

– Comments from Germany –

**Second Meeting for the Sixth Replenishment of the GEF Trust Fund (GEF-6)  
10-11 September 2013, New Delhi, India**

**Agenda item: Draft GEF-6 Programming Directions, Part I  
(Document: GEF/R.6/13)**

**1. Biodiversity**

**General comments**

- Compared to the first draft, the part on biodiversity has been improved in terms of analysis and substance. However, we feel that insufficient attention has been given to a number of openings for synergies and to some new topics (for instance ecosystem-based adaptation, mining).
- It is not the GEF's job to support research. The reference to research in the section on financing the goals of the Nagoya Protocol should be deleted ("adding value through research" on p. 27). In that context, the paper should also specify the form of support to be provided to IPBES ("Supporting elements of this initiative" on p. 31).

**1.1. Access and benefit sharing (ABS)**

- The document still fails to mainstream ABS in the other programs. It is not enough to make reference to the "incipient nature" of ABS (section 75, p. 27).
- In the first round of comments, Germany had proposed that the GEF should support specific projects for the development of actual ABS agreements. This proposal has not been taken up. But it could be included under financing for protected areas.

**1.2. Protected areas**

- While an outcome for protected area management effectiveness has been included (BD 1, Program 3, outcome 3.1 on p. 33), it would be desirable that the document reflect the current debate on recording governance performance. In other words, more reference should be made to countries' current obligations (under the CBD PoWPA<sup>1</sup>), and there should be more emphasis on the improvement of the diversity and quality of protected area governance.
- For instance, the governance aspect could be included in the general text on *BD 1: Improve Sustainability of Protected Area Systems* (p. 13), for example under section 21 in the GEF definition of Sustainable Protected Area Systems, as a new item d): "*displays a diversity of governance types and has mechanisms in place to enhance governance diversity and quality.*" Then in Program 3, the Management Effectiveness Outcome (p. 33) would need to be complemented by a Protected Area Governance Outcome.
- In view of the relevance of mining in the context of biodiversity loss, Germany had recommended that this topic be included in the programming directions (on a region-by-region basis). There would be potential synergies with the environmental areas of SFM/REDD and "International Waters" and with the new mercury window. Germany requests that this topic be addressed by the GEF-6 programming directions.

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<sup>1</sup> Programme of Work on Protected Areas (Convention on Biological Diversity)

### 1.3. Ecosystem-based adaptation (EBA)

- Germany's comments on EBA have not been taken into account. The GEF-6 programming document still makes no reference to specific actions for ecosystem-based adaptation. While the revised draft now makes reference to the relevance of ecosystems with regard to climate change adaptation (par. 13 on p. 8), this aspect is not reflected in the programs.
- The EBA approach focuses on natural adaptation solutions and fosters the mainstreaming of biodiversity in politics, business and society. Thanks to its integrated and innovative nature, EBA would be suitable as an issue for a future thematic program.

### 1.4. The Economics of Ecosystems and Biodiversity (TEEB)

- The output on the full valuation of biodiversity and ecosystem services and its integration in decision-making (output 10.1, p. 37) is still very ambitious. We welcome the addition of two new outputs (10.2 and 10.3) to encourage the integration of biodiversity in development planning and decision-making (through specific incentives).
- However, Germany feels that there is still too much focus on the economic valuation of biodiversity and ecosystems. If there is a too one-sided focus on economic valuation studies, we will fail to achieve our goal of influencing political and/or investment decisions, for instance with a view to triggering reforms of harmful subsidies or the implementation of incentive-based policy instruments for biodiversity conservation.
- So what is missing is emphasis on the fact that valuation is only the first step toward integrating the aspect in policies and strategies. So "of the Valuation" should be deleted from the title of Program 10.

## 2. Climate change mitigation

### General comments

Germany welcomes the following points in the draft GEF-6 programming directions:

- the focus of the Mitigation Focal Area on supporting GEF recipient countries in concentrating on low-carbon development,
- the promotion of innovative and transformative projects that are not yet fully market-ready (p. 47),
- increased use of synergies with regard to the climate-chemicals nexus and the water-energy-food security nexus, and
- the mainstreaming of promotion of the private sector.

Germany would request that the following points be changed or fine-tuned:

- On the one hand, the draft GEF-6 programming directions have the goal of supporting innovative projects that are not yet fully market-ready (p. 47). On the other hand, the document points out that the focus is primarily on supporting proven mitigation options (p. 48). One example of support for proven options that is mentioned is air conditioning. But this is an area where innovative approaches should be pursued that stand for ambitious climate policies, for instance the use of natural refrigerants. **Both in the Climate and in the Chemicals Focal Area, there should be a consistent focus on, and priority should consistently be given to, innovative technologies.**
- Carbon capture and storage (CCS) should not be considered or supported as an innovative project approach.
- It is welcome that the reduction of short-lived climate forcers and short-lived climate pollutants (SLCFs and SLCPs) will be included in the support. However, this is only partly covered by the UNFCCC (HFCs, CH<sub>4</sub>), so it only falls partly within the GEF's mandate. It is true that the global warming potential (GWP) of SLCFs is typically higher than that of CO<sub>2</sub>. However, we should prevent the GEF's shifting its focus away from the reduction of long-lived climate agents.

- The document does not only propose the mainstreaming of support for the private sector but also a public-private partnership (PPP) mechanism under the Mitigation Focal Area, with a view to supporting SMEs. Setting aside funds in this way might lead to further fragmentation of allocation under the Mitigation Focal Area. So the primary focus should be on a mainstreaming approach for private sector promotion under GEF-6.
- According to the GEF-6 draft, performance-based financing is to be tested at the sector, city and country levels. In principle, Germany is open to using performance-based financing as long as it has been ensured that mechanisms are agreed for funding purposes that have been defined *ex ante*, and as long as proper use of the funds has been ensured. However, within the framework of the GEF Council, Germany requests proposals on how to make the approach operational, and proposals for criteria to determine the projects for which such an approach should be used.
- The second strategic goal in the Mitigation Focal Area is to demonstrate systemic impacts of mitigation options. Unnecessarily, support under this area is limited to two fields – urban environments and forest protection/climate-smart agriculture.
- The GEF-6 draft document puts nationally appropriate mitigation actions (NAMAs) on the same level as support for national low-carbon development strategies. But NAMAs should, wherever possible, build on national mitigation strategies.
- In the catalogue of criteria for regional climate projects under the climate set-aside, a criterion "Innovative project with a potential for transformative change toward low-carbon development" should be included.
- Under the results framework, indicators should not only include quantitative aspects but also qualitative ones. Indicators such as "Number of development strategies and planning frameworks (...) that include mitigation targets (...)" should be expanded to include a qualitative component.
- There is no need to make reference to potential division of labor or complementarity between GEF and GCF (p. 46). Any decisions in that regard will have to be taken by the Climate COP.

### 3. Chemicals

#### General comments

We welcome the effort made in the Chemicals Focal Area Strategy of the GEF-6 document to prevent the further fragmentation of the global chemicals agenda. We also welcome the fact that synergies between goals in the Climate and Chemicals Areas and in the context of the nexus between chemicals and natural resources have been taken into account. But at the same time, the draft GEF-6 programming directions have been formulated in such an open way, as far as chemicals are concerned, that they go beyond the GEF's funding capacity and scope for action. Section 14 makes reference to chemicals that are not covered by the Stockholm Convention or the Montreal Protocol, for instance heavy metals (with the exception of mercury) and PAHs. In view of the GEF's limited resources, the focus of activities under GEF-6 should continue to be on the implementation of those environmental conventions for which the GEF serves as a financing mechanism (Stockholm and Minamata Conventions), with synergies and new issues primarily being supported under SAICM.

Germany will also request further fine-tuning of the following points:

- The document should be clear about the amounts of resources allocated to POPs, ODS, mercury and SAICM, respectively, so that readers will be able to make out the contribution being made to the goals of each of the environmental conventions.
- The GEF's role in the chemicals area should not be limited to clean-up and reduction. It should also include the demonstration of clean alternative technologies and substances (section 24 on p. 73). This should also be reflected in the second strategic objective. After "Reduce the prevalence of harmful chemicals and waste" we should add "and support the

implementation of clean alternative technologies/substances with low, preferably zero GWP."

- There are hardly any differences between the objectives for Programs 2, 5 and 6. It would make sense to condense the activities into fewer programs.
- It is true that it is desirable to have closer integration of GEF interventions with the monitoring of global supply chains (section 26 on p. 74). However, in view of the GEF's limited resources, this goal appears rather ambitious.
- We would like to see some changes to the indicators for Programs 2, 5 and 6. Firstly, the **reduction of HFCs should be included** (HFCs are SLCPs and are addressed under the Climate Focal Area). Secondly, the indicators should not only cover the quantitative reduction of harmful chemicals. They should also reflect the **quality of the new technology applied**, for instance "number of tonnes/amount of harmful chemicals and waste eliminated and reduced (including POPs, mercury, ODS, HFC, CO<sub>2</sub>) and substituted by low, preferably zero GWP options."
- Section 58 (p. 84) says that the GEF, unlike the Multilateral Fund of the Montreal Protocol, will cover only energy efficiency gains from the phase-out of HCFCs. In Germany's view, this is not ambitious enough. **The Chemicals Focal Area needs to be just as ambitious as the Climate Focal Area.** In other words,
  - 1) the focus must be on the innovation involved in alternative technologies. Thus, indicators 5.1.1, 5.2.2, 6.1.2 and 7.2 should be enhanced in the following way: in addition to the amount of CO<sub>2</sub> equivalent phased out, the indicators should also address the quality of the alternative technology or substance in question, for instance by adding "and innovative low, preferably zero GWP option applied";
  - 2) indicators 1.2 and 5.2.1 should be changed, because they are currently limited to technologies that can be quickly absorbed by a given country and easily scaled up. Given the fact that market development and dissemination, too, are goals of the GEF, this indicator is too limited;
  - 3) finally, the reduction of HFCs should be added to indicator 7.2, as the avoidance of HFCs is a goal of UNFCCC and, thus, part of the GEF's mandate.

#### 4. International waters

- Germany would like to know whether programming will focus on assessed fish stocks or whether it will also focus on artisanal fishing.
- While the draft GEF-6 directions do refer to the importance of Areas Beyond National Jurisdiction for global fish stocks, none of the programs address the pilot program for the protection of marine biodiversity in ABNJs that had been introduced under GEF-4. The ABNJ activities should be continued under GEF-6, and considerably more attention should be given to implementing the decisions of CBD (especially the Strategic Plan and the identification of Ecologically or Biologically Significant Marine Areas, EBSAs).

#### 5. Land degradation

- Germany supports the strategic approach for the promotion of transformative change. However, such change requires the right legal, political and administrative environment (enabling conditions). GEF-4 and GEF-5 explicitly envisaged activities in support of such enabling conditions. This is no longer the case in GEF-6. Rather, the strategy focuses on technical dissemination. But the document points out that investments by the GEF will be aligned with existing or planned investments in enabling conditions. Germany would like to know whether countries that have no enabling environment and where there are no existing or planned investments in enabling conditions are going to be excluded from GEF support. Germany proposes that for countries with no enabling environment, the

document should envisage activities such as capacity building and improvement of the political and institutional environment.

- In the area of landscape management and restoration, Germany proposes that attention also be given to the sustainable production of wood for energy purposes outside of primary forests (plantations).
- There are hardly any differences between the objectives for Programs 5 and 6. Consideration should be given to condensing the activities into fewer programs.

## **6. Corporate programs strategy**

- Germany welcomes the thrust of the strategy, especially the new focus on synergies between the achievement of the goals of various environmental conventions within the area of cross-cutting capacity development (CCCD), the support for a pre-Council Meeting for GEF recipients, and the option to have learning missions for GEF donor countries.
- The GEF-6 draft says that under the Small Grants Program (SGP), support is also to be given to knowledge management (digital library, innovation platform). In this connection, the related costs should be stated clearly, as these are funds that are then no longer available under the SGP for the financing of projects.

– Comments from Germany –

**Second Meeting for the Sixth Replenishment of the GEF Trust Fund (GEF-6)**

**10-11 September 2013, New Delhi, India**

**Agenda item: Draft GEF-6 Programming Directions, Part II**

**(Document: GEF/R.6/13/Rev.01)**

**General comments**

- Germany welcomes the initiative of the GEF Secretariat to maximize the GEF's impact for global environmental protection by enhancing the focus on the drivers of environmental degradation. In this context, we welcome the development of the innovative approach for signature programs that include the private sector.
- But Germany will only be able to agree to GEF support for such signature programs if they focus on achieving the objectives of those environmental conventions for which the GEF serves as a financing mechanism and if the programs are in line with the requirements laid down by the respective COPs.
- Germany would like to draw attention to the fact that the programmatic goals for the 6th replenishment period will need to be attainable with the resources that are available. So there should be less reference to the GEF's contribution to the post-2015 and SDG agendas.
- The signature programs also need to conform to certain criteria in order to ensure their compatibility with the GEF's mandate and regulations:
  - o their contribution to one or several objectives of the environmental conventions for which the GEF serves as a financing mechanism can be demonstrated both in thematic and in quantitative terms;
  - o sufficient attention has been given to the ownership principle; in other words, interested GEF recipient countries play a major role in designing the programs in question;
  - o countries' access to the programs needs to be based on a procedure with objective criteria; and
  - o responsibility for the implementation of the programs is given to a GEF project agency on the basis of an objective decision-making procedure, ideally on the basis of competition between GEF project agencies. Other partners may only be taken on board under the responsibility of the GEF project agencies that have been selected.
- Germany feels that the GEF Secretariat should fine-tune the following points:
  - o Most programs are designed to cover periods of eight to ten years. There must be an answer to the question whether they are to be increased under GEF-7. The Global Fisheries Program seems to be based on the assumption that there will be such an increase.
  - o How does the development of the programs fit into previous project cycles? Would GEF processes need to be adjusted?
  - o The alignment of target groups with packages of activities requires further improvement. The role of national governments for the improvement of the enabling environment is central in all programs but has been given too little attention in project design.
  - o The document should explain the role of the steering committees (tasks, members).
  - o Some programs provide for information platforms and research components for which no financial volume has been indicated. In the interest of direct project support, funding for such activities should be limited.

- There is a high level of mainstreaming of the private sector in the programs, among other things through concessional loans. The co-financing of programs appears to be a vital prerequisite for their success. Germany would therefore like to point out that the programs' success must not depend solely on the involvement of the private sector.
- Those signature programs that also address goals of the UNFCCC or of the global chemicals agenda need to meet the requirements of the GEF Focal Area Strategies for climate change mitigation and chemicals. In other words, support should focus on innovative projects. This applies, in particular, to the Sustainable Cities program. In the field of refrigeration and air conditioning, energy efficiency activities should be paralleled by the phasing down of HFCs (see Germany's position on Part I of the document).
- The first two signature programs should give more attention to aspects that are relevant for chemicals, so as to justify the 20 million dollar contribution from the Chemicals Focal Area to the signature programs.

### **Program 1: Commodities**

We welcome the focus on deforestation-free, sustainable supply chain management with activities both on the producer and the consumer side. But the document should state more clearly how the GEF will work together with sustainability standard initiatives (such as RSPO, RTRS, FSC) and with existing national and international private-sector initiatives (such as the Tropical Forest Alliance of the Consumer Goods Forum, the Palm Oil Forum, and the Timber Retail Coalition). Independent monitoring of sustainable supply chains is a crucial element of implementation. The integrated approach that addresses multiple groups of products is the right idea.

The signature program should give more attention to chemicals (in the form of fertilizers and pesticides).

Another welcome idea is the plan to link land use planning with private-sector initiatives for enhanced sustainability. It must be ensured that there will not only be group certification (section 39) and "stepwise schemes" (section on "Response by Civil Society") but also a focus on synergies between private-sector initiatives and legislative processes such as FLEGT requirements in producer countries. The same goes for increased cooperation between forest-related and climate-related standard systems in the REDD process. This can reduce the cost of certification and verification and improve the mainstreaming of sustainable, deforestation-free products.

The document should explain in greater detail how the proposed Global Commodities Outlook will interact with existing initiatives and how it will be integrated in international initiatives, so as to demonstrate the added value and additionality of the activities. The document is not clear about who will carry out such comprehensive country-specific analytical and monitoring work, and what the role of the GEF will be. So far, there is hardly any information about the market share and volume of sustainable commodities (for instance certified timber), which makes it harder to measure the interventions' impact.

As part of the support to be provided to alternative financing models, the document envisages the introduction of a biodiversity offset approach. The document should clarify whether this includes a certificate trading system and, if so, what the design of that system would be.

In addition to the private sector, the document also mentions consumers as a target group of the program. But the document does not contain a related package of activities or an indicator for impact measurement.

## **Program 2: Rebuilding global fisheries**

The problem analysis on which the program is based is correct. The instruments listed in the document make sense and have been shown to be effective. However, the document does not provide enough detail, so that it is hard to assess how well the approach can be made operational. The timeframe for reaching the indicators appears ambitious.

The objectives have been chosen well and the activities are of very high relevance. There is a clear connection with the protection of global environmental goods. It would be desirable to have a stronger focus on artisanal fishing. There is a need for action in terms of strengthening sustainable artisanal fishing in developing countries. This has been laid down, among other things, in the Aichi targets and in the FAO Code of Conduct for Responsible Fisheries. Industrial capture fishing in industrialized countries can be addressed – and is already being addressed very actively – by other instruments, for instance private-sector certification initiatives.

The inclusion of regional fisheries management organizations (RFMOs), which are important actors, should not only be addressed indirectly, through reference to the FAO Code of Conduct for Responsible Fisheries (CCRF). They are well-established organizations and should thus be considered important stakeholders, even if RFMOs' agendas are dominated by the defense of short-term economic and national interests.

The program should give attention to the impact of industrial chemicals emissions (mercury and POPs, especially in waters close to the coast). The importance of chemical input has been considerably underrated, especially with regard to regions where there are large industrialized cities and/or large-scale agricultural production near rivers and coasts (for instance in the Philippines). This must be remedied, especially in view of the future mercury convention. The artisanal and small-scale gold mining sector, in particular, plays an important role in this connection.

## **Program 3: Sustainable cities**

The focus on an integrated approach to urban environmental protection is not a new idea. So there might be duplication, given the large number of existing programs and initiatives on cities/environment/climate issues. Compared to other initiatives, the GEF signature program has a relatively large volume. Still there is a need to coordinate closely with existing initiatives in order to avoid duplication.

The Sustainable Cities program has a particular focus on using innovative financing instruments on energy, buildings, infrastructure, and natural resources. So the program's success depends, to a large extent, on the interest of local authorities and, in particular, local businesses.

It is true that the GEF-6 programming draft provides for a check whether municipalities are mentioned as a target group in the environmental conventions for which the GEF serves as a financing mechanism. However, there is no check of whether the issues addressed by the program fall fully within the scope of the objectives of the conventions in question.

By determining that the World Bank should be lead agency, the document preempts the decision-making about implementing agencies. This is not the procedure that has been used so far to decide about GEF project agencies.

In addition to the chemicals-related points in the context of chemicals and waste management (sections 34, 51 and 52), the document should also focus more closely on aspects related to chemicals management and the clean-up of the production supply chain. The importance of cities for consumption patterns and the resultant rapid increase in the use of plastics and chemicals is just one example of relevant issues. In this context, the document says that the phasing out of ozone-depleting substances and their replacement by energy-



efficient and low greenhouse potential options could be a GEF activity. The program needs to conform with the GEF Focal Area Strategies on Climate Change Mitigation and Chemicals. Priority should be given to substances with the lowest GWP. HFCs should be excluded from support.

#### **Program 4: Sustainability and resilience for food security in sub-Saharan Africa**

The program has the potential to ensure that current food security efforts in the regions in question will simultaneously contribute to enhancing resilience and adaptation to climate change. The document establishes explicit links between global environment benefits and the objectives of the environmental conventions for which the GEF serves as a financing mechanism.

We welcome the plan to make use of the potential for mitigating greenhouse gas emissions in the area of land use and agriculture. However, with regard to the mitigation contributions to be made by agriculture and especially by farmland, it must be noted that this requires a long-term process to change land management patterns, and a long learning process on the part of farmers. Programs that are designed to run for just a few years will rarely attain sustainable results in this area.

In the field of soil- and water-conserving activities, there is a multitude of tested, effective methods. So it is not a lack of technologies or techniques that constitutes a constraint but the lack of incentives. In other words, component 4 has a crucial role to play. It would be desirable if the chemicals aspect could be integrated. This aspect is certainly relevant, in terms of the use of pesticides and fertilizers, and is influenced by the farming methods chosen.

Under components 2 and 3, there should be a strong focus on agroforestry. Synergies between enhanced forest management and the International Waters Focal Area (forest ecosystem services for watersheds) could be highlighted.

In line with the production landscape level approach mentioned in the paper, forest resources and the sustainable production of wood for energy purposes should be taken into account – not least with a view to attaining the goal of integrated landscapes and creating a nexus between energy, water and food production. Forests play a major role for food security in many regions of sub-Saharan Africa.

The document says that the Alliance for a Green Revolution in Africa (AGRA) is to implement the program. AGRA is supported by IFAD, the World Bank, and AfDB. Again, the paper thus preempts the decision about GEF project agencies. Germany does not support this.

On a general note, and irrespective of this, it would also be advisable for the GEF to work together with the World Agroforestry Centre (ICRAF) and to draw on its experience on agroforestry, and with the Forestry Research Network for Sub-Saharan Africa (FORNESSA), with regard to integrated forest management for forest-based food security.

#### **Program 5: Amazon signature program**

Germany feels that the document so far fails to reflect the following points, or only reflects them insufficiently.

- The document does not sufficiently analyze the current situation in terms of the region's political and economic heterogeneity. It makes no reference to the existing conflicts of interest between various actors.
- According to the description, the Amazon program is to concentrate, initially, on Brazil, Colombia and Peru. In principle, this makes sense. But consideration should still be given early on to including Ecuador at least (especially in view of the decision of Ecuador's government to drill for oil in Yasuni-ITT after all).
- In view of the proposed regional focus on three countries, the GEF should ensure that this will not weaken or duplicate existing cooperation efforts within OTCA.

- The role of OTCA, which is the most important regional organization, should be specified, as OTCA is the only legitimate regional organization in the Amazon region.
- The program should contain information about the inclusion of governments, private players, indigenous people and NGOs, and feedback mechanisms should be introduced.
- Due to the program's structure, there is a risk that there will be duplication of activities. The program proposal does not give attention, or only insufficient attention, to existing (regional) programs. The same goes for the lessons learned under such programs. For instance, there has been cooperation for more than 10 years between the Netherlands (DGIS), Germany (BMZ) and OTCA. Over that period, some 16 million euros has been invested in a regional satellite-based system to monitor deforestation in the Amazon region and in regional dialogue fora.
- We welcome the fact that the document does not only acknowledge the region's ecological diversity but also, above all, its cultural and multi-ethnic diversity. However, even though biocultural diversity (legal/institutional environment, innovative economic and nonmonetary incentives, context-appropriate training) is mentioned as an important aspect in the initial description, the actual program design only makes reference to this in the part about Colombia.
- The program proposal has a strong focus on sustainable forest management. But forest management is less of a problem than the absence of alternative livestock and farming options.
- The shift of deforestation across national borders in the Amazon region should be given more attention.
- Component 4 should specify steps and measures through which problems can be addressed in a joint effort.
- While the program does mention transboundary protected areas, insufficient attention has been given to the creation or reinforcement of protected corridors (see component 4, regional actions).
- The Chemicals Focal Area is given very little attention in the program. The only section that contains possible options for action is the one about the formalization and regulation of the artisanal and small-scale gold mining sector, which makes reference to the preliminary text of the mercury convention. Germany recommends that the document give more attention to the chemicals sector's importance for the river's entire biotope, all the way to the discharge of chemicals into the Atlantic Ocean (and the resulting impacts on marine ecology and fisheries). Another alternative would be to include the topic of the disposal of POPs near large rivers (such as the Amazon) in the program.