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GEF-5 PROGRAMMING DOCUMENT (PREPARED BY THE GEF SECRETARIAT)

LIST OF ACRONYMS

ABNJ	Areas Beyond National Jurisdiction
ABS	Access and Benefit Sharing
AfDB	African Development Bank
AsDB	Asian Development Bank
BBOP	Business, Biodiversity and Offsets Program
CBD	Convention on Biological Diversity
CEIT	Countries with Economies in Transition
CEO	Chief Executive Officer (of the GEF)
CHM	Clearinghouse Mechanism
COP	Conference of the Parties (to a convention)
CPF	Collaborative Partnership on Forests
CSO	Civil society organization
CSP	Country Support Program
DDT	D ichloro d iphenyl t richloroethane
EBRD	European Bank for Reconstruction and Development
EGTT	Expert Group on Technology Transfer
FAO	Food and Agriculture Organisation
FAS	Focal Area Set-aside
GEB	Global Environment Benefit
GEF	Global Environment Facility
GHG	Greenhouse Gas
HCFC	Hydrochlorofluorocarbon
IAASTD	International Assessment for Agricultural Knowledge, Science, and Technology for Development
IDB	Inter-American Development Bank
IFC	International Finance Corporation (of the World Bank Group)
IPBES	Intergovernmental Platform on Biodiversity and Ecosystem Services
IPCC	Intergovernmental Panel on Climate Change
IW	International Waters
IWRM	Integrated Water Resource Management
KM	Knowledge Management
LDC	Least Developed Country
LDCF	Least Developed Countries Fund
LME	Large Marine Ecosystem
LULUCF	Land Use, Land Use Change, and Forestry
MDB	Multilateral Development Bank
MDG	Millennium Development Goal
MPA	Marine Protected Area
MRV	Measurable, Reportable, and Verifiable
NAMA	Nationally Appropriate Mitigation Action
NBSAP	National Biodiversity Strategy and Action Plan
NDI	National Dialogue Initiative
NGO	Non-governmental organization

NLBI	Non-Legally Binding Instrument on Forests
ODS	Ozone Depleting Substances
OPS-4	Fourth Overall Performance Study of the GEF
PCB	Polychlorinated Biphenyl
PES	Payment for Ecosystem Services
POPs	Persistent Organic Pollutants
PPP	Public Private Partnership
PTS	Persistent Toxic Substances
RBM	Results Based Management
REDD	Reducing Emissions from Deforestation and Degradation
SAICM	Strategic Approach to International Chemicals Management
SCCF	Special Climate Change Fund
SFM	Sustainable Forest Management
SLM	Sustainable Land Management
SGP	Small Grants Programme
SIDS	Small Island Developing States
SME	Small and Medium Enterprise
STAP	Scientific and Technical Advisory Panel (of the GEF)
TAG	Technical Advisory Group
TFA	Tropical Forest Account
TEEB	The Economics of Ecosystems and Biodiversity
TNA	Technology Needs Assessment
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNEP	United Nations Environment Program
UNESCO	United Nations
UNFF	United Nations Forum on Forests
UNFCCC	United Nations Framework Convention on Climate Change
WHO	World Health Organisation
WSSD	World Summit on Sustainable Development

EXECUTIVE SUMMARY

The GEF's fifth replenishment period will cover GEF operations and activities for the four years from July 1, 2010 to June 30, 2014. The overall approach to programming builds on the achievements of the first four phases of the GEF, and on the refinements made in the focal area strategies during GEF-4. This GEF-5 Programming Document, prepared by the GEF Secretariat, builds upon the GEF/R.5/14, *Draft GEF-5 Programming Document*, discussed by the Contributing Participants at the June 2009 Replenishment Meeting, and reflects findings from the Fourth Overall Performance Study of the GEF (OPS-4), as well as feedback from the Participants, GEF Agencies, STAP, NGOs, and other stakeholders.

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

Focal Area Strategies

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

An approach to programming is proposed that will provide opportunities for supporting transformational programs in several countries with the objective of generating significant global impacts, comprised of: (i) support to countries to prepare *Voluntary National GEF Business Plans* that will serve as a framework for programming GEF resources; (ii) a *Sustainable Forest Management Program* that will combine resources and objectives in more than one GEF-focal area and provide countries with additional resources on top of their respective country allocations; and (iii) additional resources to countries that choose to employ non-grant resources in any of the GEF focal areas.

Enhancing Private Sector Engagement

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

Corporate Programs Strategy

Supporting the focal area strategies is a revised approach to Corporate Programs, shaped around each country's *Voluntary National GEF Business Plan*. It is proposed that the *National Dialogue Initiative* be incorporated into the *Country Support Program*. A highlight of the cross-cutting capacity development activity is the creation of a GEF project management curriculum in

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

Results-based Management Framework

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

Replenishment Scenarios

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

Accordingly, the programming document presents approaches across all focal areas/themes for replenishment targets ranging from the status quo to \$9 billion:

- The GEF-4 replenishment level at about **\$3 billion** does not provide an adequate level of resources necessary if the GEF is to expand the scope of its activities, and consider a pragmatic resource allocation system. Implicitly, if replenishment were to occur at current levels, the strategies and approaches that are in place would continue into GEF-5; the Resource Allocation Framework would also remain unchanged.
- A replenishment target of **\$5 billion** would represent only a marginal improvement over GEF-2 levels in inflation-adjusted terms, but would nevertheless provide for increases in activities across all focal areas.
- A target of **\$6.5 billion** would represent a doubling of the current level, with real potential for enhanced impact. It would provide scope for increases in all focal areas, and would improve the feasibility of a pragmatic resource allocation system.
- A target of **\$9 billion** provides room for significant increases in activities across the board with the potential for transformative engagements, particularly in climate change mitigation. It also provides room for potential expansion of the scope of the resource allocation system to all the focal areas of the GEF.

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INTRODUCTION

1. At the Second Meeting for the Fifth Replenishment of the GEF Trust Fund, held in Washington, D.C on June 25-26, 2009, Contributing Participants discussed GEF/R.5/14, *Draft GEF-5 Programming Document*, covering, inter-alia: (i) focal area strategies; (ii) an approach to enhancing engagement with the private sector; (iii) a corporate programs strategy, and (iv) a results-based management framework, including monitoring and reporting on results.
2. Participants provided detailed comments during the meeting, and some Participants provided additional written comments to the Secretariat. Reflecting on the comments received, and further consultations with the GEF Agencies, the Evaluation Office, the Trustee, and NGOs, the Secretariat has prepared this document, GEF/R.15/19 , *GEF-5 Programming Document*, for discussion at the October 2009 Replenishment Meeting.

PROGRAMMING FOR GEF-5

3. Following a restructuring in 1994, the GEF Trust Fund was replenished (GEF-1, 1994-1998) at \$2.0 billion for a 4-year period. In 1998, the Trust Fund was replenished at \$2.75 billion (GEF-2, 1998-2002); in 2002, donors committed \$3 billion to GEF-3 (2002-2006); and in 2006, contributing Participants committed \$3.135 billion to GEF-4 (2006-2010). Negotiations on the Fifth Replenishment of the GEF began in March 2009.
4. The Fifth Replenishment period is expected to cover GEF operations and activities for the four years covering July 1, 2010 to June 30, 2014. The focal area strategies are built on work undertaken by the Technical Advisory Groups (TAGs)¹ established by the CEO and on feedback received from the GEF Agencies and other stakeholders.
5. The overall approach to programming in GEF-5 builds on achievements in the pilot and first four phases of the GEF and on the refinements made to the focal area strategies during GEF-4. These strategies, while continuing to address the main objectives of the conventions, are designed to be supportive of the sustainable development needs of recipient countries in their pursuit of the millennium development goals, particularly goal #7 on environmental sustainability.
6. Overall, the GEF-5 focal area strategies reflect: (i) a strategic positioning for GEF-5; (ii) a move towards a transformational scaling-up of activities; and (iii) the associated replenishment target scenarios for GEF-5.

Strategic Positioning for GEF-5

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

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

Six Strategic Elements

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

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

9. The six strategic elements supported by the four broad areas of reform covered in GEF/R.5/20, *Draft Policy Recommendations for the Fifth Replenishment of the GEF Trust Fund*, which include: (i) enhancing accountability to the conventions; (ii) aligning GEF programming with country needs; (iii) improving operational efficiency and tracking delivery of results; and (iv) strengthening resource mobilization for the GEF Trust Fund

Transformational Scaling-up of Activities

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

11. To place GEF activities in perspective, the demand for resources to meaningfully tackle global environmental problems is estimated at hundreds of billions of dollars. To deal with climate change mitigation, for example, it is estimated by the UNFCCC that \$200 billion per year will be required by 2030 as additional investment, half of it in developing countries, for new low-emission technologies, if emissions are to be reduced by 25 percent of 1990 levels. Moreover, new technologies will need to be developed and implemented to achieve emissions reductions beyond 2020. The Expert Group on Technology Transfer (EGTT) interim report on funding for new technologies estimates an additional \$300 billion to \$1 trillion a year. To reverse rapid degradation of natural resources and to preserve ecosystem services, estimates from intergovernmental and

major international processes run as high as \$50 billion per year.² The assessment of funding needs of developing countries and countries with economies in transition conducted by independent experts under the Stockholm Convention estimates \$4.5 billion for the period 2010-2014. This is in addition to largely unmet needs of \$3.4 billion for the period 2004-2009 – and these only for the 66 countries that had submitted their national implementation plan at time of the analysis.

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

13. Three scenarios, with overall programming targets of \$5 billion, \$6.5 billion, and \$9 billion are proposed, with details for programming targets within the different focal areas and themes.

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

Voluntary National GEF Business Plans

15. All recipient countries will have access to GEF resources to prepare *Voluntary National GEF Business Plans* that will serve as a basis for seeking GEF support. These plans will be prepared by national steering committees,³ coordinated by the GEF operational focal point, and shall link with other planning processes in the country, including any planning processes of GEF Agencies.

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

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

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

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

Transformative Programs in Sustainable Forest Management

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

Transformative Programs Employing Non-Grant Instruments

19. Programmatic approaches and projects that propose to employ non-grant resources in any of the GEF focal areas will receive additional resources (also employed with non-grant instruments) for such programs in addition to their country allocations. For details, see Annex 1 on *Use of Non-Grant Instruments with Public Entities*.

OVERALL APPROACH TO FOCAL AREA STRATEGIES

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

21. The focal area strategies are presented in two parts. This document presents brief descriptions of the strategies and the results frameworks against different replenishment scenarios for the focal areas and cross-cutting themes. These focal area results frameworks include indicators and targets that can be aggregated to the portfolio level in support of GEF goals as indicated in Figure 1. Detailed focal area strategies, supporting the results frameworks, are compiled in an information document, GEF/R.5/Inf.14, *GEF-5 Focal Area Strategies*.

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

GEF Results Architecture

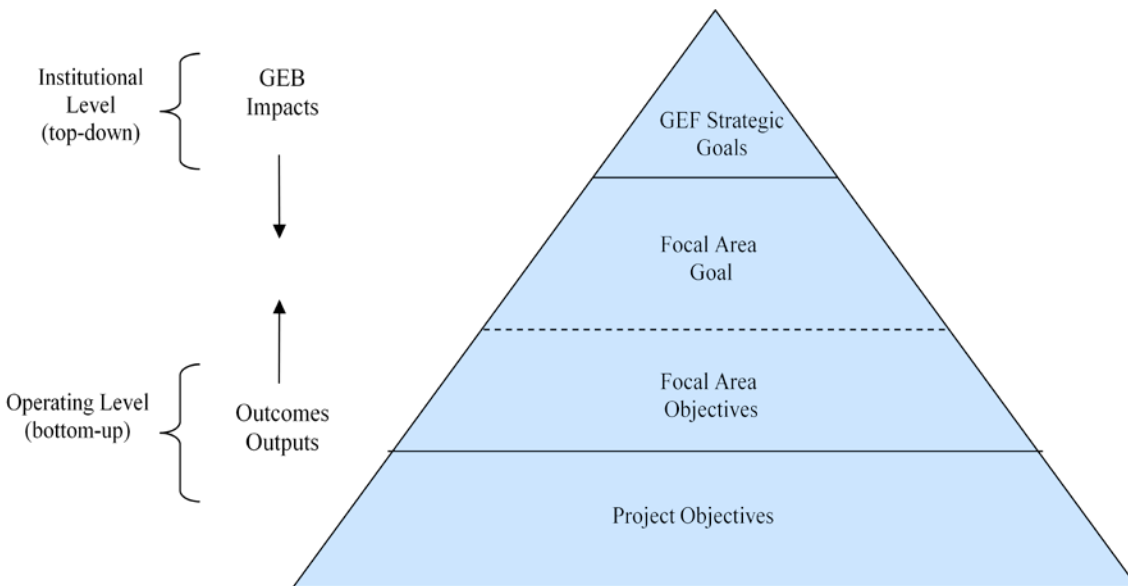
23. The GEF enables countries to generate agreed global environmental benefits and services, and to support global environmental conventions. The proposed results architecture presented in this section identifies four broad, corporate-level strategic goals, each with a select number of indicators and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

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

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

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

Figure 1: GEF Results Chain



The Imperative of an Integrated Approach to Global Environmental Goods

26. One of the major strengths of the GEF as a financial mechanism is its ability to support activities in recipient countries that, within the context of their sustainable development needs, can help meet their commitments to more than one global convention. The major environmental

conventions (UNFCCC, CBD and UNCCD, in addition to the non-binding UNFF) have highlighted the inter-linkages that exist between their respective global environmental objectives. These conventions recommend actions to promote complementarity and synergy in seeking multiple environmental benefits, together with avoiding any trade-offs or negative impacts. Therefore, even though the GEF strategies are articulated focal area by focal area, and draw closely on convention guidance, project design and implementation activities can increasingly seek synergies and connections across the different focal areas, reflecting the multiple needs of recipient countries. The preparation of voluntary *National GEF Business Plans*, if undertaken in a transparent and inclusive manner, provides the opportunity to strategically direct the potential for GEF investments to address multiple objectives.

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

28. Globally, the climate change problem has been well articulated, and has finally caught the attention of decision-makers at all levels. In its wake there remains a series of other complex interacting drivers impacting natural systems – in particular biodiversity, forests, land, and water. Widespread changes are starting systematically to affect the provision of ecosystem goods and services, from climate stability globally and regionally all the way to local services on which rural and coastal communities depend for their survival and livelihood on a daily basis.

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

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

31. These are not theories about the future. For instance, there are already many transboundary groundwater, river, and lake basins subject to intense conflicts over water use and fisheries depletion. Water, environment, and community security is at risk in these basins, as river flow and aquifer levels are depleted and community livelihoods, food sources, and health are impacted. These multi-country tensions over water resources are being worsened by an increase in extreme events such as floods and droughts and, for example, by the loss of glaciers in South America and South Asia induced by climate change. Conversely, better natural resource stewardship and water

resource policy reforms reduces the social and economic impact of political turmoil events, or even prevent them from happening in the first place.

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

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

34. Cost estimates for reversing these trends run as high as \$50 billion per year.⁴ The Economics of Ecosystems and Biodiversity (TEEB) study estimates that per capita “GDP of the poor” in India is estimated to be about \$95 capita per annum after including ecosystem services. If these services were denied, however, the cost of replacing lost livelihood, equity adjusted, would be 50 percent higher. Conversely, the costs of conservation compare in extremely favorable ratios with the benefits they provide. For example, it has been calculated that for an annual investment of US\$ 45 million directed towards protected areas – around a sixth of that needed to manage protected areas worldwide – we could continue to secure ecosystem services provided by protected areas worth some US\$5 trillion (a benefit-cost ratio of 100:1).

35. In essence, wherever we look, it becomes increasingly evident that in the long haul protecting and sustainably managing natural capital is not only a very worthwhile economic investment, but vital to keeping open future human development options. The GEF strategies for the next replenishment cycle reflect this realization and are built upon the experience accumulated

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

over the past 18 years of funding projects and programs across the various focal areas that are integral to the sustainable management of global environmental goods and natural resources.

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

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

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

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

Focal Area Strategies

40. The next section contains strategies in the different focal areas and cross-cutting themes. The description of each focal area strategy is followed by a description of deliverables against three

overall replenishment scenarios of \$5 billion, \$6.5 billion, and \$9 billion. Table 8 sets forth proposed indicative funding levels for each focal area and cross-cutting theme, at each of the illustrative replenishment levels of \$5 billion, \$6.5 billion, and \$9 billion. This menu of options provides Participants with the opportunity to consider either asymmetric or pro-rata allocations to different focal areas and themes at different replenishment levels.

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

BIODIVERSITY

42. Biodiversity is defined as “the variability among living organisms from all sources including, *inter alia*, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species, and of ecosystems⁵.” As such, biodiversity is life itself, but it also supports all life on the planet, and its functions are responsible for maintaining the ecosystem processes that provide food, water, and materials to human societies. Thus the interventions identified in the biodiversity strategy are integral components of any effective approach for human adaptation to climate change.
43. Biodiversity is under heavy threat and its loss is considered one of the most critical challenges to humankind. The interim report of the global study, “The Economics of Ecosystems & Biodiversity (TEEB)” reinforces the conclusion of the Millennium Ecosystem Assessment that ecosystem services are being degraded or used unsustainably with severe socio-economic consequences for human societies and for the future of all life on the planet⁶.
44. The Millennium Ecosystem Assessment identified the most important direct drivers of biodiversity loss and degradation of ecosystem goods and services as habitat change, climate change, invasive alien species, overexploitation, and pollution. These drivers are influenced by a series of indirect drivers of change including demographics, global economic trends, governance, institutions and legal frameworks, science and technology, and cultural and religious values.
45. The GEF-5 strategy will maintain coherence with the GEF-4 strategy and address a subset of the direct and indirect drivers of biodiversity loss and focus on the highest leverage opportunities to conserve and sustainably use biodiversity. The ninth meeting of the Conference of the Parties of the Convention on Biological Diversity (COP-9) acknowledged that the GEF-4 strategy served as a useful starting point for the GEF-5 strategy and requested GEF to build on it for the fifth replenishment based on the four year framework of program priorities developed by COP-9.⁷ Refinements to the strategy’s objectives are introduced based on COP-9 guidance, advances in conservation practice, and advice from the Scientific and Technical Advisory Panel of the GEF.
46. The goal of the biodiversity focal area is the conservation and sustainable use of biodiversity and the maintenance of ecosystem goods and services. To achieve this goal, the strategy encompasses the five objectives listed below:
- (a) improve the sustainability of protected area systems;
 - (b) mainstream biodiversity conservation and sustainable use into production landscapes/seascapes and sectors;
 - (c) build capacity to implement the Cartagena Protocol on Biosafety;
 - (d) build capacity on access to genetic resources and benefit-sharing; and

⁵ Convention on Biological Diversity.

⁶ Millennium Ecosystem Assessment 2005, *Ecosystems and Human Well-being: Synthesis*, Island Press, Washington DC.

⁷ Decision CBD COP IX/31.

- (e) integrate CBD obligations into national planning processes through enabling activities.

Programming for Replenishment Scenarios⁸

\$5 Billion Replenishment (1.25 billion allocated to the biodiversity focal area)

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

48. The achievements made by the global community with GEF support must be further consolidated through enhancing the sustainability of protected area systems such that they continue to deliver the global benefits of: (i) biodiversity (particularly indirect use and option values, and existence values); (ii) provision of ecosystem goods and services, including contributions to climate mitigation; and (iii) ecosystem-based adaptation. Therefore, an investment of \$710 million will be made to improve the management effectiveness of protected areas covering an estimated 180 million hectares, thus continuing GEF's prioritization in helping countries implement their obligations under the CBD Programme of Work on Protected Areas. The additional investment in 180 million hectares of protected areas under effective management for biodiversity conservation would total about 14 % of the area of existing terrestrial protected areas in GEF-eligible countries or about 23 % of the area of existing marine protected areas in GEF-eligible countries.

49. Support to mainstreaming under this scenario would total \$235 million and lead to sustainable use and management of biodiversity in the productive landscapes or seascapes of about 60 million hectares.

50. Therefore, coverage of the portfolio as measured in an increase in surface area under improved biodiversity conservation and sustainable use (objectives one and two of the strategy), will reach approximately 240 million hectares under this replenishment scenario.

51. Support to capacity building on biosafety (objective three of the strategy) at the programming levels suggested (\$80 million) will allow those countries who have not yet implemented national biosafety frameworks (between 60-70 depending on programming for the remainder of GEF-4) to do so while dedicating the remaining resources to regional and thematic projects as outlined in the Council-approved biosafety strategy. Finally, initial capacity building support will be provided in access and benefit sharing (\$75 million) in response to existing COP guidance and emanating from an agreed international regime at COP-10 (objective four of the strategy).

⁸ The results framework for the GEF-5 biodiversity strategy is outlined in Table 1 along with expected key outputs for each replenishment scenario.

52. Consistent with the criteria identified below for special initiatives to be funded by the Focal Area Set-Aside (FAS), under a \$5.0 billion replenishment, the biodiversity focal area will partner with the international waters focal area and set aside \$25 million from the FAS to initiate a global pilot program focused on the protection of marine biodiversity in “Areas Beyond National Jurisdiction” (ABNJ). This investment will complement GEF’s continued focus on increasing marine protected area coverage under national jurisdiction given that about 50% of the Earth’s surface is considered the high seas, or marine areas beyond national jurisdiction. These offshore areas harbor about 90% of the Earth’s biomass and host a diversity of species and ecosystems, many of which are yet to be discovered. As a result, protection of the high seas has become an emerging priority in biodiversity conservation. Although conservation and management of high seas marine protected areas pose a number governance challenges and legal issues, the GEF believes that it is important to begin learning how to implement and manage marine protected areas in the waters beyond national jurisdiction. The proposed pilot is consistent with CBD COP Decision IX/20.

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

\$6.5 Billion Replenishment (1.5 billion allocated to the biodiversity focal area)

54. Under this replenishment scenario, an additional \$190 million will be available for programming towards the biodiversity strategy’s five objectives.

55. As noted above, much more remains to be done with regards to conservation of marine environment. Of the 232 marine ecoregions, only 42 meet the 10 percent target and almost half (115) have less than one percent protection. None of the marine realms have reached even 5% protection and areas of particular concern include temperate South America (0.09 percent protected) and temperate Southern Africa (0.22 percent protected), both areas with high levels of marine biodiversity.⁹

56. Given that marine ecosystem protection falls well below terrestrial protection in GEF-eligible countries, under this replenishment scenario the entire additional \$190 million will be

⁹ UNEP-WCMC (2008) State of the world’s protected areas: an annual review of global conservation progress, UNEP-WCMC, Cambridge.

directed towards the creation of new marine protected areas translating into an estimated increase of about 50 million hectares of marine protected areas. Investments would be consistent with the GEF's strategic focus on the key elements of marine protected area system or network sustainability: ecosystem representation, sustainable and predictable levels of financing, and management capacity.

57. Support to all other objectives of the strategy will remain constant under this increased replenishment scenario to ensure maximum impact with the additional investment in marine protected area creation and enhanced management effectiveness.

\$9 Billion Replenishment (2.0 billion allocated to the biodiversity focal area)

58. Under this replenishment scenario, an additional \$640 million will be available for programming towards the biodiversity strategy's five objectives.

59. Under this highest level replenishment scenario, building on the rationale and consistent with the strategic focus presented under the \$6.5 billion replenishment, GEF would dedicate \$600 million to create new marine protected areas. GEF support would lead to an increase of about 150 million hectares of marine protected areas under effective management for biodiversity conservation.

60. Support to all other objectives of the strategy will remain constant under this replenishment scenario to ensure maximum impact with the additional investment in marine protected area creation and management except for a small increase of \$40 million to support biodiversity mainstreaming.

61. This replenishment scenario would substantially increase the available resources under the FAS. These additional resources would be used in the following manner. The first priority would be to increase support to US\$ 50 million for the joint program with the international waters focal area on marine areas beyond national jurisdiction (ABNJ). In addition, two initiatives would be established to support regional and multi-country projects that deal with two transboundary conservation challenges. The first would support projects that focus on the *conservation of migratory species* and that are consistent with objectives one and two of the biodiversity strategy. The second would support regional or multi-country projects that focus on *reducing illegal wildlife trade* and that include contributions and participation from importers and exporters of wildlife. These projects would be primarily aligned with objective two of the biodiversity strategy to incorporate biodiversity conservation and sustainable use into broader, policy and regulatory frameworks.

Focal Area Set-Aside (FAS)

62. Under all replenishment scenarios, countries will be able to access the focal area set-aside funds (FAS) to implement enabling activities for an amount up to \$500,000 on an expedited basis. A total of \$80 million will be available for this support through Objective Five of the strategy. Enabling activity support could be provided for revising National Biodiversity Strategies and Action Plans (NBSAPs) in line with the CBD's new strategic plan to be adopted at COP-10, national reporting, and implementation of guidance related to the Clearing House Mechanism (CHM).

63. The remaining funds in FAS will be used to address supra-national strategic priorities or to incentivize countries to make substantive changes in the state of biodiversity at the national level through participation in global, regional or multi-country projects. Projects supported with FAS funds will meet some or all of the following criteria: (i) relevant to the objectives of GEF's biodiversity strategy; (ii) support priorities identified by the COP of the CBD; (iii) high likelihood that the project will have a broad and positive impact on biodiversity; (iv) potential for replication; (v) global demonstration value; and (vi) contribute to global conservation knowledge through formal experimental or quasi-experimental designs that test and evaluate the hypotheses embedded in project interventions. An incentive system would operate for all regional projects whereby participating countries would receive resources from the FAS proportionate with the amount of resources dedicated to a project from their national allocation.

Table 1: Biodiversity Results Framework¹⁰

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

Impacts:

- Biodiversity conserved and habitat maintained in national protected area systems.
- Conservation and sustainable use of biodiversity integrated into production landscapes and seascapes.

Indicators:

- Intact vegetative cover and degree of fragmentation in national protected area systems measured in hectares as recorded by remote sensing.
- Intact vegetative cover and degree of fragmentation in production landscapes measured in hectares as recorded by remote sensing.
- Coastal zone habitat (coral reef, mangroves, etc) intact in marine protected areas and productive seascapes measured in hectares as recorded by remote sensing and, where possible, supported by visual or other verification methods.

Objectives	Expected Outcomes and Indicators	Outcome targets under \$5 billion Scenario	Outcome targets under \$ 6.5 billion Scenario	Outcome targets under \$9 billion Scenario	Core Outputs
Total Focal Area Allocation		1.25 billion	1.5 billion	2 billion	
Sustainable Forest Management		70	130	190	
Objective 1: Improve Sustainability of Protected Area Systems	Outcome 1.1: Improved management effectiveness of existing and new protected areas. <i>Indicator 1.1: Protected area management effectiveness score as recorded by Management Effectiveness Tracking Tool.</i>	710 million Eighty-percent (80%) of projects meet or exceed their protected area management effectiveness targets covering 180 million hectares of existing or new protected areas.	900 Eighty-percent (80%) of projects meet or exceed their protected area management effectiveness targets covering 225 million hectares of existing or new protected areas (of which 50 million will be new marine protected areas.)	1.3 billion Eighty-percent (80%) of projects meet or exceed their protected area management effectiveness targets covering 325 million hectares of existing or new protected areas.(of which 150 million will be new marine protected areas.)	Output 1. New protected areas (number) and coverage (hectares) of unprotected ecosystems. Output 2. New protected areas (number) and coverage (hectares) of unprotected threatened species (number).
	Outcome 1.2: Increased revenue for protected area systems to meet	Eighty-percent (80%) of projects meet or exceed their target for reducing	Eighty-percent (80%) of projects meet or exceed their target for reducing	Eighty-percent (80%) of projects meet or exceed their target for reducing	Output 3. Sustainable financing plans (number).

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

Objectives	Expected Outcomes and Indicators	Outcome targets under \$5 billion Scenario	Outcome targets under \$ 6.5 billion Scenario	Outcome targets under \$9 billion Scenario	Core Outputs
	total expenditures required for management. <i>Indicator 1.2: Funding gap for management of protected area systems as recorded by protected area financing scorecards.</i>	the protected area management funding gap in protected area systems that develop and implement sustainable financing plans.	the protected area management funding gap in protected area systems that develop and implement sustainable financing plans.	the protected area management funding gap for protected area systems that develop and implement sustainable financing plans.	
Objective 2: Mainstream Biodiversity Conservation and Sustainable Use into Production Landscapes, Seascapes and Sectors	<p>Outcome 2.1: Increase in sustainably managed landscapes and seascapes that integrate biodiversity conservation. <i>Indicator 2.1: Landscapes and seascapes certified by internationally or nationally recognized environmental standards that incorporate biodiversity considerations (e.g. FSC, MSC) measured in hectares and recorded by GEF tracking tool.</i></p> <p>Outcome 2.2: Measures to conserve and sustainably use biodiversity incorporated in policy and regulatory</p>	<p>235 million</p> <p>Sustainable use and management of biodiversity in 60 million hectares of production landscapes and seascapes.</p> <p>Fifty-percent (50%) of projects achieve a score of six (6) (i.e., biodiversity conservation and sustainable use is mentioned in sector policy</p>	<p>235 million</p> <p>Sustainable use and management of biodiversity in 60 million hectares of production landscapes and seascapes.</p> <p>Fifty-percent (50%) of projects achieve a score of six (6) (i.e., biodiversity conservation and sustainable use is</p>	<p>275 million</p> <p>Sustainable use and management of biodiversity in 70 million hectares of production landscapes and seascapes.</p> <p>Fifty-percent (50%) of projects achieve a score of six (6). (i.e., biodiversity conservation and sustainable use is</p>	<p>Output 1. Policies and regulatory frameworks (number) for production sectors.</p> <p>Output 2. National and sub-national land-use plans (number) that incorporate biodiversity and ecosystem services valuation.</p> <p>Output 3. Certified production landscapes and seascapes (hectares).</p>

Objectives	Expected Outcomes and Indicators	Outcome targets under \$5 billion Scenario	Outcome targets under \$ 6.5 billion Scenario	Outcome targets under \$9 billion Scenario	Core Outputs
	<p>frameworks.</p> <p><i>Indicator 2.2: Policies and regulations governing sectoral activities that integrate biodiversity conservation as recorded by the GEF tracking tool as a score.</i></p> <p>Outcome 2.3: Improved management frameworks to prevent, control and manage invasive alien species</p> <p><i>Indicator 2.3: IAS management framework operational score as recorded by the GEF tracking tool.</i></p>	<p>through specific legislation, regulations are in place to implement the legislation, regulations are under implementation, implementation of regulations is enforced, and enforcement of regulations is monitored)</p> <p>Eighty-percent (80%) of projects meet or exceed their target for a fully operational and effective IAS management framework.</p>	<p>mentioned in sector policy through specific legislation, regulations are in place to implement the legislation, regulations are under implementation, implementation of regulations is enforced, and enforcement of regulations is monitored)</p> <p>Eighty-percent (80%) of projects meet or exceed their target for a fully operational and effective IAS management framework.</p>	<p>mentioned in sector policy through specific legislation, regulations are in place to implement the legislation, regulations are under implementation, implementation of regulations is enforced, and enforcement of regulations is monitored)</p> <p>Eighty-percent (80%) of projects meet or exceed their target for a fully operational and effective IAS management framework .</p>	
Objective 3: Build Capacity for the Implementation of the Cartagena Protocol on Biosafety (CPB)	<p>Outcome 3.1 Potential risks of living modified organisms to biodiversity are identified and evaluated in a scientifically sound and transparent manner</p> <p><i>Indicator 3.1: National biosafety decision-making systems operational score as recorded by the GEF tracking tool</i></p>	<p>80 million</p> <p>Eighty-percent (80%) of projects meet or exceed their target for a fully operational and effective biosafety framework.</p>	<p>80 million</p> <p>Eighty-percent (80%) of projects meet or exceed their target for a fully operational and effective biosafety framework.</p>	<p>80 million</p> <p>Eighty-percent (80%) of projects meet or exceed their target for a fully operational and effective biosafety framework.</p>	<p>All remaining eligible countries (about 60-70 depending on programming for rest of GEF-4) have national biosafety decision-making systems in place.</p>

Objectives	Expected Outcomes and Indicators	Outcome targets under \$5 billion Scenario	Outcome targets under \$ 6.5 billion Scenario	Outcome targets under \$9 billion Scenario	Core Outputs
Objective 4: Build Capacity on Access to Genetic Resources and Benefit Sharing	Outcome 4.1: Legal and regulatory frameworks, and administrative procedures established that enable access to genetic resources and benefit sharing in accordance with the CBD provisions <i>Indicator 4.1: National ABS frameworks operational score as recorded by the GEF tracking tool (to be developed)</i>	75 million Eighty-percent (80%) of projects meet or exceed their target for a fully operational and effective ABS framework.	75 million Eighty-percent (80%) of projects meet or exceed their target for a fully operational and effective ABS framework.	75 million Eighty-percent (80%) of projects meet or exceed their target for a fully operational and effective ABS framework.	Access and benefit-sharing agreements (number) that recognize the core ABS principles of Prior Informed Consent (PIC) and Mutually Agreed Terms (MAT) including the fair and equitable sharing of benefits.
Objective Five: Integrate CBD Obligations into National Planning Processes through Enabling Activities	Outcome 5.1 Development and sectoral planning frameworks at country level integrate measurable biodiversity conservation and sustainable use targets. <i>Indicator 5.1: Percentage of development and sectoral frameworks that integrate measurable biodiversity conservation and sustainable use targets.</i>	80 million <i>50% of parties that revise NBSAPs successfully integrate measurable biodiversity conservation and sustainable use targets into development and sectoral planning frameworks.</i>	80 million <i>50% of parties that revise NBSAPs successfully integrate measurable biodiversity conservation and sustainable use targets into development and sectoral planning frameworks.</i>	80 million <i>50% of parties that revise NBSAPs successfully integrate measurable biodiversity conservation and sustainable use targets into development and sectoral planning frameworks.</i>	Number and type of development and sectoral planning frameworks that include measurable biodiversity conservation and sustainable use targets.

CLIMATE CHANGE MITIGATION

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

65. As an operating entity of the financial mechanism of the UNFCCC, since its inception in 1991, the GEF has invested \$2.5 billion in financing climate change mitigation and enabling activities, and has leveraged more than \$15 billion additional investment. The GEF has become the largest public-sector funding source to support the transfer of environmentally sound technologies to developing countries.

Guiding Principles

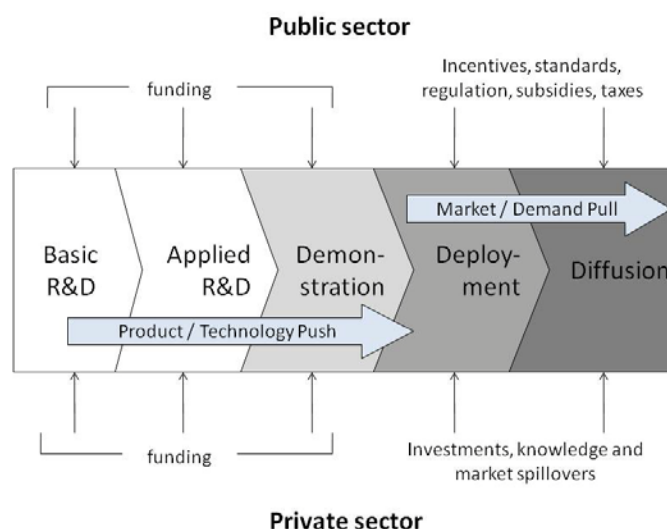
66. Development of GEF-5 strategy in the climate change focal area has drawn on past experience, and has been guided by three principles: (i) responsiveness to Convention guidance; (ii) consideration of national circumstances of recipient countries; and (iii) cost-effectiveness in achieving global environmental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

67. Recent decisions reached by the UNFCCC COP have given the GEF guidance particularly in the areas of development and transfer of environmentally sound technologies and land use and land-use change. At COP-13, the GEF was requested to elaborate a strategic program to scale up the level of investment in technology transfer to help developing countries address their needs for environmentally sound technologies. COP-14 welcomed the program presented by the GEF as a step toward scaling up the level of investment in technology transfer to developing countries and requested the GEF to consider the long-term implementation of the strategic program on technology transfer. On LULUCF, COP-12 requested the GEF to explore options for undertaking land use and land-use change projects within the climate change focal area in light of past experience. The Bali Action Plan also highlighted new issues such as establishing measurable, reportable, and verifiable (MRV) systems for nationally appropriate mitigation actions (NAMAs) by developing countries in the context of sustainable development, supported and enabled by technology, financing, and capacity building.

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

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

Figure 2: Technology Development Cycle and Innovation Chain¹¹



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

71. In large developing countries and emerging economies, GEF intervention will emphasize opportunities to bring about large GHG reductions, such as market transformation in the building, industry, and transport sectors. In relatively small and low-income countries, GEF support will focus on investment as well as technical and institutional capacity building while promoting energy access through renewable sources of energy. Technology transfer will be promoted in all GEF-eligible countries. In large countries and emerging economies with strong technical capacity and market potential, emphasis will be placed on market demonstration and

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

commercialization of new, promising technologies; in small, low-income countries, GEF support will focus on deployment and diffusion of commercially available technologies through investment, building local capacity, and technology cooperation. In countries and regions experiencing large GHG emissions from deforestation and forest degradation, the GEF will promote LULUCF activities aimed at reducing forest emissions and promoting forest conservation, afforestation and reforestation, and sustainable forest management.

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

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

74. Finally, the GEF will strive to play a complementary role to the existing climate funds and emerging mechanisms in the post-Copenhagen financial architecture. The GEF has a unique history and rich experience in operating the financial mechanism of the UNFCCC. It has supported enabling activities and climate change mitigation and adaptation projects in more than 130 countries, including extensive engagement with LDCs and a wide range of other developing countries and economies in transition. GEF success in capacity building and market transformation has often gone hand-in-hand with investment activities. Capacity building alone has often been insufficient to transform the market and get climate-friendly technologies adopted. A more comprehensive approach, including investing in a broad spectrum of activities at various stages of the technology development cycle, has proven to be more robust and effective in transferring and deploying climate-friendly technologies to the developing world.

Goal and Objectives

75. The overall goal of the GEF in climate change mitigation is to support developing countries and economies in transition toward a low-carbon development path. The long-term impacts of the GEF's work will be slower growth in GHG emissions to the atmosphere from GEF-recipient countries and contribution to the ultimate objective of the UNFCCC, which is to achieve “stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system.” Attempts will be made

to promote cross-focal area integration and synergy so as to enhance the cost-effectiveness of GEF investments.

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

Programming for Replenishment Scenarios

\$5 Billion Replenishment Scenario (\$1.8 billion allocated to the climate change focal area)

77. The overall strategic thinking is that under the \$5 billion replenishment scenario (\$1.8 billion for Climate Change Mitigation), the focus for Climate Change Mitigation in GEF-5 will generally follow the path of the past 18 years but will be more inclusive than the GEF-4 Climate Change Strategy and will place more emphasis on transformational impacts, programmatic approaches, and sectoral issues. It will respond to the COP decision requesting the GEF to consider long-term implementation of the Poznan Strategic Program on Technology Transfer, as well as other existing and emerging decisions related to LULUCF, enabling activities, and capacity building. The strategy will largely focus on commercial technologies and cost-effective opportunities to reduce greenhouse gas emissions in GEF-recipient countries through market transformation, technical assistance, and investments. In terms of GEF's role in the technology development cycle (see **Figure 2**), GEF intervention will focus on the deployment and diffusion of existing and proven technologies, with limited scope for the demonstration and deployment of advanced technologies.

78. Under the \$5 billion replenishment scenario, limited opportunities under Objective 1 (demonstration and transfer of advanced low-carbon technologies) will be pursued in a few targeted markets, given the relatively high capital requirements and limited availability of resources to meet competing priorities for the majority of GEF-recipient countries. The proposed budget associated with this objective is \$350 million. GEF investments in programs under Objectives 2-4 (energy efficiency, renewable energy, and sustainable transport and urban systems) will be expanded and broadened, building on the past success and emerging experience, with more emphasis on programmatic approaches to achieve large-scale tangible results and GHG impact. The proposed budget for each of these objectives is between \$350 million and \$400 million each (see Table 2).

\$6.5 Billion Replenishment Scenario (\$2.4 billion allocated to the climate change focal area)

79. Under the \$6.5 billion replenishment scenario (\$2.4 billion for Climate Change Mitigation), the GEF will increase investments substantially in the transfer of advanced low-carbon technologies and LULUCF activities relative to the \$5 billion scenario. Investments in advanced low carbon technologies (Objective 1) will increase by more than 70 percent, from \$350 million to \$600 million, while investments in LULUCF activities will increase by 60 percent, from \$200 million (including \$100 million to SFM) to \$320 million (including \$210

million to SFM).¹² In contrast, resources devoted to other objectives will either see no change (enabling activities) or increase by about 25 percent (energy efficiency, renewable energy, and urban transport).

80. Although GEF investments in advanced low-carbon technologies are not expected to result in large quantities of direct GHG emissions reduction, the catalytic role of the GEF will be far-reaching. The case for making – and keeping – the GEF a leader in the development and transfer of advanced low-carbon technologies is made under the \$9 billion scenario, and the same rationale applies under the \$6.5 billion scenario. With \$600 million of investments devoted to Objective 1, the GEF is expected to place itself in a much stronger position (relative to \$350 million investments) in both the depth and the breath of promoting low-carbon technologies of the future in the developing world.

81. Moreover, with a 60 percent increase in the budget for LULUCF, together with relatively small increases in investments in energy efficiency (including more synergic projects involving, for example, phase-out of ODS), renewable energy, and urban transport, more transformational impact is expected in terms of GHG emissions avoidance under the \$6.5 billion scenario. Overall, an additional 200 million tonnes of CO₂ equivalent are expected to be avoided compared with the \$5 billion scenario (see Table 2).

82. Finally, under the \$6.5 billion replenishment scenario, the use of non-grant instruments and the Earth Fund is expected to expand, and opportunities linking the GEF to carbon markets will also be vigorously pursued (same options as outlined under the \$9 billion scenario).

\$9 Billion Replenishment Scenario (\$3.6 billion allocated to the climate change focal area)

83. Under the \$9 billion replenishment scenario (\$3.6 billion for Climate Change Mitigation), the GEF will devote significantly more efforts and resources to technology transfer and supporting advanced low-carbon technologies that have the potential to make a significant impact on GHG reduction in the long run. In the technology development cycle (**Figure 2**), this means moving more upstream to the stage of demonstration and deployment.

84. The GEF has been a pioneer in many ways in its support of the demonstration and deployment of advanced low-carbon technologies. The GEF has several portfolios of such projects, mostly developed in the early 2000's, through an operational program to promote “new low-GHG-emitting energy technologies,” as well as other operational programs (sustainable urban transport and renewable energy). These projects have aimed to support the development, demonstration, and commercialization of pre-commercial or near commercial technologies which have strong potential for achieving global GHG emissions reduction in the future. The technologies supported by the GEF over the years include: concentrating solar power, fuel-cell bus, biomass gasification, micro turbine cogeneration, building integrated photovoltaic power generation, and stationary fuel-cell power production.

85. GEF support in such projects has typically focused on investments and getting the technologies demonstrated and deployed with a view toward commercialization in the future. The GEF undertook the investment risks and financed a large portion of such investments.

¹² Aside from Climate Change Mitigation, SFM also draws resources from other focal areas.

Because of its unique mandate, the GEF has facilitated the acquisition of experience with these technologies in order to accelerate the reduction of costs of subsequent installations and to generate interest from other financial sources. GEF funding of the concentrated solar power and fuel cell bus projects was almost exclusively directed toward direct investment in the demonstration and deployment of the technologies. GEF grants have helped countries avoid their exposure to financial risks prior to the successful testing and subsequent cost reduction of the technologies. This mandate gives the GEF a very unique role in supporting advanced technologies that distinguishes it from other financial institutions.

86. The GEF should take a long-term perspective and a phased approach to promoting advanced low-carbon technologies, from small-scale to large-scale demonstration, and from demonstration to deployment and commercialization. In the short-term, GEF involvement should not focus on direct reduction of GHG emissions but on market stimulation toward cost reduction of the technologies and their commercialization in the long run. The GEF should work closely with its partner Agencies, host countries, and other stakeholders to become a true catalyst in technology transfer and a pioneering promoter of advanced low-carbon technologies.

87. Under the \$9 billion replenishment scenario, technology transfer under Objective 1 will be pursued in a vigorous manner. Out of the \$3.6 billion allocated to Climate Change Mitigation, approximately \$1 billion would be devoted to supporting the development and transfer of advanced low-carbon technologies that are not yet commercial but which hold high promise and strong potential for the future (see Table 1). Deployment and transfer of commercially proven technologies may also be covered in countries where limited capacity exists and where significant efforts to adapt the technologies to local circumstances are required. The GEF will make concerted efforts to promote international technology cooperation, North-South and South-South technology transfer, investment in pilot projects, and development and strengthening of local technical and institutional capacity.

88. Furthermore, under the \$9 billion replenishment scenario, synergistic projects and programs will be expanded, such as linkages between climate and chemicals as well as between climate and the transversal sustainable forest management (SFM) (Objective 5). In particular, the GEF will align the objective of promoting energy efficiency under Climate Change Mitigation with support of a phase-out of ODS, such as hydrochlorofluorocarbons (HCFCs), that have very a high global warming potential. The GEF will promote a transition to low-GHG alternatives to HCFCs and other chemicals, and will encourage synergistic projects with co-benefits for both climate change mitigation and ODS and POPs reduction.

89. Under the \$9 billion replenishment scenario, the use of non-grant instruments and the Earth Fund will also be amplified for climate change mitigation programs (\$160 million and \$300 million are earmarked under non-grants and the Earth Fund, respectively, aside from the \$3.6 billion allocation to Climate Change Mitigation.) Historically, non-grant instruments have been mostly used by climate change mitigation projects, and engagement of the private sector, especially SMEs in developing countries, has figured most prominently in the climate change focal area. The additional non-grant and Earth Fund resources will target the private sector to incentivize projects and programs to achieve transformational impacts.

90. With respect to supporting advanced low-carbon technologies, the GEF will build upon its past experience and lessons learned with such technologies as concentrating solar power, hydrogen fuel-cell bus, biomass gasification, micro turbines, and solar photovoltaics to accelerate the demonstration, deployment, and transfer of low-carbon technologies of the future. GEF support could take a phased approach, from small-scale demonstration, to scaled-up demonstration, to commercialization and deployment. The technologies and locations for their demonstration and deployment need to be carefully targeted where both market conditions and the policy environment are conducive. The GEF could step up its efforts to promote the next phase of intervention to the successfully demonstrated technologies with a view to removing further barriers and bringing the cost down over time toward eventual commercialization.

91. Examples of advanced low-carbon technologies may also include: carbon capture and storage for power generation as well as for industrial processes, next-generation biofuels, and electric vehicles that demonstrate net GHG emissions reduction on a well-to-wheels basis. The GEF will keep the menu of technologies open to accommodate different priorities given by different recipient countries as well as the evolving development of different technologies. The GEF will take a long-term strategic perspective in supporting low-carbon technologies of the future, and will need to work closely with both the public and private sector in making strategic choices in technologies, regions and countries, and financing schemes.

92. Furthermore, under the \$9 billion replenishment scenario, significantly more investment in renewable energy is expected, especially in low-income countries to support not only climate change mitigation but also access to modern energy in poor, rural communities and sustainable development. GEF investments in renewable energy will be boosted particularly in sub-Saharan Africa and South Asia where most people, especially in rural areas, do not have access to electricity and rely on traditional biomass to meet their basic energy needs. GEF investments will also aim to support Small Island Developing States (SIDS) to break away from dependence on imported fossil fuels and move toward an energy structure based on economical, locally available renewable resources. GEF support will cover a wide range of renewable energy technologies, including off-grid and on-grid photovoltaics, solar water heating, wind turbines, geothermal, small hydro, methane from waste, and biomass applications for power and heat production. Approximately \$800 million dollars will be budgeted for promoting investments in renewable energy in GEF-recipient countries.

93. With respect to LULUCF, the GEF will scale up its support to conservation and enhancement of carbon stocks, both as one of the key objectives of the Climate Change Mitigation Strategy and through the cross-cutting SFM. The proposed budget under Climate Change Mitigation for LULUCF activities is \$200 million (including \$100 million earmarked for SFM) under the \$5 billion scenario and \$460 million (including \$340 million earmarked for SFM) under the \$9 billion replenishment scenario.¹³

94. With respect to enabling activities and capacity building, GEF support will ensure that there will be adequate resources to support non-Annex I Parties to meet their obligations under the Convention. The GEF will stand ready to respond to further guidance from the UNFCCC

¹³ Total budget for SFM is \$200 million under the \$5 billion scenario and \$600 million under the \$9 billion scenario.

COP-15 and beyond related to enabling activities and capacity building. This may include support for the development of strategies for NAMAs and establishment of MRV systems. Enhanced resources will be provided to such priority enabling activities and capacity building. In addition, the GEF may provide support to capacity building in the context of the emerging carbon markets and other activities in response to Convention guidance.

95. The estimated budget for enabling activities and capacity building (Objective 6) is \$130 million under both the \$5 billion and the \$9 billion scenarios. This amount represents a significant increase in allocation of GEF resources – not only in absolute terms but also in terms of its share of the total Climate Change Mitigation budget – devoted to enabling activities and capacity building to support GEF-recipient countries to fulfill obligations under the Convention.

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

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

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

Table 2: Climate Change Mitigation Results Framework

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

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

Key Indicator: Tonnes of CO₂ equivalent avoided (both direct and indirect) over the investment or impact period of the projects

Key Target: 500, 700, 1,000 million tonnes under the \$5b, \$6.5b, and \$9b scenarios, respectively

Objectives	Key Expected Outcomes	Key Targets under \$5 billion Scenario	Key Targets under \$6.5 billion Scenario	Key Targets under \$9 billion Scenario	Core Outputs
Total Focal Area Allocation		\$1.78 billion	\$2.4 billion	\$3.6 billion	
Objective 1: Promote the demonstration, deployment, and transfer of advanced low-carbon technologies	<ul style="list-style-type: none"> Technologies successfully demonstrated, deployed, and transferred <p>Indicator: Percentage of technology demonstrations reaching its planned goals</p> <ul style="list-style-type: none"> Enabling policy environment and mechanisms created for technology transfer <p>Indicator: Extent to which policies and mechanisms are adopted for technology transfer (score of 0 to 4)</p> <ul style="list-style-type: none"> GHG emissions avoided <p>Indicator: Tonnes of CO₂ equivalent</p>	<p>\$350 million</p> <ul style="list-style-type: none"> Small-scale demonstration of 2-4 advanced technologies in 10-15 countries 80% of the projects reaching the planned goals on the ground 20 million tonnes of CO₂ equivalent avoided 	<p>\$600 million</p> <ul style="list-style-type: none"> Small- to large-scale demonstration of 4-5 advanced technologies in 15-20 countries 80% of the projects reaching the planned goals on the ground 30 million tonnes of CO₂ equivalent avoided 	<p>\$1 billion</p> <ul style="list-style-type: none"> Small- to large-scale demonstration of 5-7 advanced technologies in 20-30 countries 80% of the projects reaching the planned goals on the ground 50 million tonnes of CO₂ equivalent avoided 	<ul style="list-style-type: none"> Advanced low-carbon technologies demonstrated and deployed on the ground National strategies for the deployment and commercialization of advanced technologies adopted
Objective 2: Promote market transformation for energy efficiency in industry and	<ul style="list-style-type: none"> Appropriate policy, legal and regulatory frameworks adopted and enforced <p>Indicator: Extent to which EE policies and regulations are adopted and enforced (score of 0 to 4)</p>	<p>\$350 million</p> <ul style="list-style-type: none"> 20-30 countries adopting EE policies and initiatives \$2 billion 	<p>\$450 million</p> <ul style="list-style-type: none"> 25-35 countries adopting EE policies and initiatives \$2.5 billion 	<p>\$610 million</p> <ul style="list-style-type: none"> 30-40 countries adopting policies and initiatives \$3.3 billion investment 	<ul style="list-style-type: none"> Energy efficiency policy and regulation in place Investment mobilized Energy savings

Objectives	Key Expected Outcomes	Key Targets under \$5 billion Scenario	Key Targets under \$6.5 billion Scenario	Key Targets under \$9 billion Scenario	Core Outputs
the building sector	<ul style="list-style-type: none"> Sustainable financing and delivery mechanisms established and operational Indicator: Volume of investment mobilized <ul style="list-style-type: none"> GHG emissions avoided Indicator: Tonnes of CO ₂ equivalent	investment mobilized for EE <ul style="list-style-type: none"> 170 million tonnes of CO₂ equivalent avoided 	investment mobilized for EE <ul style="list-style-type: none"> 260 million tonnes of CO₂ equivalent avoided 	mobilized for EE <ul style="list-style-type: none"> 10-15 projects linking to ODS and POPs implemented 330 million tonnes of CO₂ equivalent avoided 	achieved
Objective 3: Promote investment in renewable energy technologies	<ul style="list-style-type: none"> Favorable policy and regulatory environment created for renewable energy investments Indicator: Extent to which RE policies and regulations are adopted and enforced (score of 0 to 4) <ul style="list-style-type: none"> Investment in renewable energy technologies increased Indicator: Volume of investment mobilized <ul style="list-style-type: none"> GHG emissions avoided Indicator: Tonnes of CO ₂ equivalent	\$400 million <ul style="list-style-type: none"> 20-30 countries adopting or strengthening RE policies and initiatives \$1.5 billion investment mobilized 1 gigawatt new RE capacity installed 80 million tonnes of CO₂ equivalent avoided 	\$500 million <ul style="list-style-type: none"> 30-40 countries adopting or strengthening RE policies and initiatives \$2 billion investment mobilized 1.3 gigawatt new RE capacity installed 100 million tonnes of CO₂ equivalent avoided 	\$800 million <ul style="list-style-type: none"> 40-50 countries adopting or strengthening RE policies and initiatives \$3 billion investment mobilized 2 gigawatt new RE capacity installed 160 million tonnes of CO₂ equivalent avoided 	<ul style="list-style-type: none"> Renewable energy policy and regulation in place Renewable energy capacity installed Electricity and heat produced from renewable sources
Objective 4: Promote energy efficient, low-carbon transport and urban systems	<ul style="list-style-type: none"> Sustainable transport and urban policy and regulatory frameworks adopted and implemented Indicator: Number of cities adopting sustainable transport and urban policies and regulations	\$350 million <ul style="list-style-type: none"> 40-50 cities adopting low-carbon programs \$1.5 billion investment 	\$400 million <ul style="list-style-type: none"> 40-50 cities adopting low-carbon programs \$1.8 billion investment 	\$600 million <ul style="list-style-type: none"> 70-90 cities adopting low-carbon programs \$3 billion investment 	<ul style="list-style-type: none"> Cities adopting in low-carbon programs Investment mobilized Energy savings achieved

Objectives	Key Expected Outcomes	Key Targets under \$5 billion Scenario	Key Targets under \$6.5 billion Scenario	Key Targets under \$9 billion Scenario	Core Outputs
	<ul style="list-style-type: none"> Increased investment in less-GHG intensive transport and urban systems Indicator: Volume of investment mobilized GHG emissions avoided Indicator: Tonnes of CO₂ equivalent 	mobilized <ul style="list-style-type: none"> 130 million tonnes of CO₂ equivalent avoided 	mobilized <ul style="list-style-type: none"> 150 million tonnes of CO₂ equivalent avoided 	mobilized <ul style="list-style-type: none"> 240 million tonnes of CO₂ equivalent avoided 	
Objective 5: Conserve and enhance carbon stocks through sustainable management of land use, land-use change, and forestry	<ul style="list-style-type: none"> Good management practices in LULUCF adopted both within the forest land and in the wider landscape Indicator: Number of countries adopting good management practices in LULUCF Restoration and enhancement of carbon stocks in forests and non-forest lands, including peatland Indicator: Hectares restored GHG emissions avoided and carbon sequestered Indicator: Tonnes of CO₂ equivalent 	\$200 million (of which \$100 million for SFM) 20-30 countries adopting good management practices and implementing projects 100 million tonnes of CO ₂ equivalent avoided	\$320 million (of which \$210 million for SFM) 30-40 countries adopting good management practices and implementing projects 160 million tonnes of CO ₂ equivalent avoided	\$460 million (of which \$340 million for SFM) 40-50 countries adopting good management practices and implementing projects 230 million tonnes of CO ₂ equivalent avoided	<ul style="list-style-type: none"> Carbon stock monitoring systems established Forests and non-forest lands under good management practices
Objective 6: Continue to support enabling	<ul style="list-style-type: none"> Adequate resources allocated to support enabling activities and capacity building related to the Convention 	\$130 million <ul style="list-style-type: none"> 100% of eligible countries receiving 	\$130 million 100% of eligible countries receiving	\$130 million <ul style="list-style-type: none"> 100% of eligible countries receiving 	<ul style="list-style-type: none"> Countries receiving GEF support for NCs, TNAs, NAMAs,

Objectives	Key Expected Outcomes	Key Targets under \$5 billion Scenario	Key Targets under \$6.5 billion Scenario	Key Targets under \$9 billion Scenario	Core Outputs
activities and capacity building	<p>Indicator: Percentage of eligible countries receiving GEF funding</p> <ul style="list-style-type: none"> • Human and institutional capacity of recipient countries strengthened <p>Indicator: Countries, institutions, etc. supported by the GEF</p>	GEF funding in accordance with COP guidance	GEF funding in accordance with COP guidance	GEF funding in accordance with COP guidance	<p>etc.</p> <ul style="list-style-type: none"> • NCs/TNAs/NA MAs completed and submitted to the UNFCCC as appropriate

INTERNATIONAL WATERS

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

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

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

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

Summary of GEF-5 Strategy

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

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

105. Beyond this focus on implementation of agreed action programmes, a third programming objective relates to requests from States to begin foundational capacity building for new transboundary water systems not yet addressed by GEF. Limited funding would be provided for processes pioneered by GEF to build trust and confidence among States so that they may work together collectively on their transboundary water systems. Modest process-related and capacity building outcomes are generated in these equivalents of enabling activities. Objective 3 covers these “new starts” that are in high demand. Also under Objective 3, experience sharing/learning for the GEF IW portfolio would be enhanced to improve portfolio performance and hasten collective progress. The first real GEF IW program for targeted research would also be funded with quite urgent needs given the new imperative of addressing climatic variability and change in these complex water systems along with other social and institutional issues related to water and oceans. One additional multifocal area objective would be included for the \$6.5 billion replenishment scenario and two for \$9 billion: one related to preventing degradation of valuable ocean areas beyond national jurisdictions and the other related to reducing persistent toxic

substances impairing hormone functioning. The detailed GEF-5 results framework for the IW focal area with outcomes, indicators, and targets is included in Table 1 at the end of this section.

Programming for Replenishment Scenarios

106. Depending on replenishment levels, different strategies would be pursued in GEF IW programming. Table 1 illustrates that three IW objectives are proposed for the \$5 billion replenishment scenario (\$500 million IW), while 4 objectives are included in the intermediate replenishment scenario (\$660 million IW) and 5 can be proposed for the \$9 billion scenario (\$800 million IW). With the \$9 billion scenario, the focal area would be able to help more states avoid more conflicts in water use, prevent more water pollution, protect additional aquifers for use in droughts, and introduce more widespread policy, legal and institutional reforms.

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

108. With more constrained funding, the IW focal area would have to focus on catalyzing implementation only of reforms and modest local demonstrations agreed in the many Strategic Action Programmes that are waiting in line for GEF funding. Additionally, legal and institutional arrangements for joint, ecosystem-based approaches to management would receive attention while incorporating capacity building related to climatic variability and change and groundwater management that would be integrated with surface water concerns. Programmatic approaches would be limited in the \$5 billion scenario, with existing ones from GEF 4 as priority for completion and fewer new starts would be possible. Incremental outcomes in the intermediate funding scenario would focus on coastal and marine ecosystems in order to make a global impact on rebuilding marine fish stocks and demonstrating conservation/protection of “blue forests”.

\$9 Billion Replenishment Scenario (\$800 million allocated to the international waters focal area)

109. Through GEF foundational projects, 149 states are collaborating on transboundary water systems. This has created a demand for the implementation of some twenty Action Programmes in GEF-5. The \$800 million scenario would allow support for programmatic approaches to scale-up investments and reforms (finally addressing OPS-3 recommendations) while retrofitting the understanding of climatic variability and demonstration-scale action on adaptive management. Concerns of managing floods and droughts would be incorporated through IWRM, while integrating surface water quality and aquifers into sustainable management. This would help fill a gap in meeting the WSSD target for IWRM. Africa would receive priority attention through programmatic approaches for transboundary river and aquifer systems of West Africa and for the Great Lakes Region. For Large Marine Ecosystems and coasts, resilience would be built-in by incorporating fluctuating fisheries, coral reef bleaching, sea-level rise,

coastal storm vulnerability, and coastal hypoxia ('dead zones') into strategies for LME governance and Integrated Coastal Management (ICM), which can help states toward the WSSD 2010/2015 marine targets. The focus on securing the "planet's "blue forests" for carbon sequestration, reducing coastal flood/storm vulnerability, and community livelihoods/food security would also be possible. Greater on-the ground impact would be produced in terms of more significant investment projects for coastal and marine systems, stakeholder and Parliamentary involvement, national and local policy, legal, institutional reforms, and a focus on enforcement of legal regimes. More States could be funded to enact and implement needed reforms.

110. Integrated projects across focal areas would be pursued through country programming and programmatic approaches to benefit transboundary waters, with a focus on where all significant countries agree to action and to address among others social and gender issues. Specific multi-focal initiatives for the reduction of water pollution from endocrine disruptors (where best practices are needed to minimize pollution and risks) and improved management of marine areas beyond national jurisdiction (overfishing/damaging practices/gear) are examples of such joint GEF approaches across focal areas. The pent-up demand for learning/capacity/enhancement in the GEF IW portfolio and targeted/collaborative research to address globally significant issues such as environmental flows or climate impacts on local ocean systems will finally receive needed funding, along with foundational capacity building for States to address new transboundary water systems in IW Objective 3, including new starts (that are more expensive) in order to address post-conflict reconstruction, including trust and capacity building among fragile States.

111. Of critical importance will be new, exciting partnerships with the business community that would be supported both by the focal area and the GEF Earth Fund for maximum impact to underpin Objectives 1 and 2. A "Save the Source" platform with industry on water use efficiency, optimizing supply chains, and water foot-printing; a "Rebuilding Ocean Fish Stock and Biodiversity" platform with banking/fishing/import/export/food industries; a "Revitalizing Dead Zones" platform with agribusiness related to nitrogen pollution; and perhaps a "Sustainable Shipping" platform with the maritime transport industry have the potential to stimulate global impacts. Before it is too late, funding must be devoted to sustaining the capacity of LMEs and their coastal waters to assimilate carbon, and the business community is a key contributor.

112. Table 3 outlines Objectives 4 and 5 that can be pursued with higher levels of funding and cooperation with the BD and Chemicals areas of the GEF. Objective 4 relates to a joint program with GEF-BD to promote effective management of marine Areas Beyond National Jurisdiction (ABNJ), deep-sea fisheries, and open oceans directed at preventing fisheries depletion, reduced by-catch, management regimes, and MPAs. These "international waters" have been eligible in the GEF IW focal area since the 1995 and are rapidly being depleted and degraded. Objective 5 relates to a joint pilot demonstration program with Chemicals to test the effectiveness of policies, innovative instruments, and best practices for reducing releases of persistent toxic substances (PTS), particularly those exhibiting endocrine disruption (dangerous "gender benders" that impair human health).

\$6.5 Billion Replenishment Scenario (\$660 million allocated to the international waters focal area)

113. With less funding included in this intermediate replenishment scenario, the IW area will work to catalyze initial implementation of the many agreed Strategic Action Programmes that are waiting in line for GEF implementation funding and will focus on scaling up on-the-ground action for coastal and marine ecosystems. Additional action could be funded over the minimal replenishment scenario. An exception could be the marine focus, where GEF funding may be able to have a global impact on rebuilding marine fish stocks toward WSSD targets, reducing land-based pollution, and investing in “blue forests” to protect the ocean’s ability to sequester carbon. The marine-related platforms of the Earth Fund would be key contributors to harnessing the commitment of the business community and industry toward sustainability. Beyond the 3 core focal area objectives, Objective 4 on improving management to reverse depletion of the marine commons known as Areas Beyond National Jurisdiction (ABNJ), would receive modest start-up funding to pilot institutional approaches to prevent the startling depletion and degradation occurring in these ABNJ, deep-sea fisheries, open ocean areas, and seamount habitats. The depleted/degraded status of fish stocks in LMEs and on the high seas, as well as our planet’s endangered coastal “blue forests” warrants this additional effort for coastal and marine systems.

114. Understanding and applying adaptive management to incorporate climatic variability and change into integrated approaches for surface, groundwater, and marine ecosystems and their management mechanisms would have a better chance for success with the additional funding under this intermediate scenario compared to the minimal scenario. More States would be able to move closer to meeting the relevant WSSD targets for marine fisheries/ ecosystems and the WSSD target for adopting IWRM principles with this scenario, and the GEF would be able to respond to State requests for assistance for a few more waterbodies over the minimal scenario.

\$5 Billion Replenishment Scenario (\$500 million allocated to the international waters focal area)

115. With the minimal amount of funding included in this replenishment scenario (only marginally more than GEF-4), the IW area will be forced to limit itself to catalyzing initial implementation of the many Strategic Action Programmes that are waiting in line for GEF funding, while incorporating capacity building to address climatic variability and change and integrated groundwater/surface water management in freshwater basins. With less funding to catalyze investments, less on-the-ground impact will be achieved and scaling up of action would be delayed once again until future replenishments. Global impact would necessarily be limited because less available funding would be available to convince States and donors to fund alternative investments. Very few programmatic approaches for implementation would be pursued, with completion of existing programs as a priority, and minimal support would be provided for private sector platforms. Fewer new starts would be supported for foundational capacity building projects requested by States for new transboundary basins, aquifers and LMEs along with minimal funding for the needed targeted research on priority IW concerns.

116. Three objectives are proposed for this constrained scenario of \$500 million allocation as noted in Table 3. Multiple focal area programmes would not be a priority. No separate objectives are proposed for: (i) improving management to reverse depletion of the ABNJ marine commons - jointly with the biodiversity focal area; or (ii) reducing endocrine disruptors - jointly

with Chemicals, although some programming for ABNJ will be needed even with reduced funding to stem accelerated depletion of fisheries. With reduced funding, a focus must be maintained on completing the backlog of requests to initiate implementation of up to 20 agreed Strategic Action Programmes resulting from GEF foundational capacity building and on solidifying legal/institutional arrangements for joint, multi-state commitments to action. Co-financing ratios would be reduced over other replenishment scenarios.

Table 3: International Waters Results Framework

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

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

Objectives	Expected Outcomes	Key Targets under \$5 billion Scenario	Key Targets under \$6.5 billion Scenario	Key Targets under \$9 billion Scenario	Core Outputs
<p>Objective 1:</p> <p>Catalyze multi-state cooperation to balance conflicting water uses in trans-boundary surface and groundwater basins while considering climatic variability and change</p>	<p>Outcome 1.1: Implementation of agreed Strategic Action Programmes (SAPs) incorporates transboundary IWRM principles (including environment and groundwater) and policy/ legal/institutional reforms into national/local plans</p> <ul style="list-style-type: none"> Indicator 1.1: Adoption or implementation of national/local reforms; functioning of national inter-ministry committees <p>Outcome 1.2: Transboundary institutions for joint ecosystem-based and adaptive management demonstrate sustainability</p> <ul style="list-style-type: none"> Indicator 1.2: Cooperation frameworks adopted and states contribute to financial sustainability <p>Outcome 1.3: Innovative solutions implemented for reduced pollution, improved water use efficiency, sustainable</p>	<p>\$170 million</p> <p>Co-financing ratio of 1:2</p> <p>Multi-state-cooperation results in adoption and/or implementation of national/local reforms in 60% of States and successful demonstrations in at least 50 % of States in 8-9 transboundary water systems.</p>	<p>\$210 million</p> <p>Co-financing ratio of 1:3</p> <p>Multi-state-cooperation results in adoption and/or implementation of national/local reforms in 65% of States and successful demonstrations in at least 60 % of States in 9-10 trans-boundary water systems.</p> <p>Earth Fund water use efficiency platform pilots with enhanced results</p>	<p>\$260 million</p> <p>Co-financing ratio of 1:4</p> <p>Multi-state-cooperation results in adoption and/or implementation of national/local reforms and measurable demonstration investment results for at least 70 % of States participating in up to 10 transboundary water systems.</p> <p>Earth Fund water use efficiency platform pilots enhanced results</p>	<ul style="list-style-type: none"> National and local policy and legal reforms adopted/ implemented Cooperation frameworks agreed with sustainable financing identified Types of technologies and measures implemented in local demonstrations and investments Enhanced capacity for issues of climatic variability and change and

Objectives	Expected Outcomes	Key Targets under \$5 billion Scenario	Key Targets under \$6.5 billion Scenario	Key Targets under \$9 billion Scenario	Core Outputs
	<p>fisheries with rights-based management, IWRM, water supply protection in SIDS, and aquifer and catchment protection (greater scaling up in \$9 Billion scenario)</p> <ul style="list-style-type: none"> • Indicator 1.3: Measurable water-related results from local demonstrations, including community benefits (disaggregated by gender) <p>Outcome 1.4: Climatic variability and change as well as groundwater capacity incorporated into updated SAP to reflect adaptive management.</p> <ul style="list-style-type: none"> • Indicator 1.4: Updated SAP and capacity development surveys 		through complementary IW partnership funding	through complementary IW partnership funding	groundwater management
<p>Objective 2: Catalyze multi-state cooperation to rebuild marine fisheries and reduce pollution of coasts and Large Marine</p>	<p>Outcome 2.1: Implementation of agreed Strategic Action Programmes (SAPs) incorporates ecosystem-based approaches to management of LMEs, ICM principles, and policy/legal/ institutional reforms into national/local plans</p> <ul style="list-style-type: none"> • Indicator 2.1: Adoption or implementation of national/local reforms; functioning of national inter-ministry committees; 	<p>\$220 million</p> <p>1:2 co-financing ratio</p> <p>Adoption/ implementation of national/local reforms in 70% of States and demonstrations for at least 50 % of States in 8-10 LMEs</p>	<p>\$285 million</p> <p>1:3 co-financing ratio</p> <p>Adoption/ implementation of national/local reforms in 75% of States and measureable demonstration investment results</p>	<p>\$285 million</p> <p>1:3 co-financing ratio</p> <p>Adoption/ implementation of national/local reforms in 75% of States and measureable demonstration investment results</p>	<ul style="list-style-type: none"> • Agreed commitments to sustainable ICM and LME cooperation frameworks • National and local policy/legal/institutional reforms

Objectives	Expected Outcomes	Key Targets under \$5 billion Scenario	Key Targets under \$6.5 billion Scenario	Key Targets under \$9 billion Scenario	Core Outputs
<p>Ecosystems (LMEs) while considering climatic variability and change</p>	<p>Outcome 2.2: Institutions for joint ecosystem-based and adaptive management for LMEs and local ICM frameworks demonstrate sustainability</p> <ul style="list-style-type: none"> Indicator 2.2: Cooperation frameworks agreed and include sustainable financing <p>Outcome 2.3: Innovative solutions implemented for reduced pollution, rebuilding or protecting fish stocks with rights-based management, ICM, habitat (blue forest) restoration/conservation, and port management and produce measureable results (greater scaling up in \$6.5 and \$9 Billion scenarios for on-the-ground impact)</p> <ul style="list-style-type: none"> Indicator 2.3: Measurable results for reducing land-based pollution, habitat, and sustainable fisheries from local demonstrations, including community benefits (disaggregated by gender) <p>Outcome 2.4: Climatic variability and change at coasts and in LMEs incorporated into</p>		<p>for at least 60 % of States in 10-11 LMEs.</p> <p>Earth Fund platforms “Rebuilding Ocean Fish Stocks and Biodiversity” and “Revitalizing Dead Zones” fully funded</p>	<p>for at least 60 % of States in 10-11 LMEs.</p> <p>Earth Fund platforms “Rebuilding Ocean Fish Stocks and Biodiversity” and “Revitalizing Dead Zones” fully funded</p>	<p>adopted/ implemented</p> <ul style="list-style-type: none"> Types of technologies and measures implemented in local demonstrations and investments Enhanced capacity for issues of climatic variability and change Industry partnerships with Earth Fund

Objectives	Expected Outcomes	Key Targets under \$5 billion Scenario	Key Targets under \$6.5 billion Scenario	Key Targets under \$9 billion Scenario	Core Outputs
	<p>updated SAP to reflect adaptive management and ICM principles (including protection of “blue forests”)</p> <ul style="list-style-type: none"> • Indicator 2.4: Updated SAPs and capacity development surveys <p>Outcome 2.5: In \$9 billion scenario, major industry partnerships with GEF undertake global action to reduce nutrient pollution and to sustain fisheries.</p> <ul style="list-style-type: none"> • Indicator 2.5: industry codes of conduct/action 				
<p>Objective 3:</p> <p>Support foundational capacity building, portfolio learning, and targeted research needs for joint, ecosystem-based management of trans-boundary water systems</p>	<p>Outcome 3.1: Political commitment, shared vision, and institutional capacity demonstrated for joint, ecosystem-based management of waterbodies and local ICM principles</p> <ul style="list-style-type: none"> • Indicators 3.1: Agreed SAPs at ministerial level with considerations for climatic variability and change; functioning national inter-ministry committees; agreed ICM plans <p>Outcome 3.2: On-the-ground modest actions implemented in water quality, quantity (including basins draining areas</p>	<p>\$110 million</p> <p>Multi-state agreement on commitments to joint, ecosystem-based action for 9-10 new water bodies with modest demonstrations</p>	<p>*\$125 million</p> <p>Multi-state agreement on commitments to joint, ecosystem-based action for 10-11 new water bodies with modest demonstrations</p> <p>85% IW projects demonstrate active GEF portfolio</p>	<p>\$145 million</p> <p>Multi-state agreement on commitments to joint, ecosystem-based action for up to 12 new water bodies with some investment demonstrations</p> <p>85% IW projects demonstrate active GEF portfolio</p>	<ul style="list-style-type: none"> • National inter-ministry committees established; agreed Transboundary Diagnostic Analyses & Strategic Action Programmes; local ICM plans • Demo-scale local action implemented, including in basins with melting ice and to restore/protect coastal “blue forests”

Objectives	Expected Outcomes	Key Targets under \$5 billion Scenario	Key Targets under \$6.5 billion Scenario	Key Targets under \$9 billion Scenario	Core Outputs
	<p>of melting ice), fisheries, and coastal habitat demonstrations for “blue forests” to protect carbon</p> <ul style="list-style-type: none"> • Indicator 3.2: Measurable results contributed at demo scale or investment scale (for \$9 Billion scenario, community benefits recorded) <p>Outcome 3.3: IW portfolio performance enhanced from active learning/KM/experience sharing</p> <ul style="list-style-type: none"> • Indicator 3.3: GEF-5 performance improved over GEF-4 per data from IW Tracking Tool <p>Outcome 3.4: Targeted research networks impact global thinking on at least coral reefs (For \$9 Billion scenario, nutrient reduction/dead zones and perhaps environmental flows also have global significance).</p> <ul style="list-style-type: none"> • Indicator 3.4: Coral reef and nutrient reduction research results incorporated into new GEF IW projects <p>Outcome 3.5: Political agreements on Arctic LMEs accompany programmatic</p>		<p>experience sharing/learning</p>	<p>experience sharing/learning</p>	<ul style="list-style-type: none"> • Active experience/sharing/learning practiced in the IW portfolio • Arctic LMEs programmatic approach with partners.

Objectives	Expected Outcomes	Key Targets under \$5 billion Scenario	Key Targets under \$6.5 billion Scenario	Key Targets under \$9 billion Scenario	Core Outputs
	<p>approach and help contribute to prevention of further depletion/degradation.</p> <ul style="list-style-type: none"> • Indicator 3.5: agreements signed; AMAP monitoring shows no further depletion/degradation of the Arctic LMEs. 				
<p>Objective 4:</p> <p>Promote effective management of Marine Areas Beyond National Jurisdiction (ABNJ) directed at preventing fisheries depletion -- joint with GEF Biodi Focal Area</p>	<p>Outcome 4.1: ABNJ (including deep-sea fisheries, oceans areas, and seamounts) under sustainable management and protection (including biodiversity)</p> <ul style="list-style-type: none"> • Indicator 4.1: Marine Protected Areas (MPAs) sustainably managed; ABNJ demo plans implemented; improved flag and port state enforcement of practices <p>Outcome 4.2: Plans and institutional frameworks for pilot case ABNJ have catalytic effect on global frameworks</p> <ul style="list-style-type: none"> • Indicator 4.2: GEF-piloted ABNJ approaches replicated through global mechanisms 	\$ 0	\$40 million	\$70 million	<ul style="list-style-type: none"> • Demonstrations for management measures in ABNJ, (including deep-sea fisheries, ocean areas) with institutions; MPAs established
<p>Objective 5:</p> <p>Undertake pilot-scale demonstrations of</p>	<p>Outcome 5.1: PTS pollution reduction through successful demonstration technology</p> <ul style="list-style-type: none"> • Indicator 5.1: PTS releases avoided or reduced in pilot projects - Kg PTS 	\$0	\$0	\$40 million	<ul style="list-style-type: none"> • Partnerships with industry created • Types of measures

Objectives	Expected Outcomes	Key Targets under \$5 billion Scenario	Key Targets under \$6.5 billion Scenario	Key Targets under \$9 billion Scenario	Core Outputs
<p>pollution reduction from Persistent Toxic Substances (PTS) , especially endocrine disruptors-- joint with Chemicals Focal Area</p>	<p>Outcome 5.2: Partnerships with industry replicate clean technology to avoid PTS releases</p> <ul style="list-style-type: none"> • Indicator 5.2: Replication strategies implemented 				<p>implemented by industry</p>

LAND DEGRADATION

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

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

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

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

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

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

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

124. During GEF-3 and GEF-4, investments in the land degradation focal area supported at least 40 of an estimated 100 countries affected globally by land degradation (desertification and deforestation) in implementing SLM policies and practices to generate GEBs. The demand for resources during both replenishment phases far exceeded what was allocated to the focal area, and we expect that countries will increasingly need to address land degradation challenges in the context of agricultural production to meet the need of growing populations. The recent GEF-financed IAASTD¹⁴ noted that increasing rates of land degradation in many regions may limit the ability of agro-ecosystems to provide food security. A likely consequence of this scenario is increased clearance and fragmentation of natural habitats leading to further destabilization of ecosystems, loss of biodiversity, and increased risk of greenhouse gas emissions through deforestation and fires. As we look ahead to GEF-5, it is essential that the GEF strengthen its role a financing mechanism to help position countries in their effort to address these as a fundamental challenges to sustainable development.

125. The GEF will need to strengthen its role in two major ways to effectively combat land degradation, stabilize ecosystem services and reduce livelihood vulnerability of rural populations. First, the GEF must step-up its contribution to country and regional efforts in building effective enabling environments for SLM at multiple scales. An increased allocation will allow the GEF to pursue its mandate of generating GEBs in the context of supporting national and regional development priorities in the coming decade. This will include

¹⁴ International Assessment of Agricultural Knowledge, Science and Technology for Development, 2009 (co-sponsored by FAO, UNEP, UNDP, UNESCO, World Bank and WHO)

institutional strengthening in agriculture, rangeland, and forest management, and cross-sector collaboration. Second, the GEF must scale-up its investment through comprehensive and integrated approaches that cover increasingly larger geographical areas. Improved management of agro-ecosystems and forest landscapes over larger geographical areas will safeguard soil and water resources, increase carbon stocks¹⁵ and reduce emissions, and protect biodiversity. In the case of drylands, the large surface area also makes them an important target for carbon storage¹⁶ and sequestration. The benefits of reducing carbon emissions through SLM will help position the GEF to play an influential role in future financing options for climate change mitigation in agriculture.

Programming for Replenishment Scenarios

126. A higher allocation for the land degradation focal area in GEF-5 will enable the GEF to meet the demands for balancing investments in SLM practices with the need for strong enabling environments at national and regional levels. Table 4 summarizes what can be realistically pursued in the GEF-5 strategy based on proposed allocations under the three replenishment scenarios.

\$5 Billion Replenishment Scenario (\$500 million allocated to the land degradation focal area)

127. An allocation of \$500 million (*with potential co-financing of up to \$1.5 billion*) will allow the GEF to invest in SLM interventions to generate measureable GEBs (improve provisioning of ecosystems services, reduce GHG emissions, and conserve biodiversity) in agro-ecosystems, rangelands, and forest landscapes while providing direct benefits for human livelihoods. However, the projects will only involve the few countries that already have or are developing appropriate enabling conditions for SLM and SFM, including policy frameworks, investment strategies, and regulatory mechanisms. This means four of the proposed 10 outcomes in the land degradation focal area strategy will not be pursued. Under this scenario, the GEF will catalyze SLM and SFM projects to cover at least 500 million hectares of production landscapes, including in drylands and affected transboundary areas, with the potential to benefit one billion smallholder farmers and pastoralists.

\$6.5 Billion Replenishment Scenario (\$660 million allocated to the land degradation focal area)

128. With an additional \$160 million (total \$660 million), GEF will also specifically target 3-5 major food crop, tree crop, livestock, and forest production systems in drylands and transboundary areas for integrated natural resource management to maximize delivery of global environmental benefits and improve livelihoods.

\$9 Billion Replenishment Scenario (\$800 million allocated to the land degradation focal area)

129. An allocation of \$800 million (*with potential co-financing of up to \$3 billion*) will position the GEF to pursue all 10 outcomes proposed in the land degradation focal area strategy. It will enable the GEF to address land degradation challenges in a comprehensive, integrated,

¹⁵ In 2000, the IPCC estimated that feasible improvements in cropland management, grazing land management, agroforestry, and rice systems within existing land uses could increase carbon stocks by 125, 240, 25, and 7 MtC per year by 2010.

¹⁶ The Millennium Ecosystem Assessment (2005) estimated that the total dryland soil organic carbon reserves comprise 27% of the global soil organic carbon reserve.

and multi-scale fashion to ensure the sustainability of SLM interventions, including support for creating appropriate enabling environments. Under this scenario, GEF projects will cover at least one billion hectares of production landscapes, including in drylands and affected transboundary areas, with potential to benefit two billion smallholder farmers and pastoralists. The GEF will help to position GEF-eligible countries for effective implementation of the 10-year UNCCD strategy, scaling-up SLM innovations, and mobilizing baseline knowledge and tracking tools for long-term monitoring and assessment of impacts and trends. This will enable countries to step-up efforts to mainstream SLM and SFM as cross-sector opportunities for economic development, including efforts to increase food security and income generation in rural areas.

Table 4: Land Degradation Results Framework

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

Impacts:

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

Indicators:

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

Objectives	Expected Outcomes	Outcome Targets - \$5 Billion Scenario	Outcome Targets - \$6.5 Billion Scenario	Outcome Targets - \$9 Billion Scenario	Core Outputs
1. Maintain or improve flow of agro-ecosystem services to sustaining the livelihoods of local communities	<p>Outcome 1.1: An enhanced enabling environment within the agricultural sector. <i>Indicator 1.1 Agricultural policy, legal and regulatory frameworks functioning to support SLM (Score)</i></p> <p>Outcome 1.2: Improved agricultural management. <i>Indicator 1.2 Land area under effective agricultural, land and water management practices (Hectares by management practice)</i></p> <p>Outcome 1.3: Functionality and cover of agro-ecosystems maintained <i>Indicator 1.3 Land area under effective management in production systems with</i></p>	<p>\$250 million Allocation</p> <p>Sustainable management of 200 million hectares of crop, livestock and silvo-pastoral landscapes, including in drylands and transboundary areas</p>	<p>\$250 million Allocation</p> <p>Sustainable management of 200 million hectares of crop, livestock and silvo-pastoral landscapes, including in drylands and transboundary areas</p>	<p>\$330 million Allocation</p> <p>50% of projects target improved agricultural policy, legal, regulatory, institutional, and national investment frameworks for SLM</p> <p>Sustainable management of 500 million hectares of production landscapes, including in drylands and transboundary areas</p>	<p>Country level policy, legal and regulatory frameworks that integrate SLM principles developed</p> <p>Diverse sources of investment for SLM interventions at multiple scales (e.g. PES)</p> <p>Hectares of tree cover in agro-ecosystems</p>

Objectives	Expected Outcomes	Outcome Targets - \$5 Billion Scenario	Outcome Targets - \$6.5 Billion Scenario	Outcome Targets - \$9 Billion Scenario	Core Outputs
	<i>improved vegetative cover</i>				
2. Generate sustainable flows of forest ecosystem services in drylands, including sustaining livelihoods of forest dependant people	<p>2.1: An enhanced enabling environment within the forest sector in drylands. Indicator 2.1 <i>Forestry policy, legal and regulatory frameworks functioning to support SFM</i></p> <p>2.2: Improved forest management in drylands. Indicator 2.2 <i>Land area under effective forest management practices</i></p> <p>2.3: Functionality and cover of forest ecosystems in drylands maintained. Indicator 2.3 <i>Land area with increased tree cover, increased biomass, and reduced GHG emissions</i></p>	<p>\$25 million Allocation</p> <p>Sustainable management of 500,000 hectares of forest production landscapes, including in drylands and transboundary areas</p>	<p>\$75 million Allocation</p> <p>Sustainable management of 500,000 hectares of forest production landscapes, including in drylands and transboundary areas</p> <p>Sustainable management of 3-5 major production systems in the drylands targeted specifically for multiple global environmental and livelihood benefits</p>	<p>\$75 million Allocation</p> <p>50% of SFM projects have effective forest policy, legal and regulatory, and investment frameworks</p> <p>Sustainable management of 1 million hectares of forest production landscapes, including in drylands and transboundary areas</p>	<p>Country level policy, legal and regulatory frameworks that integrate SFM principles developed</p> <p>Diverse sources of investment for SFM interventions (e.g. PES, small credit schemes, voluntary carbon market)</p> <p>Hectares of forest cover in production landscapes</p>
3. Reduce pressures on natural resources from competing land uses in the wider landscape	<p>Outcome 3.1: Enhanced enabling environments between sectors in support of SLM. Indicator 3.1 <i>Demonstration results strengthening enabling environment between sectors</i></p>	\$170 million Allocation	\$250 million Allocation	\$250 million Allocation	<p>Government agencies collaborating on SLM initiatives across sectors and at multiple scales</p> <p>Number and types of</p>

Objectives	Expected Outcomes	Outcome Targets - \$5 Billion Scenario	Outcome Targets - \$6.5 Billion Scenario	Outcome Targets - \$9 Billion Scenario	Core Outputs
	<p>(incl. agriculture, forestry)</p> <p>Outcome 3.2: Good management practices in the wider landscape demonstrated and adopted by relevant economic sectors. <i>Indicator 3.2 Area under effective land use management with vegetative cover maintained or increased</i></p>	Demonstration results support integrated management of 300 million hectares of production systems and natural habitats, including in drylands and transboundary areas	<p>Demonstration results support integrated management of 300 million hectares of production systems and natural habitats, including in drylands and transboundary areas</p> <p>Demonstration results support integrated management of 3-5 major land-based transboundary production systems</p>	Demonstration results support integrated management of 500 million hectares of production systems and natural habitats, including in drylands and transboundary areas	<p>investment sources in SLM from successfully tested sustainable finance reflow schemes</p> <p>Information on SLM (wider landscape) technology and good practices disseminated</p>
4. Increase capacity to apply adaptive management tools in SLM	<p>Outcome 4.1 Increased capacities of countries to fulfill their obligations in accordance with the provisions provided in the UNCCD. <i>Indicator 4.1 Improved quality and timeliness of reporting compliance by countries</i></p> <p>Outcome 4.2 Improved project performance using new and adapting existing tools and methodologies <i>Indicator 4.2 GEF-6 LD focal</i></p>	<p>\$25 million Allocation</p> <p>50% of GEF projects financed under Objective 1, Objective 2, and Objective 3 address priorities identified in UNCCD 10-year Strategy and national reporting process</p> <p>50% of GEF projects financed through the LD FA that take up emerging knowledge from targeted research projects or</p>	<p>\$25 million Allocation</p> <p>50% of GEF projects financed under Objective 1, Objective 2, and Objective 3 address priorities identified in UNCCD 10-year Strategy and national reporting process</p> <p>50% of GEF projects financed through the LD FA that take up emerging knowledge</p>	<p>\$75 million Allocation</p> <p>80% of funded countries produce quality reports on time</p> <p>80% of GEF projects financed under Objective 1, Objective 2, and Objective 3 address priorities identified in UNCCD 10-year Strategy and national reporting process</p> <p>80% of GEF projects financed through the LD FA that take up emerging knowledge</p>	<p>Number of countries reporting on UNCCD activities and with improved monitoring of impacts at national level</p> <p>Number of GEF projects financed under LD Objectives 1-3 addressing priorities identified in UNCCD action programs and national reporting process</p> <p>Number of GEF-financed projects</p>

Objectives	Expected Outcomes	Outcome Targets - \$5 Billion Scenario	Outcome Targets - \$6.5 Billion Scenario	Outcome Targets - \$9 Billion Scenario	Core Outputs
	<i>area strategy reflects lessons learned, and results of targeted research portfolio and implementation results from earlier replenishment periods (Qualitative score)</i>	projects with targeted research component	from targeted research projects or projects with targeted research component	from targeted research projects or projects with targeted research component	<p>reflecting knowledge from targeted research projects or Number of projects with targeted research component</p> <p>Number of GEF-financed projects that contribute lessons learned and results of targeted research</p>

CHEMICALS

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

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

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

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

134. Taking these developments into account, the GEF-5 strategy for chemicals builds upon the GEF-4 strategies for POPs, ozone layer depletion, and sound chemicals management, and seeks to maximize global environmental benefits and strengthen the value added at the country level of GEF interventions in the chemicals sphere. The role and mandate of the GEF as financial mechanism to the Stockholm Convention is central to this effort, as well as the continued support that the GEF provides to assist Countries with Economies in Transition (CEITs) to meet their obligations under the Montreal Protocol.

135. The three following objectives are identified for Chemicals under GEF-5 and are detailed in Table 5:

- Phase out POPs and reduce POPs releases
- Phase out ODS and reduce ODS releases
- Pilot sound chemicals management and mercury reduction

136. In implementing these objectives, the GEF will promote an integrated approach following chemicals' life-cycles, and seeking to maximize linkages and co-benefits with other focal areas, in particular climate change mitigation and international waters.

137. The proposed GEF-5 objectives will facilitate the GEF's response to the demands of the Stockholm Convention to support those activities identified as priorities in NIPs which promote capacity building in sound chemicals management, so as to enhance synergies in the implementation of different multilateral agreements, as well as to the obligations that arise to eligible countries from the Montreal Protocol, as appropriate. This set of objectives also allows the GEF to be well positioned to respond to other international agreements, such as the SAICM or the mercury agreement that is being developed, should additional resources be available.

Focal Area Set-Aside (FAS)

138. Countries will be able to access the focal area set-aside funds (FAS) to implement enabling activities for an amount up to \$500,000 on an expedited basis, including for support to developing or updating NIPs and national reports.

139. The remaining funds in FAS will be used to address supra-national priorities or to incentivize countries to participate in regional or multi-country projects. Projects supported with FAS funds will meet some or all of the following criteria: (i) relevant to the objectives of GEF's strategy for POPs; (ii) support priorities identified by the COP of the Stockholm Convention; (iii) high likelihood that the project will have a broad and positive impact on POPs reduction; (iv) potential for replication; and (v) global demonstration value.

Programming for Replenishment Scenarios

140. The resources allocated to a more comprehensive chemicals program, however, should be significantly increased over GEF-4 resources to justify an expansion in scope and not de-leverage resources from existing areas. Therefore, activities and outputs are proposed in a modular way until the size of the replenishment for GEF-5 and resources allocated to the chemicals program are known.

141. The GEF-5 programming document for consideration of the replenishment participants envisages three scenarios, with envelopes for chemicals suggested at the levels of \$500 million, \$660 million, and \$800 million for the \$5 billion, \$6.5 billion, and \$9 billion scenarios, respectively. Bearing in mind that the final replenishment level and focal area envelope allocations is a decision yet to be taken by the replenishment participants, this section provides an estimate of how the scope and depth of activities is affected by the different funding scenarios.

\$5 Billion Replenishment Scenario (\$500 million allocated to chemicals)

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

- POPs: \$450m; and
- Ozone: \$50 million.

143. This represents an increase of 57% compared to the GEF-4 allocation of \$319 million available for programming under the POPs and ozone layer depletion focal areas. The support required for countries to meet their obligations under the Montreal Protocol, in particular as relates to HCFCs, is expected to remain relatively modest. An allocation of \$50 million would also allow funding for pilot ODS destruction projects, in synergy with POPs and international waters programs.

144. The expectation is that demand for POPs resources will be high, as evidenced by the “Needs Assessment” recently conducted under the Stockholm Convention and through the unmet demand for GEF support under GEF-4 apparent in POPs task force discussions. The addition of nine new POPs by the Conference of the Parties (COP) at its last meeting only compels the argument. Therefore, with a resource envelop of \$500 million, it is expected that resources would be available for support to the Stockholm Convention and Montreal Protocol only, and would not be available for support to the SAICM or the development of the mercury treaty.

145. Regarding POPs, the GEF would continue its work in support of Convention objectives, in particular PCB phase out and disposal, and removal and disposal of obsolete pesticides. Assuming a comparable level of effort, and based on a crude extrapolation from preliminary figures of anticipated GEF-4 achievements, these efforts would target around 15,000 tons of obsolete pesticides, including POPs pesticides, and 30,000 tons of PCB-related waste and contaminated equipment. As was planned in the GEF-4 strategy, it is expected that the increase of resources would allow for making headway on the reduction of releases of un-intentionally produced dioxins and furans from industrial and non-industrial sources. Capacity would be built at various levels in the context of these efforts, in specific sectors, as well as more generally.

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

\$ 6.5 Billion Replenishment Scenario (\$660 million allocated to chemicals)

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

- POPs: \$510m;
- Ozone: \$50 million; and
- Support to mercury and sound chemicals management including SAICM: \$100 million.

148. The level of activities envisaged in support of the Montreal Protocol would be similar to that of the previous scenario. The additional resources available for POPs would also make it

possible to start addressing the challenges posed by the “new” POPs recently added under the control of the Convention.

149. Regarding mercury, it is anticipated that, just as it did for POPs, the GEF would support assessment-type activities and demonstrations of good practices for alternatives or mercury release reduction whilst the treaty is negotiated. Such activities would build experience in recipient countries, and prepare the GEF partnership and the international community for implementing the treaty when it is adopted. This is similar to the range of activities that the GEF supported in the years leading to, and during, the negotiations of the Stockholm Convention.

150. Regarding SAICM, the GEF, in keeping with its mandate, would support those SAICM priority objectives, as outlined in the SAICM Global Plan of Action, which generate global environmental benefits. Activities and work areas that could receive GEF incremental support because of their transboundary aspects include those related to technology transfer and pollution prevention; pesticides management; capacity building with regards legislative and regulatory frameworks and enforcement; adaptation with regards to chemicals; protected areas; contaminated sites; heavy metals; waste minimization and disposal; information exchange and illegal traffic.

\$9 Billion Replenishment Scenario (\$800 million allocated to chemicals)

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

- POPs: \$650m;
- Ozone: \$50 million; and
- Support to mercury and sound chemicals management including SAICM: \$100 million.

152. The level of activities envisaged in support of the Montreal Protocol would be similar to that of the previous scenarios. Similarly, taking into account that the mercury and sound chemicals management objective is of a pilot in mature, it is not proposed to increase it under this scenario. The additional resources available would therefore target POPs, and would allow enhanced support to POPs reduction activities, and in particular increased efforts to address the challenges posed by the nine additional POPs recently added under the control of the Convention.

Table 5: Chemicals Results Framework

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

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

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

Objectives	Expected Outcomes	Outcome Targets* \$5 billion Scenario	Outcome Targets* \$6.5 billion Scenario	Outcome Targets* \$9 billion Scenario	Core Outputs
Total Allocation		\$500 million	\$660 million	\$800 million	
Objective 1: Phase out POPs and reduce POPs releases	<p>Outcome 1.1 Production and use of controlled POPs chemicals phased out. <i>Indicator 1.1 Amount of POPs not produced or used following demonstration of alternative; measured in tons per year against baseline as recorded through the POPs tracking tool.</i></p> <p>Outcome 1.2 Exempted POPs chemicals used in an environmentally sound manner. <i>Indicator 1.2 Number of countries managing the use of exempted POPs in an environmentally sound manner.</i></p> <p>Outcome 1.3 POPs releases to the environment reduced. <i>Indicator 1.3 Amount of unintentionally produced POPs releases avoided or reduced from industrial</i></p>	<p>\$450 million</p> <p>Dioxin reduction plans under implementation in at least 30 country sectors.</p>	<p>\$510 million</p> <p>At least 12 countries implement pilot “new” POPs reduction activities.</p> <p>Dioxin reduction plans under implementation in at least 30 country sectors.</p>	<p>\$650 million</p> <p>At least 20 countries implement pilot “new” POPs reduction activities.</p> <p>Dioxin reduction plans under implementation in at least 30 country sectors.</p>	<p>Dioxin action plans under implementation.</p>

Objectives	Expected Outcomes	Outcome Targets* \$5 billion Scenario	Outcome Targets* \$6.5 billion Scenario	Outcome Targets* \$9 billion Scenario	Core Outputs
	<p><i>and non-industrial sectors; measured in grams TEQ against baseline as recorded through the POPs tracking tool.</i></p> <p>Outcome 1.4 POPs waste prevented, managed, and disposed of, and POPs contaminated sites managed in an environmentally sound manner. <i>Indicator 1.4.1 Amount of PCBs and PCB-related wastes disposed of, or decontaminated; measured in tons as recorded in the POPs tracking tool.</i> <i>Indicator 1.4.2 Amount of obsolete pesticides, including POPs, disposed of in an environmentally sound manner; measured in tons.</i></p> <p>Outcome 1.5 Country capacity built to effectively phase out and reduce releases of POPs. <i>Indicator 1.5.1 Progress in development or update of NIPs as recorded through the POPs tracking tool.</i> <i>Indicator 1.5.2 Progress in developing and implementing a legislative and regulatory framework for environmentally sound management of POPs, and for the sound management of chemicals in general, as recorded in the POPs tracking tool.</i></p>	<p>30,000 tons of PCBs and PCB-related wastes disposed of, or decontaminated.</p> <p>15,000 tons of obsolete pesticides, including POPs, disposed of in an environmentally sound manner.</p> <p>At least 50 countries receive support for NIP update.</p>	<p>30,000 tons of PCBs and PCB-related wastes disposed of, or decontaminated.</p> <p>15,000 tons of obsolete pesticides, including POPs, disposed of in an environmentally sound manner.</p> <p>At least 50 countries receive support for NIP update.</p>	<p>45,000 tons of PCBs and PCB-related wastes disposed of, or decontaminated.</p> <p>22,000 tons of obsolete pesticides, including POPs, disposed of in an environmentally sound manner.</p> <p>At least 50 countries receive support for NIP update.</p>	<p>PCB management plans under implementation.</p> <p>NIPs prepared or updated, or national implications of new POPs assessed.</p>

Objectives	Expected Outcomes	Outcome Targets* \$5 billion Scenario	Outcome Targets* \$6.5 billion Scenario	Outcome Targets* \$9 billion Scenario	Core Outputs
Objective 2: Phase out ODS and reduce ODS releases	<p>Outcome 2.1 Country capacity built to meet Montreal protocol obligations and effectively phase out and reduce releases of ODS. <i>Indicator 2.1 GEF-supported countries meet their reporting obligations under the Montreal Protocol, as recorded by the Ozone Secretariat.</i></p> <p>Outcome 2.2 ODS phased out and their releases reduced in a sustainable manner. <i>Indicator 2.2 Amount of HCFCs phased out from consumption or production, measured as ODP tons against baseline.</i></p>	<p>\$50 million</p> <p>80 % of GEF supported countries meet their reporting obligations under the Montreal Protocol.</p>	<p>\$50 million</p> <p>80 % of GEF supported countries meet their reporting obligations under the Montreal Protocol.</p>	<p>\$50 million</p> <p>80 % of GEF supported countries meet their reporting obligations under the Montreal Protocol.</p>	<p>Country annual reports to the Ozone secretariat.</p> <p>HCFCs phase out plans under implementation.</p>
Objective 3: Pilot sound chemicals management and mercury reduction	<p>[proposed under \$660 and \$800 million scenarios]</p> <p>Outcome 3.1 Country capacity built to effectively manage chemicals of global concern and reduce risks related to their production and use. <i>Indicator 3.1 Countries implement pilot mercury management and reduction activities.</i></p> <p>Outcome 3.2 Contribute to the overall objective of the SAICM of achieving the sound management of chemicals</p>	<p>NA</p>	<p>100 million</p> <p>At least 10 countries address mercury on a pilot basis.</p> <p>At least 20 countries implement SAICM</p>	<p>\$100 million</p> <p>At least 10 countries address mercury on a pilot basis.</p> <p>At least 20 countries implement SAICM</p>	<p>Development and implementation of management plans for persistent toxic substances and other chemicals of global concern, in particular with respect to mercury, on a pilot basis.</p>

Objectives	Expected Outcomes	Outcome Targets* \$5 billion Scenario	Outcome Targets* \$6.5 billion Scenario	Outcome Targets* \$9 billion Scenario	Core Outputs
	<p>throughout their life-cycle in ways that lead to the minimization of significant adverse effects on human health and the environment.</p> <p><i>Indicator 3.2 Countries implement SAICM relevant activities and report to the International Conference on Chemicals Management</i></p>		activities for global benefits.	activities for global benefits.	<p>BAT/BEP demonstrated in priority sectors for release reduction of PTS and other chemicals of global concern, in particular mercury.</p>

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

SUSTAINABLE FOREST MANAGEMENT (SFM) AND LAND USE, LAND-USE CHANGE AND FORESTRY (LULUCF)

153. Forest ecosystems provide a variety of benefits which are realized at the global, subregional, national and local scales. Threats to forest ecosystems are also multiple – ranging from the impacts of climate change to all aspects of competing land uses that lead to forest degradation and deforestation. On a global scale, deforestation contributes to 17.4% of greenhouse gas (GHG) emissions, which is more than the entire transport sector. Forests harbor a significant fraction of the world’s biological wealth and are responsible for the provision of key ecosystem services, including functioning as carbon sinks and storehouses, as well as sustaining the livelihoods of hundreds of millions of rural people everywhere.

154. Drawing on these inter-linkages, GEF-4 introduced a more strategic approach to SFM, which includes the role of forests in climate change mitigation (LULUCF). The GEF-4 strategy was operationalized through a SFM program, which has rapidly emerged as a diverse portfolio of investments that address individual GEF focal area aspects of forests or emphasize the multiple benefits character of forest ecosystems through major programmatic approaches. All types of forests have been made eligible for funding under the SFM program, ranging from tropical and sub-tropical forests to woodlands and trees in the wider landscape. The portfolio contains a wide spectrum of SFM management tools that are promoted through GEF projects, such as protected area management, integrated watershed management, certification of timber and non-timber forest products or payments for ecosystem services (PES) schemes.

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

156. Three regions of large, intact, tropical forest (Amazonia, Congo Basin, and New Guinea/Borneo) were defined as the initial targets for the TFA. Although the countries spanning these regions also contain 68% of tropical forest carbon, they are programmed to receive only 18% of climate change RAF funding in GEF-4. The TFA incentive mechanism was resourced by reserving portions of the Focal Area Set-aside (FAS) windows of biodiversity and climate change, complemented by land degradation resources, and directed to SFM activities. TFA programming could reach \$60 million by the end of GEF-4, leveraging three times as much in co-financing.

157. The investment strategy in SFM for GEF-5 will build on the very promising experience with the SFM portfolio development gained in GEF-4, including the TFA, which in total has allocated approximately \$350 million. The strategy will expand geographically and financially the incentive mechanism pioneered under the TFA, also making use of the latest developments in new and innovative financing opportunities for LULUCF, so as to address all types of forests.

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

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

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

160. The funding envelope for SFM/LULUCF in GEF-5 can reach between \$200 and \$600 million, depending on the overall replenishment level of the GEF in this next cycle. This investment will be used as an incentive to coalesce and augment multi-sectoral investments in transformative initiatives in forests, which in turn will be identified and proposed by countries through the voluntary national GEF business plans. In GEF-5, the financially and geographically expanded SFM/LULUCF program will be established as a major incentive mechanism for countries to invest their focal area allocations coming from biodiversity, climate change, land degradation, and international waters (transboundary watersheds) towards integrated programmatic approaches seeking transformative change in forest management and conservation, both nationally and regionally.

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

Programming for SFM and LULUCF under Proposed Replenishment Scenarios

162. Investments by the GEF in Sustainable Forest Management (SFM) and Land Use, Land-Use Change and Forestry (LULUCF) are rapidly gaining momentum with developing countries due to their unique potential to generate global environmental benefits across a range of themes, including carbon sequestration and storage, biodiversity conservation, protection against soil erosion and desertification, together with the provision of freshwater resources. For the next replenishment, a significant expansion of the GEF SFM program is being proposed, particularly in the form of an incentive mechanism for beneficiary countries. The purpose of this cross-cutting mechanism is to make available matching funding targeting SFM and LULUCF tools and activities, thereby encouraging developing countries to program substantial fractions of their focal area allocations in biodiversity, climate change, and land degradation to programs and projects toward seeking multiple benefits that can be accrued from managing forests sustainably. The impact of the proposed SFM incentive mechanism is, however, dependent on the overall replenishment for GEF-5.

\$5 Billion Replenishment Scenario (\$200 million directed to SFM from three focal areas)

163. A \$200 million funding envelope for SFM would allow the GEF to take its financing efforts in GEF-4 to scale. Based on our previous experience, developing countries would be forthcoming with an estimated 15% of their national allocations to activities related to SFM and LULUCF. Thus, together with the \$200 million from the incentive mechanism, the total GEF investment in SFM and LULUCF for GEF-5 could be approaching \$1 billion by the end of the next funding cycle. Under this scenario, the GEF will continue to program the bulk of its SFM resources to improve management practices within the forest sector. A significant change under this scenario compared to GEF-4 will be an enhanced focus on SFM activities aiming at climate change mitigation, as expressed by the second objective of the GEF-5 SFM strategy.

164. Using the OSIRIS¹⁷ model, this first funding scenario holds the potential to reduce deforestation of globally irreplaceable sites in biodiversity hotspot regions by about 1 million hectares over the duration of the fifth replenishment period, and prevent the emission of about 400-750 million tons of carbon dioxide equivalent to the atmosphere. Furthermore, the model calculates that a targeted investment in SFM could produce a measurable reduction in the rates of extinction of key indicator groups globally throughout the duration of the cycle.

165. While these figures are impressive, investments at this scale are not reflective of the priority and opportunities being opened for forests in the international agenda over the course of GEF-5. Furthermore, the window of opportunity to act cost-effectively on the forest agenda is closing rapidly, as pressure from other sectors over forested land is expanding globally. Irrespective of the outcome of the UNFCCC COP 15 negotiations on Reducing Emissions from Deforestation and Degradation (REDD), proposed as a means to protect carbon stocks in forests, it will take time to operationalize whatever framework emerges from that process. GEF, on the

¹⁷ The Open Source Impacts of REDD Incentive Spreadsheet (OSIRIS) is a tool to allow users to compare the potential impacts of REDD financing on emissions reduction.
<http://www.conservation.org/osiris/Pages/overview.aspx>

other hand, is already in a strategic position to be able to rapidly combine strategic objectives and financial contributions across different focal areas, building on LULUCF and REDD options, maximizing the generation of multiple global environmental benefits. However, given that the estimated annual costs for halving greenhouse gas emissions from deforestation are estimated to range between \$10 billion and \$25 billion, GEF financing for SFM in under this scenario still falls short of the level needed to enable these new strategies to start promoting transformational change in forest practices in a significant number of developing countries.

\$6.5 Billion Replenishment Scenario (\$400 million directed to SFM from three focal areas)

166. An incentive mechanism of \$400 million for SFM under the mid-level scenario (\$6.5 billion) is expected to mobilize an additional \$1 billion in focal area allocations. This level of financing will introduce a key outcome on forest law enforcement and governance (FLEG) into the GEF SFM strategy. Therefore, illegal logging, unsustainable trade and lack of adequate forest governance provisions, which in the long haul undermine investments in SFM, will be tackled more effectively than in the lower-level scenario. The investment of \$1.4 billion in SFM has potential to avoid deforestation and forest degradation during the period of GEF-5 by 1.7 million hectares, thereby preventing the emission of 0.8-1.2 billion tons of carbon dioxide equivalent to the atmosphere between 2010 and 2014. Estimating that GEF funding of \$1.4 billion will leverage about \$4 billion in cofinancing, the GEF has also considerable potential to become an important funding source under a future REDD mechanism.

\$9 Billion Replenishment Scenario (\$600 million directed to SFM from three focal areas)

167. Finally, an overall GEF-5 replenishment scenario of \$9 billion is likely to capture the multiple environmental benefits from SFM at unprecedented levels by making available \$600 million for the SFM and LULUCF program. Projections suggest that an envelope of \$600 million made available through the SFM incentive mechanism could mobilize \$1.4 billion from focal area resources, thereby increasing the total funding for SFM to about \$2 billion in GEF-5. Given that threats to forests ultimately arise from a multitude of sectors, including agriculture, global commodity markets and energy development, under the \$600 million SFM scenario GEF will have a much stronger focus on cross-sectoral collaboration aiming at transformational change in forest-related policies and practices in highly relevant forest regions. As importantly, small countries, and low forest-cover countries, which have experienced a sharp decline in overall SFM funding over the last decade, will become key targets of GEF's investments. This larger funding scenario would represent the most significant global effort ever to conserve and sustainably manage forests in developing countries. An investment of \$2 billion has the potential to reduce deforestation in irreplaceable sites in biodiversity hotspot countries throughout GEF-5 by about 2.7 million hectares, and prevent the emission of 1.3-2 billion tons of carbon dioxide equivalent to the atmosphere. Furthermore, together with an estimated \$6 billion of cofinancing, the GEF investment offers the great opportunity to reduce global deforestation and its related carbon emissions by more than 15% between 2010 and 2014. It is also calculated that an investment of \$2 billion could lower the predicted rate of extinctions of forest-dependent species down by 13% over four years. Comparing the figures on deforestation, carbon emission and species extinction obtained from the model for the lowest and the highest replenishment scenarios indicates that doubling the budget for SFM from \$1 billion to \$2 billion would be very cost-efficient, leading to a disproportionally larger increase (roughly three-fold) in carbon and

biodiversity benefits. Investments of about \$2 billion would enable the GEF to scale up its efforts from GEF-4 and further diversify its SFM portfolio as outlined above.

Table 6: Sustainable Forest Management Results Framework

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

Impacts:

- Effective provisioning of forest ecosystem services.
- Strengthened livelihoods of people dependent on the use of forest resources.

Indicators:

- Land (hectares) covered by intact forest.
- Carbon stored in forest ecosystems and emissions avoided from deforestation and forest degradation.
- Income generated from forest services for forest dependent people and communities.

Proposed Resource Envelope: \$200 - \$600 million

Objectives	Expected Outcomes and Indicators	Outcome targets under \$5 billion Scenario	Outcome targets under \$6.5 billion Scenario	Outcome targets under \$9 billion Scenario	Core Outputs
Objective 1: Reduce pressures on forest resources and generate sustainable flows of forest ecosystem services	<p>Outcome 1.1: Enhanced enabling environment within the forest sector and across sectors. <i>Indicator: Effectiveness of policy, legal and regulatory frameworks that integrate SFM principles (score as recorded by tracking tool).</i></p> <p>Outcome 1.2: Good management practices developed and applied in existing forests. <i>Indicator 1: Forest area under FSC certification measured in hectares.</i> <i>Indicator 2: Enhanced carbon</i></p>	<p>80% of projects have effective forest policy, legal and regulatory frameworks which support SFM.</p> <p>90 % of projects lead to an increase in forest area under sustainable forest management (including forest conservation).</p>	<p>80% of projects have effective forest policy, legal and regulatory frameworks which support SFM.</p> <p>90 % of projects lead to an increase in forest area under sustainable forest management (including forest conservation).</p>	<p>80% of projects have effective forest policy, legal and regulatory frameworks which support SFM.</p> <p>90 % of projects lead to an increase in forest area under sustainable forest management (including forest conservation).</p>	<p>Payment for ecosystem services (PES) systems established (number).</p> <p>Types of services generated from forests</p> <p>Forest area (hectares) under sustainable management, separated by forest type</p>

Objectives	Expected Outcomes and Indicators	Outcome targets under \$5 billion Scenario	Outcome targets under \$6.5 billion Scenario	Outcome targets under \$9 billion Scenario	Core Outputs
	<p><i>sinks from reduced forest degradation.</i></p> <p>Outcome 1.3: Good management practices in the wider forest landscape developed and adopted by relevant economic sectors. <i>Indicator: Maintained frontiers between agricultural and forest land (GIS map).</i></p>				
Objective 2: Strengthen the enabling environment to reduce GHG emissions from deforestation and forest degradation and enhance carbon sinks from LULUCF activities.	<p>Outcome 2.1: Enhanced institutional capacity to account for GHG emission reduction and increase in carbon stocks. <i>Indicator: National institutions certifying carbon credits.</i></p> <p>Outcome 2.2: New revenue for SFM created through engaging in the carbon market. <i>Indicator: Total revenue from carbon market (\$ at country level).</i></p>	<p>75 % of projects achieve their targets for enhancing country capacity to certify forest-derived carbon credits.</p> <p>80 % of projects achieve their targets for carbon revenue generated.</p> <p>2,100 projects implemented by civil society organizations (CSOs) and community based organizations (CBOs).</p>	<p>75 % of projects achieve their targets for enhancing country capacity to certify forest-derived carbon credits.</p> <p>80 % of projects achieve their targets for carbon revenue generated.</p> <p>2,400 projects implemented by civil society organizations (CSOs) and community based organizations (CBOs).</p>	<p>75 % of projects achieve their targets for enhancing country capacity to certify forest-derived carbon credits.</p> <p>80 % of projects achieve their targets for carbon revenue generated.</p> <p>2,400 projects implemented by civil society organizations (CSOs) and community based organizations (CBOs).</p>	<p>National forest carbon monitoring systems in place (number).</p> <p>Innovative financing mechanisms established (number).</p> <p>Carbon credits generated (number).</p>

AN APPROACH TO ENHANCE ENGAGEMENT WITH THE PRIVATE SECTOR

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

169. Initial policy frameworks for private sector engagement were developed through GEF Council papers as early as 1996.¹⁸ These have provided a foundation for GEF engagement with the private sector. Most recently, two Council-approved documents detailed an updated strategy to enhance GEF's engagement with the private sector: "*GEF Strategy to Enhance Engagement with the Private Sector*" (GEF/C.28/14) in March 2006, which was accompanied by an extensive information document "*Additional Information to Support the GEF Strategy to Enhance Engagement with the Private Sector*" (GEF/C.28/Inf.4).

The GEF Earth Fund (Pilot Project)

170. The 2006 private sector strategy documents included an innovative proposal to establish a pilot public-private partnership (PPP) initiative to enhance GEF engagement with the private sector. Private sector engagement outside of the resource allocation system is proposed, given the increased difficulty in inducing countries to allocate resources to promote private sector engagement since the RAF was operationalized. A pilot PPP concept was approved by the GEF Council in June 2007 along with a funding allocation of \$50 million. After detailed negotiations with the IFC as a strategic partner, the concept was further developed as a pilot project, was renamed the GEF Earth Fund, and was approved by Council in May 2008.¹⁹

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

172. The Earth Fund allows the GEF to demonstrate ways to more systematically engage with the private sector outside of the constraints of the resource allocation system in order to reach

¹⁸ GEF Strategy for Engaging the Private Sector (1996); Engaging the Private Sector in GEF Activities (1999); Enhancing GEF's Engagement with the Private Sector (2003); Principles for Engaging the Private Sector (2004)

¹⁹ The GEF Earth Fund was established as a result of two Council documents, "*The Public Private Partnership Initiative: Furthering the GEF Strategy to Enhance Engagement with the Private Sector*", approved by the Council in June 2007, and "*The GEF Earth Fund: (formerly) The Public Private Partnership Initiative: Furthering the GEF Strategy to Enhance Engagement with the Private Sector*", approved by circulation to Council in May 2008

beyond its traditional boundaries, foster innovation, open and develop new markets, and demonstrate the potential for strategic partnerships to achieve a greater scale of investment than generally achievable through the normal GEF project cycle. Private sector engagement will also continue outside of the Earth Fund through implementation of the GEF focal area strategies. Indicative private sector engagement outcomes for GEF-5 are shown in Annex 2, which is not limited to proposed activities within the Earth Fund.

173. Earth Fund Platforms. The Earth Fund is structured based on the concept of “Platforms” under which a portfolio of individual activities (hereinafter referred to as “projects”) will be managed. The overarching goals of each Platform have to be aligned with GEF focal area strategies, while projects within each Platform will seek to address specific environmental challenges or to leverage particular business models or financial instruments in service of these objectives. This is a delegated structure that allows projects to be approved by GEF Agencies that manage Platforms, once those Platforms have been approved by Council.²⁰

174. Council has to date approved \$40 million out of the existing \$50 million GEF funding allocation (excluding Agency fees) for three Earth Fund Platforms: (i) the IFC Earth Fund Platform (\$30 million, May 2008); (ii) the UNEP “Global Market Transformation for Efficient Lighting” (\$5 million, June 2009); and (iii) the WB/Conservation International “Conservation Agreement Private Partnership Platform” (\$5 million, August 2009). Other promising Platform proposals are in active preparation and will quickly utilize the remaining \$10 million (subject to Council approval).

175. The geographic focus for Earth Fund Platforms is global or regional. It is not anticipated that any Platforms will be confined to a single country. Sub-projects within Platforms will likely be single country investments.²¹ Attention will be given to ensuring complementarity between the Earth Fund and other GEF programming, and some specific examples in this regard are provided later in this document (in relation to the international waters focal area). A single Earth Fund Platform may encompass more than one GEF focal area, and this is already the case in two of the three Platforms approved by Council thus far.

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

²⁰ Within each Platform, projects are approved through approved operational procedures (submitted to Council with each Platform proposal) which normally allow these projects to be approved consistent with the project cycle of the Agency itself.

²¹ While single country Platforms could in theory be considered, there is less of a case for the additionality of the Earth Fund and there is also the issue of potential interaction with national planning processes which typically operate on a different timescale from the expedited Earth Fund processes. A strong specific justification would be needed for a national Platform. It is proposed that private sector involvement by national entities be encouraged through a separate non-grant instrument incentive in addition to the country allocations where relevant (see Annex 1 to this document).

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

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

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

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

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

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

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

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

Earth Fund Outline Business Plan for 2010-2014

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

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

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

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

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

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

186. In a modest recapitalization scenario²² (assumed to be circa \$100 million for the purpose of this document), the Earth Fund might initially support 10 Platforms at an average of \$10 million each.²³ These Platforms would be expected to leverage an additional estimated \$400 million in co-financing, thereby constituting total capital deployment on the order of \$500 million. On the basis of return of 60 percent of the \$100 million base capital (without

²² Associated with a \$5 billion replenishment of the GEF Trust Fund.

²³ Individual Platforms would be expected to vary substantially in size, for example a large Platform might utilize \$20 million of Earth Fund resources, and a small Platform might utilize \$5 million of Earth Fund resources.

dividends), it is anticipated that reflows of approximately \$60 million would return from the Platforms to the Earth Fund Trust Fund over time. On this basis, the Earth Fund would be partially self-sustaining and engage in a modest but meaningful level of investment across a wide range of activities including climate change mitigation, chemicals management and ecosystem services.

187. In an intermediate recapitalization scenario²⁴ (assumed to be circa \$150 million for the purpose of this document), the Earth Fund might initially support 12 Platforms at an average of \$12.5 million each.²⁵ These Platforms would be expected to leverage an additional estimated \$600 million in co-financing, thereby constituting total capital deployment on the order of \$750 million. On the basis of return of 60 percent of the \$150 million base capital (without dividends), it is anticipated that reflows of approximately \$90 million would return from the Platforms to the Earth Fund Trust Fund over time. On this basis, the Earth Fund would be partially self-sustaining and engage in a significant level of investment across a wide range of activities including climate change mitigation, chemicals management and ecosystem services, and in addition be able to undertake some larger transboundary initiatives including international waters.

188. In a strong recapitalization scenario²⁶ (assumed to be circa \$300 million for the purpose of this document), it is realistic to expect the Earth Fund to raise an additional \$60 million in philanthropic contributions at the Earth Fund level. In such a scenario, the Earth Fund might initially support 18 Platforms at an average of \$20 million each.²⁷ These Platforms would be expected to leverage an additional estimated \$1.44 billion in co-financing, thereby constituting total capital deployment on the order of \$1.8 billion. On the basis of return of 60 percent of the \$360 million invested base capital (without dividends), it is anticipated that reflows of approximately \$216 million would return from the Platforms to the Earth Fund Trust Fund over time. On this basis, the Earth Fund would be partially self-sustaining and engage at significant scale in a substantial level of investment across a wide range of activities including climate change mitigation, chemicals management, ecosystem services and international waters.

189. A strong recapitalization scenario presents an opportunity to catalyze major investment volumes through the regional MDBs (EBRD, IDB, AfDB and AsDB) in conjunction with the private sector. For example, based on preliminary contact with EBRD and IDB, each institution has provided a concept for a substantial Earth Fund Platform. AfDB and AsDB have indicated similar levels of interest, and are expected to provide concept papers. Of course IFC has already been allocated a substantial Platform, which is currently under implementation, and should be in line for additional resources once the current Platform is close to being fully invested.

190. A strong recapitalization will be more likely to attract the entry of private philanthropies, thereby enhancing the profile of the Earth Fund as a vehicle of choice for private sector

²⁴ Associated with a \$6.5 billion replenishment of the GEF Trust Fund.

²⁵ Individual Platforms would be expected to vary substantially in size, for example a large Platform might utilize \$30 million of Earth Fund resources, and a small Platform might utilize \$5 million of Earth Fund resources.

²⁶ Associated with a \$9 billion replenishment of the GEF Trust Fund.

²⁷ Individual Platforms would be expected to vary substantially in size, for example a large Platform might utilize \$50 million of Earth Fund resources, and a small Platform might utilize \$5 million of Earth Fund resources.

participation in the pursuit of global environmental benefits and promoting environmental sustainability in corporate practices.

191. The Secretariat proposes to organize a pledge session for major corporations (such as Fortune 500 companies and their global equivalents) and foundations once the allocation for the Earth Fund has been established at the conclusion of the GEF-5 replenishment process and approved by Council. This has the potential to give broader visibility to the Earth Fund, expand deal flow and further leverage public sector resources.

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

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

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

CORPORATE PROGRAMS STRATEGY

195. Corporate programs are those activities undertaken by the GEF to support work in the focal areas. Corporate activities are largely cross-cutting in nature and respond to the needs of countries and civil society organizations to develop the capacity to undertake activities that generate global environmental benefits. Currently, four corporate programs are under implementation: (i) the Country Support Program;²⁸ (ii) the National Dialogue Initiative;²⁹ (iii) the Cross-cutting Capacity Building Program; and (iv) the Small Grants Program.

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

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

Voluntary National GEF Business Plans

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

²⁸ Initiated in 2006 to address the capacity and knowledge needs of the GEF country focal points.

²⁹ Initiated in 2004 to facilitate a series of country-level multi-stakeholder dialogues on GEF-related issues and themes. National dialogues aim to raise awareness about the GEF, strengthen country-level coordination and ownership, and clarify and address country GEF needs and priorities linked to national development strategies.

199. For a large part of the GEF's history, country programming was mediated through the GEF Agencies. While such an approach ensured that GEF-financing was sought for activities within the context of planning and assistance frameworks³⁰ established between a GEF Agency and a country, there is scope for further improvement. During GEF-4, with the introduction of the Resource Allocation Framework, direct communications between the Secretariat and countries were initiated to facilitate programming and to ensure that competition among GEF Agencies did not result in a dilution of country priorities.

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

201. The submission of these national plans is not a requirement to access GEF support for projects. Those countries that decide to prepare a plan will be granted \$30,000 from the corporate programs budget for that purpose. The voluntary national plans will be shared with the respective conventions for public disclosure as well as through the GEF website.

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

203. The main responsibilities of a GEF National Steering Committee will be to finalize the *National GEF Business Plans*, and review and clear all projects/programs that are submitted for support to the GEF. In this manner the programming of GEF resources in each country will be

³⁰ United Nations Development Assistance Framework (UNDAF) of the UNDP, and Country Assistance Strategies (CAS) or Poverty Reduction Strategy Program (PRSP) of the World Bank.

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

National Dialogue Initiative

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

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

Country Support Program

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

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

- (a) Broad, Multi-stakeholder Dialogues.³¹ These will be organized along the lines of the current National Dialogue Initiative, at the request of the GEF National Steering Committee;
- (b) Constituency Workshops. The Country Support Program (CSP) currently includes 8 sub-regional workshops a year that provide an opportunity for focal points to meet with their counterparts from other countries in the region and other GEF partners to discuss and review policies and procedures and to share lessons and

³¹ These dialogues are expected to involve a diversity of government ministries and agencies, NGOs, communities, academic and research institutions, the private sector, as well as partners and donors in the country. These dialogues will continue to support countries to (i) inform themselves about global environmental issues and GEF policies and procedures; (ii) take stock of GEF-financed activities and results of GEF country portfolio; (iii) further define priorities for funding and develop national strategies and plans; (iv) strengthen national GEF coordination processes and mechanisms and inter-sectoral coordination; and (v) enhance inter-agency collaboration and partnerships and promote integration of GEF in national environmental and sustainable development plans and processes.

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

- (c) Council Member Support. The current practice is to hold two constituency meetings per year to discuss issues before each Council meeting and to adopt positions that the Council Member may bring to a meeting. Since, if point (b) above is approved, there will already be one constituency meeting in the format of a workshop, though unrelated to Council work; it is proposed that in GEF-5 Council Member Support is reduced to one constituency meeting per year. In addition to the travel and DSA for all participants, including the Secretariat, the budget assistance for organizing these meetings will be increase from \$ 2,000 to \$4,000 per meeting;
- (d) Direct Support to Operational Focal Points. The GEF currently provides resources for the operational focal points to carry out annual work programs in support of their activities. Since the focal point will now require support to organize the National Steering Committees it is proposed that in GEF-5 this activity continues and that the amount be increased from \$8,000 to \$10,000 per year;³²
- (e) Knowledge Management Tool. (<http://www.gefcountrysupport.org>) is currently designed on the basis of the requirements and needs expressed by GEF focal points. It is proposed that during GEF-5 this tool be further developed to reflect the evolving needs of GEF focal points, and also to target other relevant stakeholder groups, in particular convention focal points;
- (f) Familiarization Seminars. These are currently aimed at new GEF Agency personnel and a handful of new operational focal points. It is proposed that in GEF-5 a GEF Familiarization Seminar be held once a year in Washington, D.C, to train new country focal points and GEF Agency officers on GEF strategies, policies and procedures.

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

³² The amount has not been adjusted for several years, and there is the pressing need for more resources for the support to be effective.

Capacity Development

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

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

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

212. This strategy could include:

- (a) A global project management curriculum that would include project identification, preparation, implementation, monitoring and evaluation issues as well as the project cycle, incremental reasoning and cost effectiveness analysis and other relevant items. The program will aim to have up to ten trained and certified project managers per country. These certified managers will have developed skills that qualify them to manage any cooperation project a country may undertake with other partners. Thus, developing effective in country capacity.
- (b) Targeted capacity building to develop legislative and regulatory frameworks and the institutional capacity to work on programmatic approaches, as well as on how to manage a program and how to prepare projects under a program.

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

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

Table 7: Capacity Development Results Framework

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

Objectives	Expected Outcomes	Core Outputs	Key Expected Outputs under \$5 billion Scenario	Key Expected Outputs under \$6.5 billion Scenario	Key Expected Outputs under \$9 billion Scenario
Objective 1: Enhance capacities of stakeholders for engagement through consultative process	Consultative mechanism established for proactive and constructive engagement of all interested stakeholders	Established platform (seminars, national consultations and dialogs) for enabling all key stakeholders to participate	Consultative frameworks established in all countries to coordinate GEF investments 60 GEF constituency level workshops/meetings organized 40 Country dialogue workshops and seminars organized 56 Constituency meetings organized SGP National Steering Committees established and National Focal Groups in 132 countries actively participating in GEF National coordination mechanisms	Consultative frameworks established in all countries to coordinate GEF investments 60 GEF constituency level workshops/meetings organized 40 Country dialogue workshops and seminars organized 56 Constituency meetings organized SGP National Steering Committees established and National Focal Groups in 132 countries actively participating in GEF National coordination mechanisms	Consultative frameworks established in all countries to coordinate GEF investments 60 GEF constituency level workshops/meetings organized 40 Country dialogue workshops and seminars organized 56 Constituency meetings organized SGP National Steering Committees established and National Focal Groups in 132 countries actively participating in GEF National coordination mechanisms
Objective 2: Generate, access and use of information	<ul style="list-style-type: none"> Institutions and stakeholders have skills and 	Institutions and stakeholders trained how to use different	Ability of stakeholders to diagnose, understand	Ability of stakeholders to diagnose, understand and	Ability of stakeholders to diagnose, understand and

Objectives	Expected Outcomes	Core Outputs	Key Expected Outputs under \$5 billion Scenario	Key Expected Outputs under \$6.5 billion Scenario	Key Expected Outputs under \$9 billion Scenario
and knowledge	<p>knowledge to research, acquire and apply information collective actions</p> <ul style="list-style-type: none"> Increased capacity of stakeholders to diagnose, understand and transform complex dynamic nature of global environmental problems and develop local solutions Public awareness raised and information management improved 	<p>tools available to manage information Stakeholders are better informed via workshops and trainings about global challenges and local actions required</p> <p>Public awareness raised through workshops and other activities</p>	<p>and transform information and knowledge into local actions increased and retained in 16 countries</p> <p>Knowledge platform established to share lessons learned among CBOs and CSOs across 132 SGP countries</p>	<p>transform information and knowledge into local actions increased and retained in 20 countries</p> <p>Knowledge platform established to share lessons learned among CBOs and CSOs across 132 SGP countries</p>	<p>transform information and knowledge into local actions increased and retained in 37 countries</p> <p>Knowledge platform established to share lessons learned among CBOs and CSOs across 132 SGP countries</p>
Objective 3: Strengthened capacities for policy and legislation development for achieving global benefits	<ul style="list-style-type: none"> Enhanced institutional capacities to plan, develop policies and legislative frameworks for effective implementation of global conventions 	National plans, policies and legal frameworks developed	<p>Voluntary GEF Business plans developed for 100 countries</p> <p>Institutional capacities enhanced in 10 countries to implement global conventions</p>	<p>Voluntary GEF Business plans developed for 120 countries</p> <p>Institutional capacities enhanced in 15 countries to implement global conventions</p>	<p>Voluntary GEF Business plans developed for 140 countries</p> <p>Institutional capacities enhanced in 25 countries to implement global conventions</p>

Objectives	Expected Outcomes	Core Outputs	Key Expected Outputs under \$5 billion Scenario	Key Expected Outputs under \$6.5 billion Scenario	Key Expected Outputs under \$9 billion Scenario
Objective 4: Strengthened capacities for management and implementation on convention guidelines	<ul style="list-style-type: none"> Enhanced institutional capacities to manage environmental issues and implement global conventions Good environment management standards defined and adopted Sustainable financing mechanisms in place at national level 	<p>Institutional capacities for management of environment strengthened.</p> <p>Standards developed and adopted</p> <p>Financing mechanisms for environment created</p>	<p>Management capacities for implementation of convention guidelines and reporting enhanced in 20 countries</p> <p>Capacities of 6000 CSOs and CBOs as SGP partners, strengthened</p> <p>Sustainable financing mechanisms developed in 21 countries</p>	<p>Management capacities for implementation of convention guidelines and reporting enhanced in 25 countries</p> <p>Capacities of 8000 CSOs and CBOs as SGP partners, strengthened</p> <p>Sustainable financing mechanisms developed in 40 countries</p>	<p>Management capacities for implementation of convention guidelines and reporting enhanced in 30 countries</p> <p>Capacities of 9000 CSOs and CBOs as SGP partners, strengthened</p> <p>Sustainable financing mechanisms developed in 45 countries</p>
Objective 5: Capacities enhanced to monitor and evaluate environmental impacts and trends	<ul style="list-style-type: none"> Enhanced skills of national institutions to monitor environmental changes Evaluation of programs and projects strengthened and improved against expected results Increased capacity for evaluation 	<p>Monitoring systems established</p> <p>Evaluation system for programs and projects established</p> <p>Learning system established to provide feedback to policy, strategies and management decisions from evaluation reports</p>	<p>Capacities for monitoring of projects and programs developed in 13 countries</p> <p>Learning and knowledge management platform established to share lessons learned among CBOs and CSOs across 132 SGP participating countries</p>	<p>Capacities for monitoring of projects and programs developed in 19 countries</p> <p>Learning and knowledge management platform established to share lessons learned among CBOs and CSOs across 132 SGP participating countries</p>	<p>Capacities for monitoring of projects and programs developed in 22 countries</p> <p>Learning and knowledge management platform established to share lessons learned among CBOs and CSOs across 132 SGP participating countries</p>

Small Grants Program

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

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

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

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

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

Conflict Resolution

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

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

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

RESULTS-BASED MANAGEMENT FRAMEWORK

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

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

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

RBM Areas

224. **Portfolio Outcome Monitoring** at both the focal area and corporate-level, based on the indicators and targets set out in each Focal Area results framework and the GEF Strategic Results Framework (Annex 3). Portfolio outcome monitoring will occur on an annual basis to track progress in reaching intended outcomes.

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

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

227. GEF's results monitoring at the portfolio level will identify and measure outcome results achieved during the project life rather longer-term impacts, which are better captured through

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

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

229. **Portfolio Process Monitoring** to track GEF efficiency and effectiveness based on the indicators and targets in Annex 3. Process monitoring is a useful management tools and will take place on an ongoing basis to track whether the portfolio is being implemented as intended, set standards are being met, and if resources are being used efficiently. Indicators for corporate level processes will be tracked and will include: quality at entry (project approval) for each focal area, which will take into consideration project objectives, strategic relevance, role/ contribution to the GEF mandate and convention goals.

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

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

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

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

- (a) Bring greater visibility to the work of the GEF and strengthen its environmental leadership role;

- (b) Strengthen partnerships and communication both internally within the GEF, with Council, and with other stakeholders. Fostering partnerships for broader knowledge sharing and learning with GEF stake holders (including Council Members, GEF Agencies, focal points, staff), other Environmental Organizations/Institutions and the general public;
- (c) Identify successful innovation and ensure that GEF supports cutting edge projects and not only those that work well;
- (d) Strengthen internal KM processes and generate GEF knowledge products for dissemination to GEF staff and stakeholders, including the consolidation of evaluation findings and recommendations, lessons and good practices so that they are easily accessible, disseminated and replicated; and
- (e) Consolidate GEF Agency project knowledge, highlighting project results, cost effectiveness and scientific evidence supporting the achievement of global environmental benefits.

Focal Area Learning

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

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

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

A Corporate Focus

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

- (a) Development of information approaches/systems to allow for the analysis and codification of lessons at the portfolio level, capitalizing on the generation of knowledge products and services at project level. For example, all projects as appropriate would develop a GIS map of the project area using tools and technical input developed at corporate level. While the actual map would be part of the project monitoring plan, standards and technical specifications would be developed to ensure coherence across the GEF network.
- (b) Knowledge dissemination building on project level practice, experience and lessons. For example all projects would be required to develop a project specific web site that would facilitate the easy posting and transfer of lessons. Again the specific package and tools would be developed corporately but made available to the project level to avoid duplication of efforts and cost.
- (c) Knowledge uptake, which is critical for ensuring that knowledge products across countries and regions are shared to reinforce project design, policies and strategies and to support management, advocacy, partnership building and professional development. During GEF-5 the Secretariat will undertake selective and targeted field learning monitoring. These missions will allow for in-depth review of selected themes and learning objectives, factors affecting progress towards results or process issues. Current and relevant information will be essential for updating strategies to minimize risks on an ongoing basis.

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

238. Examples of learning objectives include:

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

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

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

Benefits of RBM

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

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

PROPOSED RESOURCE ENVELOPES FOR GEF-5

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

242. In formulating the specific indicative target amounts to program for each focal area and theme, it is important to take into account the following: (i) any reserves for foreign exchange and investment income volatility implemented by the Trustee; (ii) the likelihood of unfulfilled GEF-5 pledges; and (iii) the risk of non-payment of GEF-5 Instruments or Commitment or Qualified Instruments of Commitment (i.e., new arrears). Each of these events impacts the actual funding capacity during a replenishment period. The Participants will have to decide on the level of resources they want to put aside. Also, the resource allocation system has to be adjusted to reflect this set-aside. The Trustee and the Secretariat will reflect this set-aside in the first Corporate GEF Business Plan presented for Council review in GEF-5. The Trustee will over time release the set-aside amount.

243. In considering targets for replenishment, four levels were considered. The current level at about \$3.13 billion does not provide an adequate level of resources to significantly increase support for climate change activities. The resource allocation system would also remain unchanged.

244. A replenishment target of \$5 billion, while representing an increase in nominal terms, would keep the GEF at about GEF-2 levels in inflation-adjusted terms, and therefore, in real terms, represent business-as-usual with no significant increase possible in any area of activity.

245. A replenishment target of \$6.5 billion, would increase GEF replenishment in real terms over current levels, and would provide for significant increases in activities in the different focal areas and themes.

246. A target of \$9 billion provides room for significant increases in activities across the board with the potential for transformative engagements, particularly in climate change mitigation and adaptation. It also provides room for potential expansion of the scope of the resource allocation system.

247. Table 8 presents the proposed indicative funding levels for each focal area and theme, at each of the illustrative targeted replenishment levels (\$5 billion, \$6.5 billion, and \$9 billion). This menu of options provides Participants with the opportunity to consider either asymmetric or pro-rata allocations to different focal areas and themes at different replenishment levels.

Table 8: Proposed Indicative Resource Envelopes for GEF-5

Focal Areas/Themes	GEF-4 Allocations (millions of USD)	Proposed Indicative GEF-5 Target (millions of USD)		
		Scenario 1	Scenario 2	Scenario 3
BIODIVERSITY				
1. Improve Sustainability of Protected Area Systems		710	900	1,300
2. Mainstream Biodiversity Conservation and Sustainable Use into Production Landscapes, seascapes, and sectors		235	235	275
3. Build capacity for the Cartagena Protocol on Biosafety		80	80	80
4. Build Capacity on Access to Genetic Resources and Benefit Sharing		75	75	75
Enabling Activities		80	80	80
Contribution to Sustainable Forest Management		70	130	190
Total - Biodiversity	941	1,250	1,500	2,000
CLIMATE CHANGE				
1. Promote the demonstration, deployment, and transfer of advanced low-carbon technologies		350	600	1,000
2. Promote market transformation for energy efficiency in industry and the building sector		350	450	610
3. Promote investment in renewable energy technologies		400	500	800
4. Promote energy efficient, low-carbon transport and urban systems		350	400	600
5. Conserve and enhance carbon stocks through sustainable management of land use, land-use change		100	110	120
6. Continue to support enabling activities - national communications to the Convention		130	130	130
Contribution to Sustainable Forest Management		100	210	340
Total - Climate Change	941	1,780	2,400	3,600
INTERNATIONAL WATERS				
1. Catalyze multi-state cooperation to balance conflicting water uses in transboundary surface and groundwater basins while considering climatic variability and change		170	210	260
2. Catalyze multi-state cooperation to rebuild marine fisheries and reduce pollution of coasts and Large Marine Ecosystems (LMEs) while considering climatic variability and change		220	285	285

Focal Areas/Themes	GEF-4 Allocations (millions of USD)	Proposed Indicative GEF-5 Target (millions of USD)		
		Scenario 1	Scenario 2	Scenario 3
3. Support foundational capacity building, portfolio learning, and targeted research needs for joint, ecosystem-based management of transboundary water systems		110	125	145
4. Promote effective management of Marine Areas Beyond National Jurisdiction (ABNJ) directed at preventing fisheries depletion --joint with GEF Biodi Focal Area		0	40	70
5. Undertake pilot-scale demonstrations of pollution reduction from Persistent Toxic Substances (PTS) , especially endocrine disruptors--joint with Chemicals Focal Area		0	0	40
Total - International Waters	332	500	660	800
LAND DEGRADATION				
1. Maintain or improve flow of agro-ecosystem services to sustaining the livelihoods of local communities		250	250	330
2. Generate sustainable flows of forest ecosystem services in drylands, including sustaining livelihoods of forest dependant people		25	75	75
3. Reduce pressures on natural resources from competing land uses in the wider landscape		170	250	250
4. Increase capacity to apply adaptive management tools in SLM		25	25	75
Contribution to Sustainable Forest Management		30	60	70
Total - Land Degradation	279	500	660	800
CHEMICALS				
1. Phase out POPs and reduce POPs releases		410	470	610
2. Phase out ODS and reduce ODS releases		50	50	50
3. Pilot sound chemicals management and mercury reduction		0	100	100
4. National Report to the Convention		40	40	40
Total - Chemicals	319	500	660	800
Total- Focal Areas/Themes	2812	4530	5880	8000
Corporate Programs	60	80	100	120
Small Grants Program	110	140	200	220
Total - Corporate Programs	170	220	300	340

Focal Areas/Themes	GEF-4 Allocations (millions of USD)	Proposed Indicative GEF-5 Target (millions of USD)		
		Scenario 1	Scenario 2	Scenario 3
Earth Fund	56	100	150	300
Non-grants (transformation)	0	0	0	160
Corporate Budget	93	150	170	200
TOTAL-GEF Trust Fund Replenishment	3,131	5,000	6,500	9,000
SUSTAINABLE FOREST MANAGEMENT (contributions from biodiversity, climate change, and land degradation focal areas)		200	400	600

248. The corporate budget, which was provisioned at around 3 percent of the replenishment for GEF-4 will be maintained at the same share for the \$5 billion scenario, and drops to 2% in the \$9 billion scenario. The nominal increase in corporate budget is essential for the increased role of the Secretariat in managing corporate programs, including supporting countries prepare voluntary national GEF business plans, and national communications to the conventions, besides the overall increase in coordination and programming activities resulting from enhanced level of resources in the focal areas.

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

Annex 1: Use of Non-Grant Instruments with Public Entities

1. As described in the section on *An Approach to Enhance Engagement with the Private Sector*, the primary vehicle of the GEF to engage with the private sector, the *GEF Earth Fund*, will extensively use non-grant instruments to better leverage GEF resources, avoid market distortions with the aim of seeking a stronger financial sustainability in the long run. However, as outlined in the paper discussed by the Council in April 2008, GEF/C.33/12, the use of non-grant instruments within the GEF does not have to be restricted to the private sector, and can also be a powerful tool with public entities to strengthen the transformative impact and leverage GEF support for a more environmentally sustainable development. The Instrument clearly states that the purpose of the GEF in general is to “provide new and additional grant and concessional funding” to achieve global environmental benefits.
2. It is proposed that under GEF-5, the use of non-grant instruments with public entities be scaled up with a set-aside of \$170 million, building on the past experience of the GEF and its Implementing and Executing Agencies in this field, as well as the GEF comparative advantages. GEF engagement in this area so far has mainly focused on providing risk and credit guarantees to support investments, e.g., in the field of energy efficiency and to support the development of energy service companies (ESCOs), in particular in China, where GEF support is widely acknowledged as having been pivotal in the successful development of this business model. For GEF-5, these tools would continue to be developed to support loans that target investments with strong benefits for the global environment, in particular in the field of climate change mitigation, with GEF funds used on a first-loss basis with no mandatory country counter-guarantee, unlike most other multilateral funders. Moreover, other tools would also be considered, while ensuring that other funding channels are not duplicated. In particular, it could be envisaged to blend GEF resources with those of multilateral development banks to provide, through a highly concessional loan, financing for innovative and pilot investment projects that require substantial upfront financing.
3. The GEF-4 RAF, as well as the STAR as it currently envisaged, does not provide any incentive for recipient countries to use non-grant instruments even when their use could be, from the GEF perspective, more efficient and cost-effective. Also, the April 2008 discussion made clear that the Council was of the view that their use should remain voluntary and in principle be open to all recipient countries. Bearing this into account, it is proposed to set up under GEF-5 an incentive mechanism broadly similar to the one described above for the cross-cutting sustainable forestry program: countries that will agree to use part of their allocations for concessional non-grant instruments will be rewarded with additional funding from the “non-grants” set-aside. Moreover, the possibility that part of the reflows generated from non-grant instruments could be re-programmed, with the approval of the GEF Council, to the benefit of the same country will be considered, if the latter is still eligible for GEF funding.

Annex 2: Expected Private Sector Engagement Outcomes for GEF-5

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

Climate Change

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

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

Biodiversity

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

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

Land Degradation

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

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

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

International Waters

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

Objectives	Expected Private Sector Engagement Outcomes
(i) Build foundational capacity for collective, multi-state engagement of transboundary surface, groundwater and marine systems	- Early engagement of private sector stakeholders in diagnostic analyses.
(ii) Catalyze multi-state and SIDS cooperation to balance competing uses of transboundary surface and groundwater basins while considering climate change and variability	- Innovative solutions demonstrated, with private sector involvement, for reduced water use, reduced pollution, habitat conservation/restoration and sustainable groundwater management.
(iii) Catalyze integrated, ecosystem-based approaches to improved management of large marine ecosystems and their coasts while taking account of climate change and variability	- Innovative solutions demonstrated, with private sector involvement, for reduced pollution, sustainable fisheries and aquaculture and habitat conservation/restoration.
(iv) Support improved management of marine areas beyond national jurisdiction (cooperative pilot with the Biodiversity focal area)	- Introduction of sustainable fishing methods. - Certification of food products from sustainable high seas fisheries.
(v) Demonstrate reduced pollution from persistent toxic substances, particularly endocrine disruptors	- Pollution prevention for PTS adopted in private sector operations.

Objectives	Expected Private Sector Engagement Outcomes
(cooperative pilot with Chemicals FA)	

Chemicals

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

Objectives	Expected Private Sector Engagement Outcomes
(i) Phase out production and use of controlled chemicals	<ul style="list-style-type: none"> - Specific POPs or ODS phased out from production. - Environmentally sound alternative products, practices and techniques promoted.
(ii) Manage the use of chemicals	<ul style="list-style-type: none"> - Enterprises implementing ESM for PCBs. - PCB-containing electrical equipment covered by ESM and registered.
(iii) Addressing releases of chemicals	<ul style="list-style-type: none"> - Sustainably reduced or avoided releases of POPs byproducts from industrial sectors.
(iv) Waste prevention, management and disposal and contaminated sites	<ul style="list-style-type: none"> - PCB-contaminated oils disposed of. - PCB-contaminated equipment cleaned and dismantled in environmentally sound facilities. - Facilities available, certified and/or registered for environmentally sound disposal of PCBs and PCB-contaminated oils and parts.

Annex 3: GEF Corporate Results Framework

STRATEGIC GOALS	Key Expected Results and Targets under \$5 billion Scenario	Key Expected Results and Targets under \$6.5 billion Scenario	Key Expected Results and Targets under \$9 billion Scenario
1.1 - Strategic Goal 1 -- Conserve, sustainably use, and manage biodiversity, ecosystems and natural resources globally, taking into account the anticipated impacts of climate change			
Improved Sustainability of Protected Area Systems	Effective conservation and management of 180 million hectares of protected areas	Effective conservation and management of 225 million hectares of protected areas (of which 50 million will be new marine protected areas)	Effective conservation and management of 325 million hectares of protected areas (of which 150 million will be new marine protected areas)
Sustainably managed landscapes and seascapes that integrate biodiversity conservation increased	Sustainable use and management of biodiversity in 60 million hectares of production landscapes and seascapes	Sustainable use and management of biodiversity in 60 million hectares of production landscapes and seascapes	Sustainable use and management of biodiversity in 70 million hectares of production landscapes and seascapes
Arrested or reversed current global trends in land degradation, specifically desertification and deforestation	<p>Sustainable management of agriculture, range and forest landscapes, including in drylands and affected transboundary areas:</p> <ul style="list-style-type: none"> • 200 million hectares in agriculture • 500,000 hectares of forest landscapes • 300 million hectares in wider production landscapes 	<p>Sustainable management of agriculture, range and forest landscapes, including in drylands and affected transboundary areas:</p> <ul style="list-style-type: none"> • 200 million hectares in agriculture • 500,000 hectares of forest landscapes • 300 million hectares in wider production landscapes 	<p>Sustainable management of agriculture, range and forest landscapes, including in drylands and affected transboundary areas:</p> <ul style="list-style-type: none"> • 500 million hectares in agriculture • 1 million hectares of forest landscapes • 500 million hectares in wider production landscapes

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Catalyzed multi-state cooperation to balance conflicting water uses in transboundary surface and groundwater basins	Adoption/implementation of national/local reforms in 60% of States and demonstration results in at least 50% of States participating in 8-9 transboundary water systems	Adoption/implementation of national/local reforms in 65% of States and demonstration results in at least 60% of States participating in 9-10 transboundary water systems	Adoption/implementation of national/local reforms in 65% of States and demonstration results in at least 70% of States participating in 10 transboundary water systems
Catalyzed multi-state cooperation to rebuild marine fisheries and reduce pollution of coasts and Large Marine Ecosystems (LMEs)	Adoption/implementation of national/local reforms in 70% of States and demonstration results in at least 50% of States participating in 8-10 LMEs	Adoption/implementation of national/local reforms in 75% of States and demonstration results in at least 60% of States participating in 10-11 LMEs	Adoption/implementation of national/local reforms in 75% of States and demonstration results in at least 60% of States participating in 11 LMEs
1.2 - Strategic Goal 2 – Reduce global climate change risks by: 1) stabilizing atmospheric GHG concentrations through emission reduction actions; and 2) assisting countries to adapt to climate change, including variability			
Slowed growth in GHG emissions to the atmosphere from demonstration and transfer of advanced low-carbon technologies and deployment and diffusion of technologies in energy efficiency, renewable energy, and sustainable transport and urban systems	<ul style="list-style-type: none"> • 500 million tonnes of CO₂ equivalent avoided – CC • Demonstration of 2-4 advanced low-carbon technologies in 10-15 countries • 1 gigawatt new renewable energy capacity installed 	<ul style="list-style-type: none"> • 700 million tonnes of CO₂ equivalent avoided – CC • Demonstration of 4-5 advanced low-carbon technologies in 15-20 countries • 1.3 gigawatt new renewable energy capacity installed 	<ul style="list-style-type: none"> • 1 billion tonnes of CO₂ equivalent avoided – CC • Demonstration of 5-7 advanced low-carbon technologies in 20-30 countries • 2 gigawatt new renewable energy capacity installed
Conserved and enhanced carbon sinks from reduced GHG emissions from Land Use, Land Use Change and Forestry (LULUCF) activities.	400 million tonnes of CO ₂ equivalent avoided - SFM	800 million tonnes of CO ₂ equivalent avoided – SFM	1.3 million tonnes of CO ₂ equivalent avoided - SFM

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<p>Reduced absolute economic losses at country level due to climate change, including variability (LDCF,SCCF)</p>	<p>80% of projects reduce economic losses meeting project targets</p> <p>80% of targeted populations with sustained climate resilient livelihoods (disaggregated by gender)</p> <p>90% of targeted institutions have increased adaptive capacity to reduce risk of and response to climate variability</p>	<p>80% of projects reduce economic losses meeting project targets</p> <p>80% of targeted populations with sustained climate resilient livelihoods (disaggregated by gender)</p> <p>90% of targeted institutions have increased adaptive capacity to reduce risk of and response to climate variability</p>	<p>80% of economic project reduces losses in line with project targets</p> <p>80% of targeted populations with sustained climate resilient livelihoods (disaggregated by gender)</p>
<p>1.3 - Strategic Goal 3 – Promote the sound management of chemicals throughout their life-cycle to minimize adverse effects on human health and the global environment</p>			
<p>Phased out and reduced releases of POPs, ODS, and other chemicals of global concern</p>	<p>15,000 tonnes of obsolete pesticides, including POPs pesticides, disposed of in an environmentally sound manner</p> <p>30,000 tonnes of PCBs, PCB-related wastes disposed of, or decontaminated</p>	<p>15,000 tonnes of obsolete pesticides, including POPs pesticides, disposed of in an environmentally sound manner</p> <p>30,000 tonnes of PCBs, PCB-related wastes disposed of, or decontaminated</p> <p>At least 12 countries implement pilot “new” POPs reduction activities.</p> <p>At least 30 countries receive support to address mercury or SAICM implementation on a pilot basis.</p>	<p>22,000 tonnes of obsolete pesticides, including POPs pesticides, disposed of in an environmentally sound manner</p> <p>45,000 tonnes of PCBs, PCB-related wastes disposed of, or decontaminated</p> <p>At least 20 countries implement pilot “new” POPs reduction activities.</p> <p>At least 30 countries receive support to address mercury or SAICM implementation on a pilot basis.</p>
<p>1.4 - Strategic Goal 4 - Build national and regional capacities and enabling conditions for global environmental protection and</p>			

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sustainable development			
Enhanced institutional capacities to plan, develop policies and legislative frameworks for effective implementation of global conventions	<p>National plans, policies and legal frameworks developed, disaggregated by focal area:</p> <ul style="list-style-type: none"> • 80% of projects meet or exceed their target for a fully operational and effective bio-safety framework – BD • 100% of eligible countries receive funding for enabling activities and report to the UNFCCC in accordance with COP guidance – CC • At least 50 countries receive support for NIP update - CHEM • 80% of GEF supported countries meet their reporting obligations under the Montreal Protocol - CHEM • 50% of GEF financed projects support priorities in UNCCD 10-year Strategy and national reporting process - LD • 9-10 new transboundary water bodies with Strategic Action Programmes-IW 	<p>National plans, policies and legal frameworks developed, disaggregated by focal area:</p> <ul style="list-style-type: none"> • 80% of projects meet or exceed their target for a fully operational and effective bio-safety framework – BD • 100% of eligible countries receive funding for enabling activities and report to the UNFCCC in accordance with COP guidance – CC • At least 50 countries receive support for NIP update - CHEM • 80% of GEF supported countries meet their reporting obligations under the Montreal Protocol - CHEM • 50% of GEF financed projects support priorities in UNCCD 10-year Strategy and national reporting process - LD <p>10-11 new transboundary water bodies with Strategic Action Programmes-IW</p>	<p>National plans, policies and legal frameworks developed, disaggregated by focal area:</p> <ul style="list-style-type: none"> • 80% of projects meet or exceed their target for a fully operational and effective bio-safety framework – BD • 100% of eligible countries receive funding for enabling activities and report to the UNFCCC in accordance with COP guidance – CC • At least 50 countries receive support for NIP update - CHEM • 80% of GEF supported countries meet their reporting obligations under the Montreal Protocol – CHEM • 80% of GEF financed projects support priorities in UNCCD 10-year Strategy and national reporting process - LD • 80% of funded countries submit reports to UNCCD on time - LD • 12 new transboundary water bodies with Strategic Action Programs-IW
Enhanced capacity to monitor and evaluate environmental impacts and trends, and manage knowledge	<p>Monitoring systems established that monitor environmental trends:</p> <ul style="list-style-type: none"> • Knowledge platforms established to share lessons among CBOs and CSOs across 90 countries – 	<p>Monitoring systems established that monitor environmental trends:</p> <ul style="list-style-type: none"> • Knowledge platforms established to share lessons among CBOs and CSOs across 110 countries – GEF 	<p>Monitoring systems established that monitor environmental trends:</p> <ul style="list-style-type: none"> • Knowledge platforms established to share lessons among CBOs and CSOs across 132 countries –

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change, including variability, at local, national, regional and global level (LDCF, SCCF)	Development frameworks integrate adaptation measures	Development frameworks integrate adaptation measures	framework priorities Development frameworks integrate adaptation measures
Consultative mechanisms established for proactive and constructive engagement of all interested stakeholders	<p>National coordination mechanisms in place to coordinate GEF's investments in recipient countries:</p> <ul style="list-style-type: none"> • 60 GEF constituency level workshops/meetings organized • 40 Country dialogue workshops and seminars organized • 56 Constituency meetings <p>85% of GEF national coordination committees established involve CSOs</p> <p>100% of submitted voluntary national business plans represent a consensus view of diverse stakeholders on GEF 5 program priorities</p> <p>In 132 GEF Small Grants Program (SGP) countries National Steering Committees and National Focal Groups actively participate in national coordination mechanisms</p> <p>80% of projects increase global and local benefits, meeting project targets, through effective involvement of local stakeholders, including through SGP</p> <p>70% of GEF operational focal points with increased capacities to manage</p>	<p>National coordination mechanisms in place to coordinate GEF's investments in recipient countries:</p> <ul style="list-style-type: none"> • 60 GEF constituency level workshops/meetings organized • 40 Country dialogue workshops and seminars organized • 56 Constituency meetings <p>85% of GEF national coordination committees established involve CSOs</p> <p>100% of submitted voluntary national business plans represent a consensus view of diverse stakeholders on GEF 5 program priorities</p> <p>In 132 GEF Small Grants Program (SGP) countries National Steering Committees and National Focal Groups actively participate in national coordination mechanisms</p> <p>80% of projects increase global and local benefits, meeting project targets, through effective involvement of local stakeholders, including through SGP</p> <p>70% of GEF operational focal points with increased capacities to manage</p>	<p>National coordination mechanisms in place to coordinate GEF's investments in recipient countries:</p> <ul style="list-style-type: none"> • 60 GEF constituency level workshops/meetings organized • 40 Country dialogue workshops and seminars organized • 56 Constituency meetings <p>100% of GEF national coordination committees established involve CSOs</p> <p>100% of submitted voluntary national business plans represent a consensus view of diverse stakeholders on GEF 5 program priorities</p> <p>In 132 GEF Small Grants Program (SGP) countries National Steering Committees and National Focal Groups actively participate in national coordination mechanisms</p> <p>90% of projects increase global and local benefits, meeting project targets, through effective involvement of local stakeholders, including through SGP</p> <p>90% of GEF operational focal points with increased capacities to manage</p>

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	GEF 5 programs based on perception score	GEF 5 programs based on perception score	GEF 5 programs based on perception score

GEF Corporate Results Framework - Effectiveness and Efficiency

Secure financing and financing mechanisms

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

Enhance visibility of GEF

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

Improve Efficiencies in Project Cycle

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

Quality of Entry

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

Ensure staff, including gender representation

5.1 - Gender sensibility and equality ensured	Target
5.1.1 - Percentage of international professional staff (by gender and geographical distribution): <ul style="list-style-type: none"> ▪ women ▪ geographical distribution from developing countries 	50 %
5.2 - Skilled and motivated staff hired and retained	Target
5.2.1 - Average staff satisfaction rating (%) based on survey results	2010 survey baseline
5.2.2 – Annual staff loss rate ³³	10 %
5.2.3 – Average time to fill professional vacancies	

³³ Percentage of staff separation and retirements of total staff

Results Driven Implementation

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

Effective Collaboration

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