce and ultimately eliminate releases of unintentional POPs: Enhance and/or phase in implementation of best available techniques and best environmental practices for priority sources of unintentional POPs.</p> <p>Investments for sound management of POPs stockpiles and wastes incl. final disposal of POPs wastes: Support implementation of sound management of POPs pesticide stockpiles and wastes, including their identification, and sound disposal of waste. Develop sustainable infrastructure, processes and techniques that can be used for the transportation, storage and destruction of all POPs wastes.</p>	<p>intervention in the sound management of chemicals and waste along all points of the production and supply chain.</p>
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		Annex B: DDT PFOS, its salts and PFOF		
Minamata	<p>Products</p> <p>Mercury containing products:</p> <p>Batteries Switches and relays Compact fluorescent lamps Linear fluorescent lamps High pressure mercury lamps Cosmetics Medical devices Dental amalgams</p> <p>Manufacturing</p> <p>Manufacturing processes that use mercury or mercury compounds:</p> <p>Chlor-alkali production Acetaldehyde production Vinyl chloride monomer production Polyurethane production</p> <p>Extractives (mining)</p>	Mercury	<p>Elimination of mercury in artisanal and small scale gold mining sector.</p> <p>Elimination of primary mining of mercury.</p> <p>Reducing/eliminating the emission of mercury from coal fired power plants and industrial boilers, production of non-ferrous metals, waste incineration and production of cement.</p> <p>Elimination of the use of mercury that are included in products.</p> <p>Elimination of mercury as a catalyst in the production of chlorine, acetylene and vinyl chloride monomers.</p> <p>Development of environmentally sound storage of mercury and</p>	<p>Elimination of 1000 tons of mercury from intentional use and unintentional emissions.</p> <p>(Indicator – Amount of Mercury eliminated, reduced or disposed in MT by sector/activity)</p> <p>Strengthening the capacity of sub-national, national and regional institutions to enable the sound management of chemicals and waste.</p> <p>Strengthen, and where appropriate create, the enabling environment to allow for private sector intervention in the sound management of chemicals and waste along all points of the production and supply chain</p>

	<p>Artisanal and small-scale gold mining (ASGM)</p> <p>Primary mercury mining</p> <p>Industrial (atmospheric emissions)</p> <p>Point source emissions of mercury and mercury compounds to the atmosphere:</p> <p>Coal-fired power plants Coal-fired industrial boilers Smelting and roasting processes used in the production of non-ferrous metals Waste incineration Cement clinker production</p>		mercury containing products.	
Montreal Protocol	<p>Products</p> <p>Refrigerants used in industrial, commercial, domestic and mobile (transport) heating and cooling.</p> <p>Foam blowing agents</p>	<p>Hydrochlorofluorocarbons</p> <p>Hydrofluorocarbons</p>	Phase out of the production and consumption of HCFC and HFC in countries with economies in transition.	<p>Phase out of (X ODP tons of HCFC) and phase out of (X metric tons of HFC).</p> <p>Introduction and promotion through private sector of low-GWP natural refrigerants solutions</p>

	<p>Fire-fighting</p> <p>Medical and aeronautical aerosols</p> <p>Industrial Solvents</p>			<p>Pilot demonstration of sustainable solutions for Recovery and Recycling and Disposal of ODSs and HFCs to reduce demand for HCFCs and HFCs</p> <p>Compliance with the Montreal Protocol.</p> <p>Strengthening the capacity of sub-national, national and regional institutions to enable the sound management of chemicals and waste.</p> <p>Strengthen, and where appropriate create, the enabling environment to allow for private sector intervention in the sound management of chemicals and waste along all points of the production and supply chain</p>
SAICM	<p>Lead in the manufacture of Paints and Pigments</p> <p>Harmful chemicals in products including endocrine</p>	<p>Lead</p> <p>Endocrine Disrupting Chemicals</p>	<p>Phase out the use of lead in the manufacture of paints and pigments by 2020.</p>	<p>Globally lead is no longer used in the production of paint and pigments.</p>

	<p>disrupting chemicals and nano-materials</p> <p>Highly Hazardous Pesticides (HHPs), including those listed under the Rotterdam and the Stockholm conventions</p>	<p>Harmful chemicals used in commercial and domestic products.</p> <p>Nano-materials</p> <p>HHPs, including those listed under the Rotterdam and Stockholm conventions, and that are used on agricultural products in the global supply chain</p>	<p>Strengthening the enabling environment in which the private sector can work towards eliminating the use of harmful chemicals in the production of products.</p> <p>Elimination of the use of HHPs, including those listed under the Rotterdam and Stockholm conventions.</p>	<p>(Indicator – Number of Countries that do not use lead based pigments)</p> <p>The private sector is facilitated to produce products that do not contain chemicals of global concern.</p> <p>The use of highly hazardous pesticides is eliminated in at least 30% of its applications.</p> <p>Strengthening the capacity of sub-national, national and regional institutions to enable the sound management of chemicals and waste.</p> <p>Strengthen, and where appropriate create, the enabling environment to allow for private sector intervention in the sound management of chemicals and waste along all points of the production and supply chain</p>
Convention	Main Sector	Chemical	Actions required	Expected Outcomes

<p>Stockholm</p>	<p>Industry and Agriculture</p> <p>Waste incinerators, including co-incinerators of municipal, hazardous or medical waste or of sewage sludge</p> <p>Cement kilns firing hazardous waste</p> <p>Production of pulp using chlorine</p> <p>Metallurgical industry</p> <p>Secondary copper production</p> <p>Sinter plants in the iron and steel industry</p> <p>Secondary aluminum production</p> <p>Secondary zinc production</p> <p>Open burning of waste, including burning of landfill sites</p>	<p>Industrial POPS:</p> <p>Hexachlorobenzene (HCB), Polychlorinated Biphenyls (PCBS), Hexabromobiphenyl, Hexabromocyclododecane (HBCD), Hexabromodiphenyl Ether and Heptabromodiphenyl Ether (HBDE), Hexachlorobutadiene, Pentachlorobenzene (PeCB), Perfluorooctane Sulfonic Acid, Its Salts and Perfluorooctane Sulfonyl Fluoride (PFOS/PFOA), Polychlorinated Naphthalenes (PCN), Tetrabromodiphenyl Ether and Pentabromodiphenyl Ether (PBDE)</p> <p>Unintentionally Produced POPs (UPOPs):</p> <p>Hexachlorobenzene (HCB), Pentachlorobenzene (PeCB), Polychlorinated biphenyls (PCB), Polychlorinated</p>	<p>Implementation of Best Available Technologies and Best Environmental Practices to eliminate the emissions of unintentionally produced POPS.</p> <p>Investments to phase out the use of POPs chemicals in industrial and agricultural applications and phase out production of POPS chemicals.</p> <p>Sound Management of POPs and POPs containing/contaminated waste and environmentally sound disposal of these materials.</p>	<p>Elimination of over 100,000 tons of solid and liquid POPs and POPs containing and contaminated material. (indicator – Amount and type of POPs reduced/eliminated)</p> <p>Reduction of at least 2,000 gTEQ of unintentionally produced POPs from sectors identified in the Stockholm Convention. (indicator – Amount and type of POPs reduced/eliminated)</p> <p>Strengthening the capacity of sub-national, national and regional institutions to enable the sound management of chemicals and waste.</p> <p>Strengthen, and where appropriate create, the enabling environment to allow for private sector intervention in the sound management of chemicals and waste along all points of</p>
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	<p>Thermal processes in the metallurgical industry</p> <p>Residential combustion sources</p> <p>Fossil fuel-fired utility and industrial boilers</p> <p>Fire installations for wood and other biomass fuels</p> <p>Chemical production processes, especially production of chlorophenols and chloranil</p> <p>Crematoria</p> <p>Motor vehicles, particularly burning lead gasoline</p> <p>Destruction of animal carcasses</p> <p>Textile and leather dyeing (with chloranil) and finishing (with alkaline extraction)</p>	<p>dibenzo-p-dioxins and dibenzofurans (PCCD/PCDF)</p> <p>Agricultural POPs:</p> <p>Aldrin, Chlordane, DDT, Dieldrin, Endrin, Heptachlor, Hexachlorobenzene, Mirex, Toxaphene, Alpha Hexachlorocyclohexane (HCB), Beta Hexachlorocyclohexane, Chlordecone, Lindane, Pentachlorophenol and Its Salts and Esters (PCP), Endosulphan and its Related Isomers.</p>		<p>the production and supply chain.</p>
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	<p>Shredder plants for the treatment of end of life vehicles</p> <p>Smoldering of copper cables</p> <p>Waste oil refineries</p> <p>Vector Control</p> <p>Pest Management</p> <p>Power Generation and distribution</p> <p>Insulating Coatings for electrical wires</p> <p>Flame Retardants</p>			
Minamata	<p>Products</p> <p>Mercury containing products:</p> <p>Batteries</p> <p>Switches and relays</p> <p>Compact fluorescent lamps</p> <p>Linear fluorescent lamps</p> <p>High pressure mercury lamps</p> <p>Cosmetics</p> <p>Medical devices</p>	Mercury	<p>Elimination of mercury in artisanal and small scale gold mining sector.</p> <p>Elimination of primary mining of mercury.</p> <p>Reducing/eliminating the emission of mercury from coal fired power plants and industrial boilers, production of non-ferrous metals, waste</p>	<p>Elimination of 1000 tons of mercury from intentional use and unintentional emissions.</p> <p>(Indicator – Amount of Mercury eliminated, reduced or disposed in MT by sector/activity)</p> <p>Strengthening the capacity of sub-national, national and regional institutions to</p>

	<p>Dental amalgams</p> <p>Manufacturing</p> <p>Manufacturing processes that use mercury or mercury compounds:</p> <p>Chlor-alkali production Acetaldehyde production Vinyl chloride monomer production Polyurethane production</p> <p>Extractives (mining)</p> <p>Artisanal and small-scale gold mining (ASGM)</p> <p>Primary mercury mining</p> <p>Industrial (atmospheric emissions)</p> <p>Point source emissions of mercury and mercury compounds to the atmosphere:</p> <p>Coal-fired power plants</p>		<p>incineration and production of cement.</p> <p>Elimination of the use of mercury that are included in products.</p> <p>Elimination of mercury as a catalyst in the production of chlorine, acetylene and vinyl chloride monomers.</p> <p>Development of environmentally sound storage of mercury and mercury containing products.</p>	<p>enable the sound management of chemicals and waste.</p> <p>Strengthen, and where appropriate create, the enabling environment to allow for private sector intervention in the sound management of chemicals and waste along all points of the production and supply chain</p>
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	Coal-fired industrial boilers Smelting and roasting processes used in the production of non-ferrous metals Waste incineration Cement clinker production			
Montreal Protocol	Products Refrigerants used in industrial, commercial, domestic and mobile (transport) heating and cooling. Foam blowing agents Fire-fighting Medical and aeronautical aerosols Industrial Solvents	Hydrochlorofluorocarbons Hydrofluorocarbons	Phase out of the production and consumption of HCFC and HFC in countries with economies in transition.	Phase out of (X ODP tons of HCFC) and phase out of (X metric tons of HFC). Introduction and promotion through private sector of low-GWP natural refrigerants solutions Pilot demonstration of sustainable solutions for Recovery and Recycling and Disposal of ODSs and HFCs to reduce demand for HCFCs and HFCs Compliance with the Montreal Protocol. Strengthening the capacity of sub-national, national and regional institutions to enable the sound

				<p>management of chemicals and waste.</p> <p>Strengthen, and where appropriate create, the enabling environment to allow for private sector intervention in the sound management of chemicals and waste along all points of the production and supply chain</p>
SAICM	<p>Lead in the manufacture of Paints and Pigments</p> <p>Harmful chemicals in products including endocrine disrupting chemicals and nano-materials</p> <p>Highly/Severely Hazardous Pesticides listed in Annex III under the Rotterdam Convention and that are used on agricultural products in the global supply chain</p>	<p>Lead</p> <p>Endocrine Disrupting Chemicals</p> <p>Harmful chemicals used in commercial and domestic products.</p> <p>Nano-materials</p> <p>Highly/Severely Hazardous Pesticides listed in Annex III of the Rotterdam Convention</p>	<p>Phase out the use of lead in the manufacture of paints and pigments by 2020.</p> <p>Strengthening the enabling environment in which the private sector can work towards eliminating the use of harmful chemicals in the production of products.</p> <p>Elimination of the use of highly/severely hazardous pesticides in agriculture.</p>	<p>Globally lead is no longer used in the production of paint and pigments.</p> <p>(Indicator – Number of Countries that do not use lead based pigments)</p> <p>The private sector is facilitated to produce products that do not contain chemicals of global concern.</p> <p>The use of highly hazardous pesticides is eliminated in at least 30% of its applications.</p> <p>Strengthening the capacity of sub-national, national and regional institutions to</p>

				<p>enable the sound management of chemicals and waste.</p> <p>Strengthen, and where appropriate create, the enabling environment to allow for private sector intervention in the sound management of chemicals and waste along all points of the production and supply chain</p>
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Annex 5. Chemicals and Waste Focal Area Response to Convention Guidance:

Stockholm Convention:

At the Eight Conference of the Parties to the provided specific guidance to the GEF on “Priority areas for the programming of areas of work for the period from 2018 to 2022” contained in decision SC-8/16. The following table indicates how the guidance has been incorporated into the GEF-7 Chemicals and Waste Focal Area:

“Programme priorities

Guidance from COP 8

The principal entity entrusted with the financial mechanism of the Stockholm Convention on Persistent Organic Pollutants, taking into account the specific deadlines set forth in the Convention, is requested to consider in its programming of areas of work for the period 2018–2022 the following priority areas:”

Guidance contained in Decision SC-8/16	Programming Area
Development and deployment of products, methods and strategies as alternatives to persistent organic pollutants;	<p>Under the <i>Industrial Program</i> the following areas of work are proposed that will specifically address development, deployment or either products, technologies, etc to replace persistent organic pollutants and strive towards widespread use green chemicals:</p> <ul style="list-style-type: none"> • Sustainable chemistry/eco-design/strategies encompassing the entire life-cycle of chemicals • Elimination of the use of mercury and persistent organic pollutants in products (Including brominated flame retardants, PFOS) as well as the use of mercury in products (as specified in Annex A of the Minamata Convention) by phasing our manufacturing of the pure

	<p>chemicals and introduction of alternatives in the products with a preference to non-toxic chemicals.</p> <p>Similarly, the Agricultural Program proposes to address this guidance as follows: “This program will address the agricultural POPs and agricultural chemicals that contain mercury or its compounds. Where the chemicals are in use, investments will be made to introduce alternatives with a preference given to non-chemical means.</p> <p>The program will target the reduction of Endosulphan, Lindane and highly/severely hazardous pesticides that enter the global food supply chain as well as address end of life, waste and obsolete POPs and mercury based agricultural chemicals and management and safe disposal of agricultural plastics contaminated by POPs and mercury based agricultural chemicals.”</p>
<p>Restriction of DDT production and use to disease vector control in accordance with World Health Organization recommendations and guidelines on the use of DDT in cases where locally safe, effective and affordable alternatives are not available to a Party to the Stockholm Convention;</p>	<p>The Agricultural Program specifically addresses this guidance on DDT as follows: “This program will also address restriction of DDT production and use to disease vector control in accordance with World Health Organization recommendations and guidelines on the use of DDT in cases where locally safe, effective and affordable alternatives are not available to the Party in question.”</p>
<p>Elimination of the use of polychlorinated biphenyls (PCBs) in equipment by 2025;</p>	<p>The Industrial Program proposes the following: “Elimination of the use of polychlorinated biphenyls (PCBs) in equipment by 2025” which directly responds to this guidance.</p>
<p>Environmentally sound waste management of liquids containing PCBs and equipment contaminated with PCBs having a PCB content above 0.005 per cent, in accordance with paragraph 1 of</p>	<p>The Industrial Program proposes the following: “Environmentally sound waste management/disposal of mercury/mercury containing waste or persistent organic pollutants including</p>

<p>Article 6 and part II of Annex A to the Convention, as soon as possible and no later than 2028;</p>	<p>liquids containing PCBs and equipment contaminated with PCBs having a PCB content above 0.005 per cent, in accordance with paragraph 1 of Article 6 and part II of Annex A of the Convention, as soon as possible and no later than 2028” that responds directly to this guidance.</p>
<p>Introduction and use of best available techniques and best environmental practices to minimize and ultimately eliminate releases of unintentionally produced persistent organic pollutants;</p>	<p>The Industrial Programs proposes the:” Introduction and use of best available techniques and best environmental practices to minimize and ultimately eliminate releases of unintentionally produced POPs and mercury from major source categories included in both the Stockholm and Minamata Conventions including, but not limited to, cement manufacturing, coal fired power plants, various metallurgical processes, waste incineration” and the Agricultural Program proposes to deal with safe handling of agricultural plastics contaminated by POPS and mercury based agricultural chemicals.</p> <p>Both programs directly respond to the introduction of BAT/BEP which minimizes unintentionally released POPS from the industrial and agricultural process.</p>
<p>Development and strengthening of national legislation and regulations for meeting obligations with regard to persistent organic pollutants listed in the annexes to the Convention;</p>	<p>The Industrial Program has been designed as follows: “This program is intended to eliminate or significantly reduce chemicals listed under</p> <ul style="list-style-type: none"> • The Stockholm Convention on Persistent Pollutants • The Minamata Convention on Mercury • The Strategic Approach to International Chemicals Management • The Montreal Protocol on Substances that Deplete the Ozone Layer

	<p>Through supporting projects and programs that address:</p> <ul style="list-style-type: none"> • Chemicals and Waste at the end of life; • Chemicals that are used or emitted from or in processes and products. <p><i>In support of the above, this program will fund facilitation of enabling environments and strengthening of national legislation and regulatory capacity for meeting obligations with regard to POPs, mercury and other chemicals listed in the chemicals and waste conventions including the removal of barriers to market access of manufacturing of products containing GEF relevant chemicals, introduction of alternatives and reduction of production of the pure chemical using sustainable/green chemistry approaches and that promotes a shift to a circular economy and that supports de-toxifying products and material supply chains.”</i></p> <p>This responds directly to this guidance.</p>
<p>Review and updating of national implementation plans, including as appropriate their initial development</p>	<p>The Enabling Activities Program proposes the following: “This program will:</p> <ul style="list-style-type: none"> • Support enabling activities under the Stockholm Convention, including National Implementation Plans (NIPs) and NIP Updates • Support enabling activities under the Minamata Convention, including Minamata Initial Assessments (MIAs) and artisanal and small-scale gold mining National Action Plans (ASGM NAPs)

	<ul style="list-style-type: none"> • Global Monitoring of chemicals, related to effectiveness evaluation under the Chemical Conventions” <p>Which directly responds to this guidance.</p>
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Minamata Convention:

The first COP of the Minamata Convention will consider the draft initial guidance to the GEF that was adopted on a provisional basis by the seventh Intergovernmental Negotiating Committee of the Minamata Convention. This guidance was transmitted to the GEF with a request that it be considered in the context of the seventh replenishment of the GEF. The following matrix shows how the draft guidance has been incorporated into the GEF-7 programming directions.

Draft Initial Guidance	Programming Directions Response
II. Overall strategies and policies	
<p>In accordance with Article 13, paragraph 7, of the Convention, the GEF trust fund shall provide new, predictable, adequate and timely financial resources to meet costs in support of implementation of the Convention as agreed by the Conference of the Parties, including costs arising from activities that:</p> <p>(a) Are country-driven;</p> <p>(b) Are in conformity with programme priorities as reflected in relevant guidance provided by the Conference of the Parties;</p> <p>(c) Build capacity and promote the utilization of local and regional expertise, if applicable;</p> <p>(d) Promote synergies with other focal areas;</p> <p>(e) Continue to enhance synergies and co-benefits within the chemicals and wastes focal area;</p> <p>(f) Promote multiple-source funding approaches, mechanisms and arrangements, including from the private sector, if applicable; and</p>	<p>The Programming Principles in the Chemicals and Waste Focal Area are as follows:</p> <p>“Programming Principles</p> <p>In programming resources to address chemicals and waste priorities the following principles will be used in determining the choice of projects in the focal area.</p> <p>Cost Effectiveness - consider the potential chemicals reductions of a proposed activity relative to its costs.</p> <p>Sustainability – all projects should at a minimum incorporate a pathway to ensure sustainability of the activities as well as contribute to sustained sound management of chemicals and waste.</p>

<p>(g) Promote sustainable national socioeconomic development, poverty reduction and activities consistent with existing national sound environmental management programmes geared towards the protection of human health and the environment.</p>	<p>Innovation – Projects should seek to develop and scale locally developed technologies and practices particularly in the context of the LDCs/SIDs program including in the design of financial mechanisms at the sub-national, national and regional levels.</p> <p>Private Sector Engagement –Projects should seek to create or improve the enabling environments in which the private sector can engage to reduce the use of harmful chemicals and to prevent the emission of harmful waste.</p> <p>Programs/Programs that promote/lead to Resource Efficiency and circular economy.</p> <p>Prioritized under National Implementation Plans/Minamata Initial Assessments/ASGM National Action Plans.</p> <p>Builds on or uses existing networks, regional, national and sub-national institutions including regional centers set up under the chemicals and waste conventions.</p> <p>Supports the objectives of the Impact Programs.</p> <p>The above responds to this guidance.</p>
<p>III. Programme priorities</p>	
<p>In accordance with article 13, paragraph 7, of the Convention, the GEF trust fund shall provide resources to meet the agreed incremental costs of global environmental benefits and the agreed full costs of some enabling activities.</p>	<p>This guidance is taken up in the GEF project cycle policy</p>

<p>In particular, it should give priority to the following activities when providing financial resources to developing-country Parties and Parties with economies in transition:</p> <p>(a) Enabling activities, particularly Minamata Convention initial assessment activities and national action plans for artisanal and small-scale gold mining;</p> <p>(b) Activities to implement the provisions of the Convention, affording priority to those that:</p> <p>(i) Relate to legally binding obligations;</p> <p>(ii) Facilitate early implementation on entry into force of the Convention for a Party;</p> <p>(iii) Allow for reduction in mercury emissions and releases and address the health and environmental impacts of mercury.</p>	<p>The four programs in the chemicals and waste focal area prioritizes these activities.</p>
<p>In providing resources for an activity, GEF should take into account the potential mercury reductions of a proposed activity relative to its costs in accordance with paragraph 8 of article 13 of the Convention.</p>	<p>The Programming Principles for the focal area includes the following:</p> <p>“In programming resources to address chemicals and waste priorities the following principles will be used in determining the choice of projects in the focal area.</p> <p>Cost Effectiveness - consider the potential chemicals reductions of a proposed activity relative to its costs.</p> <p>This responds to the guidance</p>
<p>IV. Indicative list of categories of activities that could receive support</p> <p>A. Enabling activities</p>	
<p>1. Minamata Convention initial assessments (MIAs)</p> <p>2. Preparation of national action plans for artisanal and small-scale gold mining in accordance with paragraph 3 of article 7 and Annex C</p>	<p>The Enabling Activities Program includes the following: “This program will:</p>

<p>3. Other types of enabling activities as agreed by the Conference of the Parties</p>	<ul style="list-style-type: none"> • Support enabling activities under the Stockholm Convention, including National Implementation Plans (NIPs) and NIP Updates • Support enabling activities under the Minamata Convention, including Minamata Initial Assessments (MIAs) and artisanal and small-scale gold mining National Action Plans (ASGM NAPs) • Global Monitoring of chemicals, related to effectiveness evaluation under the Chemical Conventions” <p>This responds directly to this guidance.</p>
<p>B. Activities to implement the provisions of the Convention 1. Activities to implement the provisions of the Convention that relate to legally binding obligations</p>	<p>See below</p>
<p>When providing financial resources to eligible Parties for activities to implement the provisions of the Convention, GEF should afford priority to those activities that relate to legally binding obligations of Parties under the Convention and should take into account the potential mercury reductions of a proposed activity relative to its costs. Such activities could include those related to the following areas, listed in no particular order:</p> <ul style="list-style-type: none"> • Mercury supply sources and trade; • Mercury-added products; • Manufacturing processes in which mercury or mercury compounds are used; • Artisanal and small-scale gold mining; • Emissions; • Releases; • Environmentally sound interim storage of mercury, other than waste mercury; 	<p>The Industrial Program includes the following:</p> <ul style="list-style-type: none"> • Environmentally sound waste management/disposal of mercury/mercury containing waste. • Introduction and use of best available techniques and best environmental practices to minimize and ultimately eliminate releases of unintentionally produced POPs and mercury from major source categories included in both the Stockholm and Minamata Conventions including, but not limited to, cement manufacturing, coal fired power plants, various metallurgical processes, waste incineration. • Reduction and elimination of mercury from the Artisanal and Small Scale Gold Mining Sector.

<ul style="list-style-type: none"> • Mercury wastes; • Reporting; • Relevant capacity-building, technical assistance and technology transfer in relation to the above. 	<ul style="list-style-type: none"> • Elimination of primary mercury mining, along with controls on use of mercury from primary mining. • Phase out and eventual elimination of mercury or mercury compounds used in manufacturing process contained in Annex B of the Minamata Convention. • Sustainable chemistry/eco-design/strategies encompassing the entire life-cycle of chemicals. • Elimination of the use of mercury and persistent organic pollutants in products (Including brominated flame retardants, PFOS) as well as the use of mercury in products (as specified in Annex A of the Minamata Convention) by phasing out manufacturing of the pure chemicals and introduction of alternatives in the products with a preference to non-toxic chemicals. <p>Additionally, the Enabling Activities program can support reporting under the convention.</p>
<p>2. Activities to implement the provisions of the Convention that facilitate early implementation on entry into force of the Convention for a Party</p>	
<p>When considering activities to implement the provisions of the Convention that facilitate early implementation on entry into force, GEF should also consider providing support for activities that, although they are not the subject of a legal obligation under the Convention, may significantly contribute to a Party's preparedness to implement the Convention upon its entry into force for that country.</p>	<p>See Below</p>
<p>Within the context of the GEF mandate, such activities could include, inter alia, support for:</p>	<p>Under the umbrella of the Industrial Program the following is proposed that will accommodate this guidance: "This program</p>

<p>(a) With regard to emissions, the development by Parties with relevant sources of emissions of national plans setting out the measures to be taken to control emissions and their expected targets, goals and outcomes;</p> <p>(b) With regard to releases, the development by Parties with relevant sources of releases of national plans setting out the measures to be taken to control releases and their expected targets, goals and outcomes;</p> <p>(c) With regard to contaminated sites, capacity-building for the development of strategies for identifying and assessing sites contaminated by mercury or mercury compounds and, as appropriate, the remediation of those sites;</p> <p>(d) Information exchange;</p> <p>(e) Public information, awareness and education;</p> <p>(f) Cooperation in the development and improvement of research, development and monitoring;</p> <p>(g) Development of implementation plans following initial assessments.</p>	<p>is intended to eliminate or significantly reduce chemicals listed under</p> <ul style="list-style-type: none"> • The Stockholm Convention on Persistent Pollutants • The Minamata Convention on Mercury • The Strategic Approach to International Chemicals Management • The Montreal Protocol on Substances that Deplete the Ozone Layer <p>Through supporting projects and programs that address:</p> <ul style="list-style-type: none"> • Chemicals and Waste at the end of life; • Chemicals that are used or emitted from or in processes and products. <p>In support of the above, this program will fund facilitation of enabling environments and strengthening of national legislation and regulatory capacity for meeting obligations with regard to POPs, mercury and other chemicals listed in the chemicals and waste conventions including the removal of barriers to market access of manufacturing of products containing GEF relevant chemicals, introduction of alternatives and reduction of production of the pure chemical using sustainable/green chemistry approaches and that promotes a shift to a circular economy and that supports de-toxifying products and material supply chains.</p>
<p>3. Activities to implement the provisions of the Convention that allow for the reduction of mercury emissions and releases and address both the health and environmental impacts of mercury</p>	<p>See Below</p>

<p>Activities to implement the provisions of the Convention that allow for the reduction of mercury emissions and releases and address both the health and environmental impacts of mercury may encompass activities relating to both binding and non-binding provisions, with priority to the legally binding provisions discussed above, that accord with the GEF mandate to deliver global environmental benefits and reflect the GEF chemicals and wastes focal area strategy.</p>	<p>This guidance is addressed in the industrial chemicals, agricultural chemicals and LDC/SIDS programs</p>
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Annex 6: GEF-7 Core Indicators

Core indicators report on the aggregate global environment benefits (GEB), and relevant co-benefits, of GEF projects and programs in line with the GEF's mandate and country priorities. Core indicators reflect complex concepts in a concrete, clearly defined way using standardized definitions and methods.

The proposed, GEF-7 core indicators have been selected using the following criteria:

- Valid and meaningful – an indicator should adequately reflect the phenomenon it is intended to measure and should be appropriate to the needs of the user.
- Sensitive and specific to the underlying phenomenon – sensitivity relates to how significantly an indicator varies according to changes in the underlying phenomenon.
- Grounded in research – awareness of the key influences and factors affecting outcomes.
- Statistically sound – indicator measurement needs to be methodologically sound and fit for the purpose to which it is being applied.
- Intelligible and easily interpreted – indicators should be sufficiently simple to be interpreted in practice and intuitive in the sense that it is obvious what the indicator is measuring.
- Relate where appropriate to other indicators – a single indicator often tends to show part of a phenomenon and is best interpreted alongside other similar indicators.
- Allow international comparison – indicators need to reflect GEF-specific goals, but where possible should also be consistent with those used in international indicator programs so that comparisons can be made.
- Consistency over time – the usefulness of the indicators is directly related to the ability to track trends over time, so as far as possible indicators should be consistent.
- Timeliness – there should be minimal time lag between the collection and reporting of data to ensure that indicators are reporting current rather than historical information
- Compel interest and excite - the indicator should resonate with the intended audience.

For each of the indicators currently under consultation, the following attributes have been considered: definition, details, type, and unit of measurement.

The proposed core indicators will bring substantial advantages to the Partnership. Fewer data will be collected, but through firm methodologies and definitions, reporting will become more rigorous, systematic and reliable. Reports on core indicators will provide credible evidence on the GEF's achievements. This move to core Indicators happens in a context where the GEF is undergoing an overall upgrade in terms of focus and rigor. The new GEF portal to which all data will be migrated in June 2018 will further support the systematic data collection on core indicators.

Box A6.1: Preliminary List of Proposed, GEF-7 Core Indicators¹³⁵

1. Terrestrial habitat under improved conservation and sustainable use (hectares)
 - Terrestrial protected areas newly created¹ (hectares)
 - Terrestrial protected areas under improved management effectiveness (hectares)
2. Marine habitat under improved conservation and sustainable use (hectares)
 - Marine protected areas newly created (hectares)
 - Marine protected areas under improved management effectiveness (hectares)
3. Area of landscapes under improved practices (hectares; excluding protected areas)
 - Area of landscapes under improved management to benefit biodiversity (hectares, qualitative assessment, non-certified)
 - Area of landscapes that meet national or international third-party certification that incorporates biodiversity considerations (hectares)
 - Area of landscapes under sustainable land management in production systems (hectares)
 - Area of degraded lands restored (hectares)
 - Area of High Conservation Value forest loss avoided (hectares)
4. Area of marine habitat under improved ecosystem-based management (hectares; excluding protected areas)
 - Area of marine habitat under improved management to benefit biodiversity (hectares)
 - Number of marine fisheries that meet national or international third-party certification that incorporates biodiversity considerations (hectares)
 - Number of Large Marine Ecosystems (LMEs) with reduced pollution and hypoxia
5. Carbon mitigated (million tons of CO₂e)
 - Above and below ground carbon sequestered and/or loss avoided (million tons of CO₂e)
 - Emissions avoided (million tons of CO₂e)
6. Number of shared water ecosystems (fresh or marine) under cooperative management
7. Globally over-exploited fisheries moved to more sustainable levels (percent of fisheries, by volume)
8. Solid and liquid Persistent Organic Pollutants (POPs) and POPs containing materials removed or disposed (metric tons/POPs type)
9. Persistent Organic Pollutants (POPs) resulting from emissions (grams of toxic equivalent gTEQ) reduced

¹³⁵ Note that the bulleted sub-indicators are currently being discussed with agencies and may be adjusted as a result.

10. Quantity of mercury reduced (metric tons)
11. Ozone Depleting Potential (ODP) - Hydrochlorofluorocarbons (HCFC) reduced/phased out (metric tons)
12. Number of countries with improved institutional capacity for enhanced transparency of action and support for the Paris Agreement implementation
 - Volume of investment mobilized and leveraged by GEF for low GHG development (co-financing and additional financing)
 - Number of countries meeting Convention reporting requirements and including mitigation contributions
13. Number of Planning Frameworks developed or improved that integrate measurable targets
14. Number of developed or improved functional environmental systems to support decision making
15. Number of direct beneficiaries, disaggregated by gender as a co-benefit of GEF investment