



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET



GEF 20 20

STRATEGY
FOR THE GEF



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Message from the CEO and Chairperson



I came to the job of CEO and chairperson of the Global Environment Facility (GEF) with very high ambitions for the GEF. These ambitions were rooted in two convictions.

The first was the conviction that the GEF's work focuses on a central challenge facing all of us today. This is the challenge of ensuring that continued growth and prosperity happen in a way that does not fundamentally compromise the very foundation on which we have built our societies—a way that does not jeopardize the natural systems that provide us with food, fiber, materials, and a stable climate.

The second was the conviction that the GEF has a vast potential to help the global community meet this challenge. The GEF spans every environmental domain. It provides funding to more than 140 countries through a network of first-class agencies, and through its 20-plus years of hard work it has accumulated an impressive amount of experience and know-how.

During the two years since I came on board, my experiences and interactions with people from both within

and outside the GEF partnership have confirmed these convictions. Many global environmental trends show rapid deterioration, and pressures on the environment are set to increase in the years to come. The situation is urgent—and the urgency is increasing by the day. We need to build on the GEF's solid foundations to further lift our game.

Against this background, I am delighted to put forward the GEF2020 strategy. GEF2020 emphasizes the need for us to support transformational change and achieve impacts on a broader scale. The strategy calls for the GEF to focus on the drivers of environmental degradation, and it addresses the importance of supporting broad coalitions of committed stakeholders and innovative and scalable activities.

GEF2020 provides a path forward for the GEF to become a champion of the global environment. I am excited about the prospects of working with all members of the GEF family in the coming years to make these convictions a reality.

Naoko Ishii

GEF CEO and Chairperson

Washington, D.C., May 13, 2014



Context

This section briefly reviews key global environmental trends and the evolving landscape of environmental finance. It also summarizes the Global Environment Facility's (GEF's) main capabilities and strengths that can be built on to position the GEF for 2020 and beyond.

Global Environmental Trends

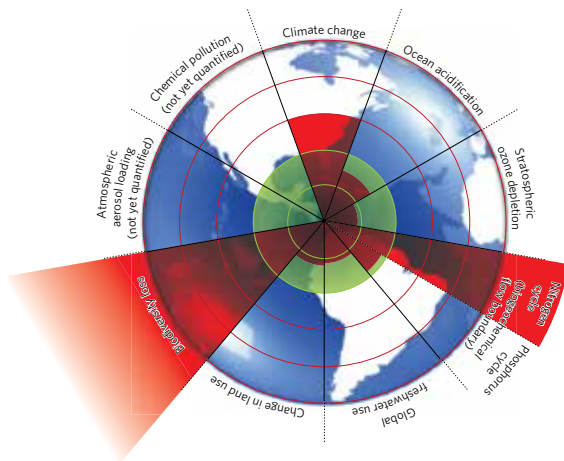
Healthy and well-managed ecosystems, together with a stable climate, are critical for the prospects for long-term sustainable development. Ecosystems provide a range of services to people and societies. These benefits include provisioning services such as food, water, timber, and fiber; regulating services that affect climate, floods, disease, wastes, and water quality; cultural services that provide recreational, aesthetic, and spiritual benefits; and supporting services such as soil formation, photosynthesis, and nutrient cycling. Consequently, as noted in the GEF-supported Millennium Ecosystem Assessment, healthy ecosystems and a stable climate are a vital foundation for broad economic prosperity. In many instances, they also enhance social inclusion by meeting the needs of the poor and vulnerable, both women and men, and reduce the risk of conflict and insecurity. But humans have been progressively altering ecosystems, sometimes in radical ways, to meet

growing demands for food, fresh water, timber, fiber, fuel, and other goods. As a result, some 60 percent of ecosystem services globally have been degraded in the past 50 years. In the same period, as highlighted in the most recent report from the Intergovernmental Panel on Climate Change (IPCC), addressing climate change has emerged as perhaps the pivotal environmental and economic challenge that the world faces today.

Despite notable successes, overall global environmental challenges have intensified since the 1992 Rio Earth Summit. Concerns that the environment was starting to face challenges of global proportions date back to the late 1970s and early 1980s. The 1992 Rio Earth Summit represents a landmark in international efforts to promote environmental protection and sustainable development and was the birthplace of the Biodiversity and Climate Change conventions and the GEF. The world's scientific understanding has improved substantially during the past two decades, enhancing global knowledge about challenges, risks, and opportunities for altering future trends. Some Earth system and environmental scientists have argued that planetary boundaries, defined as a "safe operating space for humanity," are being transgressed along several dimensions (box 2.1).¹

BOX 2.1. "A SAFE OPERATING SPACE FOR HUMANITY"

Modern Earth system science (including geology, climate science, hydrology, and ecology) makes clear that human activity is now dangerously impinging on some of Earth's vital life support systems through its impact on the global climate, the water cycle, the nitrogen cycle, biodiversity, ocean acidification, and pollution. A group of scientists has proposed the existence of certain thresholds, or *planetary boundaries*, beyond which the security of people in most countries is likely to face severe risks, including potential setbacks for human development. According to this framework, the boundaries for biodiversity loss, climate change, and nitrogen release have already been transgressed.

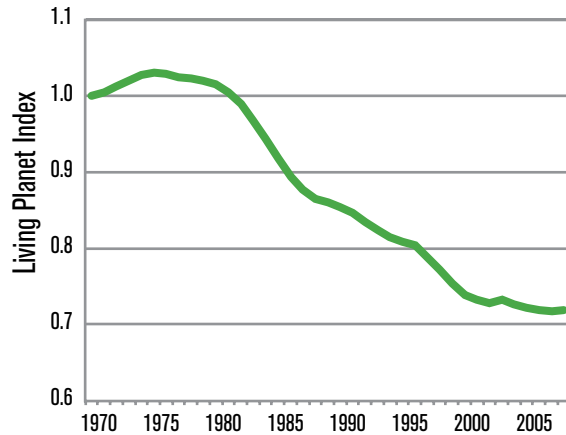


Source: Stockholm Resilience Centre.

Many essential ecosystems are increasingly in jeopardy, putting social and development aspirations at risk at both local and global scales. Environmental pressures are increasing across all the GEF's areas of focus, including accelerating biodiversity loss, climate change, deforestation, degradation of international water bodies, land degradation, and chemical pollution.

- *Biodiversity is being lost at rates comparable to the mass extinctions of past geological periods.* Earth is facing what has been characterized as the sixth mass extinction of species, the most recent among other waves of extinction registered in the fossil record during the past 500 million years. Even the most conservative estimates indicate that human-caused extinctions are proceeding at rates one or two orders of magnitude higher than those observed in the geological record. Almost a quarter of all plant species are now threatened with extinction, and the global populations of vertebrate species declined by nearly a third on average between 1970 and 2003.² Biodiversity declined by 30 percent globally between 1970 and 2007 and by 60 percent in tropical regions, as measured by the Living Planet Index³ (figure 2.1). The International Union for Conservation of Nature (IUCN) Red List Index of Endangered Species also shows negative trends across birds, mammals, amphibians, and especially corals. The precipitous decline in biodiversity undermines the integrity of ecosystems and the vital goods and services that they provide to people.

FIGURE 2.1. GLOBAL BIODIVERSITY TRENDS

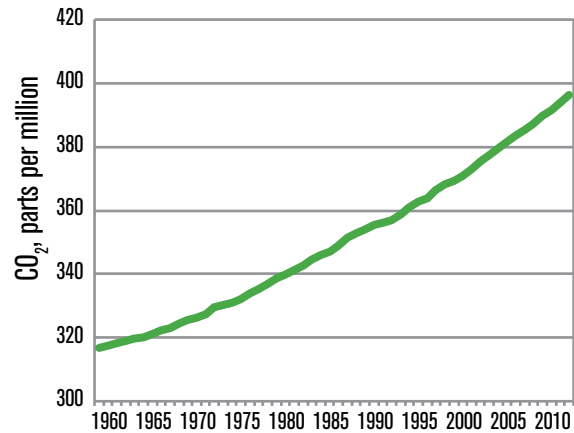


Source: World Wildlife Fund, *Living Planet Report 2012* (Gland, Switzerland: WWF International, 2012).

Note: The Living Planet Index reflects changes in the health of the planet's ecosystems by tracking population trends of more than 2,500 vertebrate species.

■ *Climate change is no longer a future threat; it is already a reality.*⁴ Atmospheric greenhouse gas (GHG) concentrations continue to grow, and with that the risks of devastating impacts from climate change. In 2010, about 49 gigatons (Gt) of carbon dioxide (CO₂) were released into the atmosphere, mostly from the burning of fossil fuels, almost double the amount released in 1970.⁵ And growth in emissions has been accelerating since 1970. In 2013, the atmospheric concentrations of CO₂ reached a record high 400 parts per million (ppm) at the Mauna Loa observatory in Hawaii (figure 2.2). The effects of climate change are already being felt. For

FIGURE 2.2. ATMOSPHERIC CONCENTRATIONS OF CO₂



Source: Mauna Loa Observatory data.

Note: Data are derived from in situ air measurements at the Mauna Loa Observatory, Hawaii (elevation 3,397 meters). Measurements at Mauna Loa form the world's longest continuous, high-precision record of CO₂ levels in the atmosphere.

example, the effects of climate change on crop and food production are evident, especially in the most vulnerable regions of the world; coastal systems and low-lying areas are increasingly experiencing submergence, coastal flooding, and coastal erosion resulting from relative sea level rise and storm surges; and acidification and warming of coastal waters are increasing, with negative consequences for coastal ecosystems. Many projections suggest that in just 50 years, average temperatures on Earth will be higher than at any time in the history of the human species on the planet. Without additional efforts to reduce GHG emissions, emissions growth is expected to

continue, driven by growth in global population and economic activities. The growth in emissions is projected to result in a rise in global mean surface temperature from 3.7°C to 4.8°C in 2100, compared with preindustrial levels.⁶ Among other reasons for concern, warming will result in longer and more intense heat waves, more frequent damaging storms, severe droughts, and major flooding across many regions, especially coastal cities. Sea level rise is already adversely affecting people and ecosystems.

- *Deforestation continues.* Forests provide multiple benefits. These benefits include functioning as carbon sinks, providing food and fiber, acting as the largest repository of biodiversity globally, regulating water supplies, and stabilizing local and regional climate. But rates of global deforestation remain high, particularly in the tropics. Between 2000 and 2010, a total of 50,000 square kilometers (km²) of forest was lost (on a net basis). Thirty percent of global forest cover has been cleared, and 20 percent has been degraded.⁷ Carbon dioxide emissions from deforestation and forest degradation now amount to approximately 12 percent of total human-caused emissions.^{8,9,10}
- *The health of oceans and freshwater resources is being compromised.* Global fisheries are collapsing at an alarming rate. Around 85 percent of global fish stocks are depleted, overexploited, fully exploited, or in a period of recovery following overexploitation. Fisheries management efforts are not keeping pace with accelerating rates of

exploitation.¹¹ Acidification of oceans is threatening key marine ecosystems, including coral reefs, which harbor a very high diversity of marine species and are also critical for the livelihoods of millions of people. Increasing phosphorous and nitrogen pollution from agriculture, aquaculture, urban wastewater, and industry threatens freshwater and marine ecosystems. Pollution load produces hypoxia (low oxygen conditions) or “dead zones” along the coast, adding to pressures on marine ecosystems. The number of dead zones has been doubling every decade in the past 50 years, and today more than 500 hypoxic zones threaten the health of the majority of the world’s large marine ecosystems.¹²

- *About one quarter of the world’s land area has been degraded since 1980.*¹³ The *Global Analysis of Land Degradation and Improvements*¹⁴ estimated that 24 percent of the global land area was undergoing degradation. In the developing world, land degradation is concentrated in Africa south of the Equator, Southeast Asia, southern China, and the Pampas grasslands in South America. Approximately 1.5 billion people directly depend on ecosystem services provided by areas that are undergoing degradation, with the impacts disproportionately affecting the poor and vulnerable, including women.
- *Chemical pollution continues to threaten our ecosystems and human health.* Human health and the health of ecosystems are threatened by increasing chemical pollution, particularly from

persistent organic pollutants and heavy metals such as mercury.

Pressures on the global environment are set to increase in the coming decades. Three global socioeconomic trends in particular—population growth, the rising middle class, and urbanization—will lead to further major degradation of global ecosystems under a business-as-usual scenario:

- *The world's population will continue to grow.* From less than 4 billion in 1970 to just over 7 billion in 2012, the global population is projected to exceed 9 billion by 2050, with almost half of that growth in Sub-Saharan Africa.¹⁵ Feeding a growing global population will likely lead to increased conversion of natural landscapes to agricultural use. The Millennium Ecosystem Assessment projected that, globally, the land area devoted to agricultural production might increase 1,020 percent by 2020 compared with 2000.¹⁶ Conversion of land to agriculture will also increase the use of chemicals for pest control, thereby increasing pressures on the environment. Climate change will further exacerbate stresses in many places, with water resources being overexploited and degraded, and crop and land productivity will suffer from heat and drought stress.¹⁷
- *The world economy and the global middle class will expand significantly.* The world economy is projected to almost double in size in the next two decades, from about US\$50 trillion in 2010 to US\$95 trillion in 2030. At the same time,

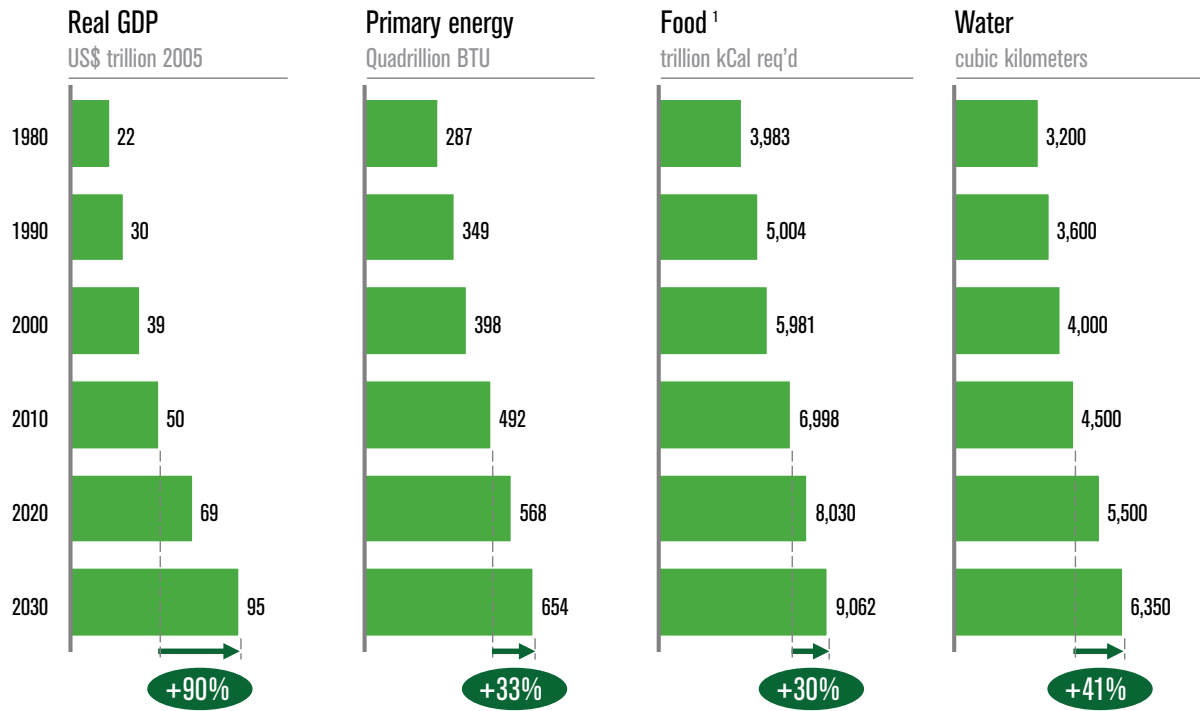
the global middle class—those with a daily consumption between US\$10 and US\$100—is expected to grow to nearly 5 billion people by 2030, with two-thirds of those people living in Asia.¹⁸ This change will drive an increase in global consumption that could accelerate global environmental degradation, unless consumption is shifted toward more sustainably produced goods and services. Combined with a growing population, the burgeoning middle class is a major factor in a projected increase in demand for a number of key resources (figure 2.3), including a one-third increase in global demand for food and energy and large increases in demand for buildings and transport by 2030.^{19,20}

- *Urbanization will continue.* In parallel with population growth and the expanding middle class, the world's population will become increasingly urbanized. In 1970, about 1.3 billion people, or 36 percent of the world's population, lived in urban areas. By 2009, just over 50 percent of people were urbanites. And by 2025, more than a billion additional people are expected to live in cities, most of them in Asia. Urban areas already account for the vast share of the world's gross domestic product and more than 70 percent of GHG emissions.²¹ Many climate change risks are now concentrated in urban areas, ranging from heat stress, extreme precipitation, flooding, landslides, and air pollution, to water scarcity and droughts. These risks are also amplified for areas without essential infrastructure and services and for those living in exposed areas.²² But depending on how urban

expansion occurs, the environmental footprint of urban areas will vary significantly as a function of the area's size, wealth, and geography and the capacity and foresight of local authorities. Thus,

one of the potential outcomes is that of "[u]rban localities actually offer[ing] better chances for long-term sustainability, starting with the fact that they concentrate half the Earth's population on less

FIGURE 2.3. BUSINESS-AS-USUAL GROWTH IN GLOBAL RESOURCE DEMAND, 2010-2030



Source: Global Insight; International Energy Agency; United Nations Environment Programme (UNEP); McKinsey analysis in McKinsey and Company, "Resource Revolution," 2011; Food and Agriculture Organization of the United Nations (FAO), Food Balance Sheets, 2012; United Nations Department of Economic and Social Affairs (UNDESA), *World Population Prospects: The 2012 Revision* (New York: UNDESA, 2012); World Resources Institute, *Creating a Sustainable Food Future* (Washington, DC: 2013).

than 3 per cent of its land area.”²³ When it comes to urbanization, trend is not yet destiny. There is still an opportunity to design smarter cities with an eye toward long-term sustainability.

The Changing Landscape for Environment Finance

The financial landscape, especially for climate financing, is changing rapidly. In 2012, global climate finance flows reached approximately US\$359 billion, according to *The Global Landscape of Climate Finance 2013*.²⁴ About three-fourths of all climate finance is spent within the country of origin, while only about 15 percent of all climate finance flows to non-Organization for Economic Co-operation and Development (OECD) countries from international sources. Global investments in renewable energy—the biggest use of climate finance—amounted to US\$214 billion in 2013, some 14 percent lower than in 2012, reflecting in part the effect of policy uncertainty in many countries that leads to delays in investment decisions.²⁵

A variety of finance providers and instruments increasingly focus on sustainable investment. New institutions with mandates somewhat similar to the GEF’s, such as the Green Climate Fund and the Climate Investment Funds, have entered the arena, emphasizing the need for the GEF to proactively seek complementarities and collaboration. Private investors, including pension funds and sovereign wealth funds, are also increasingly investing in public-private partnerships that focus on green investments as well

as green bonds. And traditional players, such as the World Bank and regional development banks, have intensified their focus on environmental sustainability. In some emerging economies, national development banks and state-owned policy banks are emerging as major players in environmentally relevant finance. In 2012, the public sector accounted for approximately 38 percent, or US\$135 billion, of global climate finance, with the vast majority (69 percent) of this amount committed through development finance institutions and another 28 percent (US\$38 billion) contributed by multilateral development banks. The private sector accounted for 62 percent of all climate finance in 2012, or about US\$224 billion. About 28 percent of private climate finance originated with private project developers (for example, energy utilities and independent power producers), and another 19 percent was contributed by corporate actors, including manufacturers and corporate end users. The menu of climate finance instruments is also broad, including policy incentives, risk management instruments, grants, concessional debt, market rate debt, and equity and balance sheet financing.

The GEF’s Capabilities and Strengths

One of the core strengths of the GEF is its role as a financing mechanism for several multilateral environmental conventions that span most global environmental issues. The GEF serves as a financing mechanism for the Convention on Biological Diversity, the United Nations Framework Convention on Climate

Change (UNFCCC), the Stockholm Convention on Persistent Organic Pollutants, and the United Nations Convention to Combat Desertification, and operates consistent with the guidance provided by the Conference of Parties (COP) to the conventions. In October 2013, the international community adopted the Minamata Convention on Mercury, a global legally binding instrument, and agreed on the GEF's role as a financial mechanism for the new convention. The GEF also provides resources under the Montreal Protocol for economies in transition that are dealing with ozone-depleting substances. Since its inception, the GEF has implemented its International Waters program, which aims to improve the management of transboundary freshwater resources and large marine ecosystems. It also has provided funding to projects that generate multiple environmental benefits and that are consistent with the objectives of the United Nations Forum on Forests (UNFF).

The GEF is versatile and adapts to changing challenges. A number of new programmatic areas have been added to the GEF over time. For example, sustainable forest management that benefits the agenda of the United Nations Forum on Forests was added in 2007. In 2010, with support from several contributors, the GEF established the Nagoya Protocol Implementation Fund (NPIF) to specifically support the access and benefit-sharing objective under the Convention on Biological Diversity. In parallel, as the case for considering adaptation and resilience grew stronger, at the request of the parties to the UNFCCC, two new funds were established under GEF purview, with a focus on funding climate change adaptation

activities: the Least Developed Countries Fund and the Strategic Climate Change Fund.²⁶ The GEF has also played a key role in helping harmonize work on the chemicals and waste conventions.

A chief strength is the GEF's strong, diverse, and expanding network of implementing partners. Initially, the GEF was designed as a partnership between the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), and the World Bank Group (WBG), which acted as implementing partners in accordance with each institution's comparative advantage. In the early 2000s, seven new agencies were added to the GEF partnership,²⁷ which significantly broadened the GEF's technical expertise and implementation capacity and provided recipient countries with a broader array of choices when they implemented GEF-funded projects. Since 2012, the GEF has undertaken a process to accredit additional project agencies.²⁸

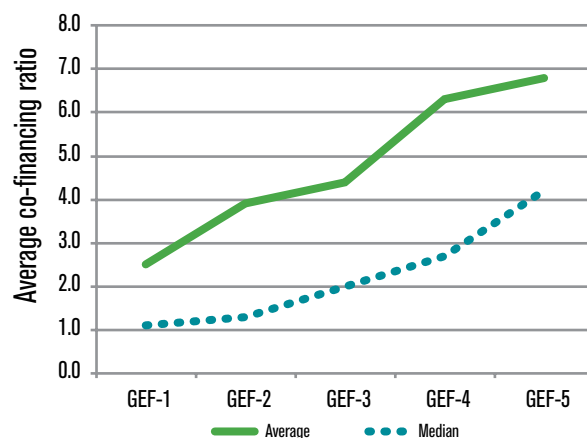
GEF programming is bolstered by a well-established institutional setup. The GEF's governance structure is inclusive, equitable, and transparent. When it was established in the early 1990s, the GEF's governance structure set a new standard, because the GEF Council has an equal number of seats for developing and developed countries.²⁹ Progressively, many of the GEF recipient countries are also becoming donors to the facility, thus enhancing the overall ownership of the GEF's priorities and programs. All project documents that face decision by the Council are being made publicly available on the GEF website, along with other information. Accountability is enhanced

by the Independent Evaluation Office (IEO), which reports directly to the Council and provides ongoing monitoring and evaluation of project outcomes. In addition, the GEF is advised by the standing Scientific and Technical Advisory Panel (STAP), which consists of world-class scientists and covers all GEF focal areas. The GEF applies best-practice fiduciary standards and has established high standards for environmental and social safeguards, gender mainstreaming, and engagement with civil society organizations and indigenous peoples.

The GEF has a record of delivering good results on the ground. Since its inception, the GEF has provided a total of about US\$11.5 billion in grant resources to developing countries for the benefit of the global environment. A total of 2,800 projects have been approved.³⁰ Reports by the IEO repeatedly show that GEF projects deliver benefits on the ground. Most recently, the Overall Performance Study for GEF-5 (OPS-5) concluded that GEF projects are effective in producing outcomes: more than 80 percent of completed projects during GEF-5 received an outcome rating of at least moderately satisfactory, exceeding the international benchmark of 75 percent. Consequently, OPS-5 concluded that the GEF is achieving its mandate and objectives and is relevant to the conventions and to regional and national priorities. Recent assessments conducted by key bilateral agencies also showed that the GEF delivers value for money invested.³¹

GEF financing plays a catalytic role (figure 2.4). During GEF-2 and GEF-3, the average cofinancing ratio of GEF projects was about 1:4. It increased to about 1:6 in GEF-4 and GEF-5, driven in part by a significant increase in the leveraging of the GEF’s climate change portfolio in middle-income countries. In line with the GEF-6 policy recommendations, the GEF will continue to aspire to achieve high cofinancing ratios, especially in middle-income countries.

FIGURE 2.4. GEF CO-FINANCING RATIO



Source: GEF Project Management Information System and staff calculations.

Note: All GEF trust fund projects, except enabling activities.



Central - Kowloon (西)
中區、九龍(西)

Wan Chai North
灣仔北

REDUCE
SPEED AHEAD
開始減速

SLOW
減速

Positioning the GEF for 2020 and Beyond

The coming years are critical for the global environment. For example, avoiding the worst impacts of climate change will require reducing emissions of GHGs substantially and rapidly. Estimates suggest that to stabilize atmospheric concentrations of CO₂ at 450 ppm by 2050, global emissions will have to peak within the next five years and decline by about 5 percent annually until 2050—a rate of decline that has never been observed on a sustained basis.³² Adaptation and mitigation choices in the near term, as well as developmental pathways for the longer term, will affect the risks of climate change through the 21st century.³³ With regard to biodiversity, the Conference of the Parties to the Convention on Biodiversity has established a set of ambitious targets to be reached by 2020 to halt biodiversity loss. Moreover, the international community is currently discussing the establishment of a set of sustainable development goals for 2030, the achievement of which will be more challenging unless urgent action is taken. It is critical that the GEF continues to position itself as a relevant and valuable actor in the broader sustainable development framework, while at the same time retaining its particular niche on the environment. The GEF occupies a unique space in the global financing architecture by delivering global

environmental benefits across multiple domains. The GEF helps to ensure the sustainable use of ecosystems and resources on which all life depends. The GEF Instrument reflects the premise that the environment is essential for sustainable development.³⁴

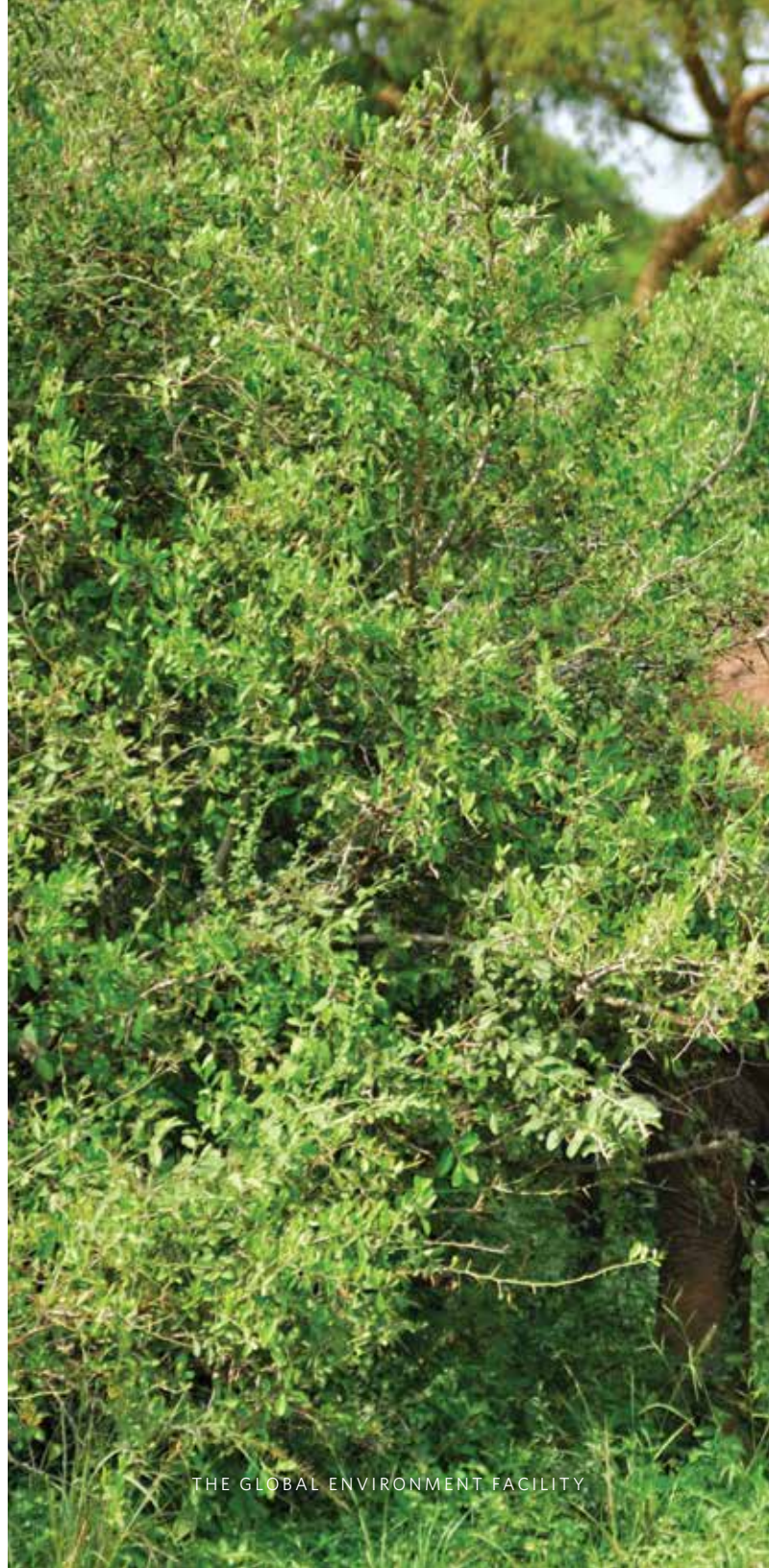
The 2020 vision for the GEF is to be a champion of the global environment building on its role as financial mechanism of several multilateral environmental conventions (MEAs), supporting transformational change, and achieving global environmental benefits on a larger scale. To achieve this vision, the GEF will do the following:

- *Address the drivers of environmental degradation.* The GEF will proactively seek interventions that focus on the underlying drivers of global environmental degradation and support coalitions that bring together partnerships of committed stakeholders around solutions to complex environmental challenges.
- *Support innovative and scalable activities.* The GEF will support innovative ways of doing business that are complementary to other institutions' activities

and focus on activities that are scalable across multiple countries, regions, and sectors through policy, market, or behavioral transformations.

- *Deliver the highest impacts, cost-effectively.* The GEF will keep a clear focus on maximizing the global environmental benefits it generates from its funding by pursuing cost-effective solutions to major environmental challenges through its partner agencies.

To fulfill its vision, the GEF must achieve impacts on a greater scale than is being realized within its existing portfolio. OPS-5 concluded that only 20 percent of GEF-funded projects showed evidence of achieving benefits at a system-wide scale beyond the direct results of an intervention, although the IEO notes that larger-scale effects may still happen in the future.³⁵ Similarly, STAP underscored that the GEF would be able to achieve transformational outcomes only “by breaking away from single technology and/or single sector approaches towards a focus on systemic approaches.”³⁶ STAP noted the importance of the GEF’s projects seeking broader outcomes, beyond single programs; better addressing the key drivers of environmental degradation and not just the pressure points; and developing a comprehensive approach toward scaling up the impact of its investments.³⁷





CHAPTER 3

Key Strategic Priorities

To deliver on the 2020 vision, the GEF will pursue five strategic priorities: (a) address the drivers of environmental degradation; (b) deliver integrated solutions; (c) enhance resilience and adaptation; (d) ensure complementarity and synergies, especially in climate finance; and (e) focus on choosing the right influencing model.

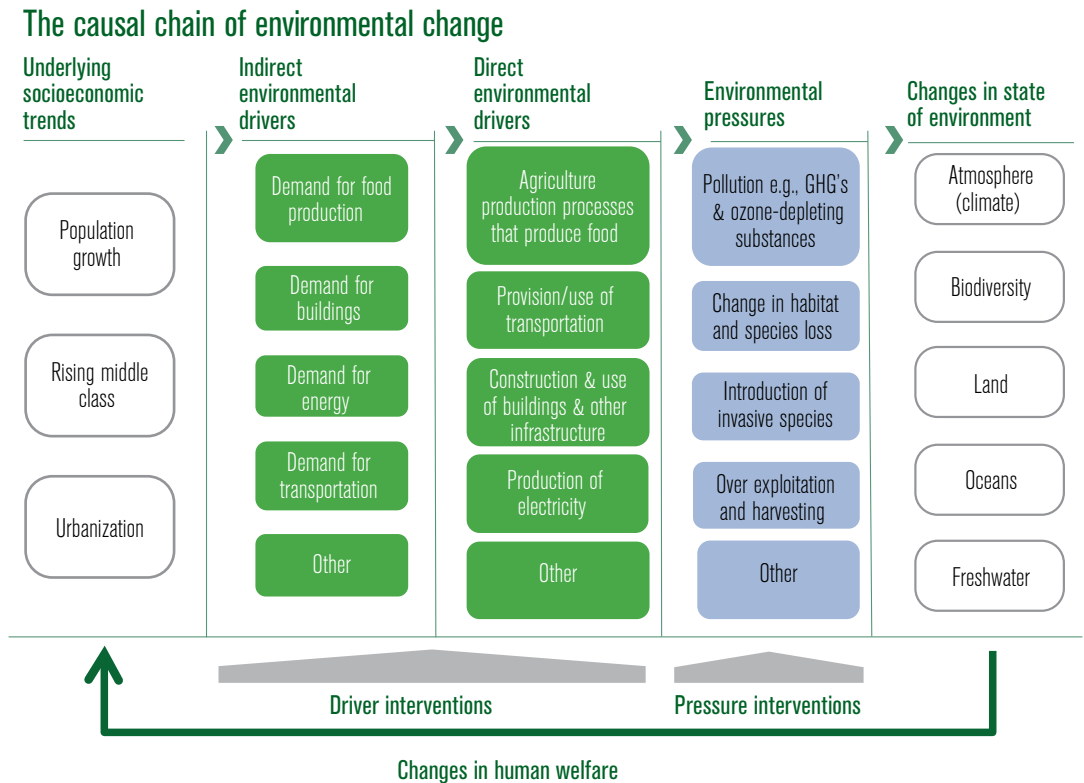
Addressing Drivers of Environmental Degradation

The GEF can enhance environmental benefits by addressing the drivers of environmental degradation. Environmental drivers arise from the demand for and supply of goods and services, which in turn generate environmental pressures that directly affect the state of the environment (figure 4.1). The framework is useful to illustrate that efforts to prevent biodiversity loss, for instance, can happen at multiple points in the causal chain. For example, rising demand for beef may result in added pressure to clear land for pastures, leading to further deforestation, soil degradation, and biodiversity loss. Focusing more on upstream drivers in this same problem would enable the GEF to deliver

cascading global environmental benefits down the causal chain, thereby progressively reducing the impacts of the original driver and increasing the overall benefits of interventions. By addressing

environmental degradation at a systemic level, the need for subsequent remedial action—which often is much more expensive, if not impossible—would also be reduced.

FIGURE 4.1. THE CAUSAL CHAIN OF ENVIRONMENTAL DEGRADATION



Source: The above framework is adapted from the Food and Agriculture Organization of the United Nations/UNEP frameworks—drivers, pressures, state, impact, and response (DPSIR) and drivers, pressures, state, welfare, and response (DPSWR)—and the World Resources Institute, *Millennium Ecosystem Assessment, Ecosystems and Human Well-Being Biodiversity Synthesis* (Washington, DC: World Resources Institute, 2005).

Note: No universally accepted framework exists for defining the causal chain between the underlying socioeconomic trends and the global environmental state.

Addressing drivers will help the environmental conventions to better achieve their goals with support from the GEF as their financial mechanism. Conventions and recipient countries recognize that a focus on underlying drivers is critical for their long-term success. For example, the Strategic Plan for Biodiversity 2011–2020 and the Aichi Biodiversity Targets (collectively, the Aichi Targets), in reflecting on the status of the previous 2010 targets, emphasize that “there has been insufficient integration of biodiversity issues into broader policies, strategies, programmes and actions, and therefore the underlying drivers of biodiversity loss have not been significantly reduced.” The strategic plan also noted that among the multiple entry points that need to be pursued to achieve a positive outcome by 2020 is “action to address the underlying causes of biodiversity loss, including production and consumption patterns, by ensuring that biodiversity concerns are mainstreamed throughout government and society.”³⁸ Similarly, reducing GHG emissions sufficiently to achieve “stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system”³⁹ will not be possible without influencing the underlying drivers that stem from the growing demand for energy and without reducing fossil fuel-based energy production in favor of renewable energy. Likewise, in the chemicals and waste area, to ultimately reduce the production and use of harmful chemicals would require a focus on supply chain management and production techniques.

Altering demand toward more sustainably produced goods and services is an important avenue to reducing environmental degradation. The GEF has a range of tools at its disposal. These tools include certification standards for consumer goods, such as those the GEF supported through the Rainforest Alliance and private sector partners. They also include the introduction of a system of payment for ecosystem services (PES), which corrects distortions that lead to unsustainable resource use and depletion of natural capital, and incentives that reinforce the value of ecosystem goods and services. The GEF has been a pioneer and has committed significant seed funding to these schemes in several countries (box 4.1). Moreover, innovative financing models, such as partial risk guarantees, can help stimulate demand for more energy-efficient equipment in both households and industries and can facilitate more sustainable production and consumption of goods and services.

A key priority for the GEF will be to help change the production of goods and services in a manner that reduces or eliminates impacts on the environment. The GEF has promoted a range of experiences in the supply of environmentally sustainable goods and services, including introducing standards for electricity consumption in households and industry appliances, as in the GEF’s en.Lighten Project; improving agricultural practices to preserve soil health and thereby improve food security, as in the GEF-supported project in Senegal’s Groundnut basin; eliminating the use of persistent organic pollutants in economic processes, such as the use of DDT in the production of the pesticide Dicofol in China; and

helping to reduce the threat of invasive species in marine ecosystems through strengthened regulation of shipping ballast water (the GloBallast program; see box 4.2). The GEF also will continue to explore options for working across entire supply chains and focusing on industrywide approaches.

The GEF must also remain ready to tackle immediate environmental pressures and crises. The Strategic Plan for Biodiversity states: “While longer term actions to reduce the underlying causes of biodiversity are taking effect, immediate action can help conserve biodiversity, including in critical

BOX 4.1. GEF INVESTMENTS IN PAYMENT FOR ECOSYSTEM SERVICES

Payment for ecosystem services (PES)—as the name implies—involves compensating the provider of ecosystem services for continuing that provision, thereby creating an incentive for sustainable management of the services. The GEF has been among the pioneers in supporting PES in a number of countries and locations, as in the following examples:

- *Capacity building for mainstreaming of PES.* For example, the GEF’s global Project for Ecosystem Services has pilots in Chile, Lesotho, South Africa, Trinidad and Tobago, and Vietnam. The project seeks to integrate the sustainable use of biological resources and ecosystem services into national decision-making and development approaches. The project is developing an enhanced use of PES in policy making.
- *National-level implementation of PES.* The GEF supported two of the world’s most prominent national PES schemes, the Environmental Services Payment Program in Costa Rica and the Hydrological Environmental Services Program in Mexico. The scheme in Costa Rica compensates landowners for activities that have been identified as contributing to a sustainable environment, including conservation of

natural forests, reforestation through sustainable plantations, and agroforestry, and it is funded through a mix of domestic resources (a fuel tax and a forestry tax) and multilateral and bilateral support. In Mexico, the scheme benefits local communities. The GEF program provides support for the development of sustainable financing mechanisms for biodiversity and through water fees creates a direct link between those who benefit from the environmental service and those who provide it.

- *Water funds—a growing frontier.* Water quality and quantity are emerging as a central service provided by ecosystems. The GEF’s Earth Fund helped establish five water funds in Latin America and the Caribbean to pay for the conservation of watersheds that provide water and support globally important biodiversity. Similarly, in the Fynbos and grasslands of South Africa, the GEF has supported agreements between buyers and sellers of important ecosystem services, including water, fiber, and medicines.

Source: GEF, *Payment for Ecosystem Services* (Washington, DC: GEF, 2010).

ecosystems, by means of protected areas, habitat restoration, species recovery programs, and other targeted conservation interventions.” To those ends, well-managed protected area systems are critical elements in achieving many of the Aichi Targets. In addition, protected areas support the flow of ecosystem services and are tools for climate change adaptation. The GEF also urgently needs to address immediate environmental threats in other focal areas, including, for example, by reducing inadequately stored stockpiles of persistent organic pollutants.

Delivering Integrated Solutions

Many global environmental challenges are interlinked and share common drivers. Biodiversity loss, climate change, ecosystem degradation, and pollution often share common drivers and may demand coordinated responses. For example, unsustainable agricultural production contributes approximately one-quarter of global GHG emissions. But it is also a leading cause of hypoxia in aquatic systems, and it can lead to deforestation and habitat destruction, thus promoting further loss of biodiversity. By targeting key drivers, the GEF can magnify the effects of its investments, making them add up to more than

BOX 4.2. GLOBALLAST: CLOSING A PATHWAY FOR BIODIVERSITY LOSS IN GLOBAL SUPPLY CHAINS

Since the introduction of steel-hulled vessels around 120 years ago, water has been used as ballast to stabilize vessels at sea. Although ballast water is essential for safe and efficient modern shipping operations, it can pose serious threats to the health of the ocean because of the invasive aquatic species and related diseases that are potentially carried in ballast waters. Thus, the International Convention for the Control and Management of Ships Ballast Water and Sediments was signed in 2004.

To address the threats, the GEF has partnered with the International Maritime Organization (IMO) to help establish the Global Ballast Water Management Programme, or GloBallast. Through two interventions with the GEF’s International Waters focal area, GloBallast built the capacity of more than 50 developing

countries. Those interventions have been helping to address ballast water invasive threats through the reform of national ballast water management policies, legislation, and institutions, as well as through global advocacy and awareness raising and ballast water risk assessment and training.

In addition, GloBallast is helping to catalyze a major transformation in the shipping industry. More than US\$100 million has been committed by the private sector for research and development in ballast water treatment and for testing facilities. Once the IMO Ballast Water Management Convention comes into effect, the global market for ballast water treatment for 57,000 vessels is estimated to grow to US\$35 billion over the next 10 years.

the sum of their parts. Interdependence between environmental challenges is an additional reason for considering integrated approaches. For example, ecosystem degradation may happen faster as a result of vulnerabilities created by climate change. Research suggests that combined effects markedly increase the probability that critical thresholds of irreversible change will be crossed faster than predicted for each factor separately.⁴⁰

In GEF-6, a program of integrated approach pilots (IAPs) will be implemented. These IAPs will support activities that can help countries and the global community meet commitments to more than one global convention by tackling underlying drivers of environmental degradation to create synergies leading to greater, sustained impacts (box 4.3). The programs will also complement national-level programming with transboundary, regional, and global action. Furthermore, the IAPs will use the GEF's wider partnership to bring stakeholders together on a selected set of priority issues. The IAPs will give special attention to engaging the private sector and improving evidence-based design and implementation to enhance learning and the effectiveness of the IAP interventions.

The GEF will build on its past experiences. The GEF will use the lessons learned from its operational experiences with integrated approaches: (a) the implementation of larger programs, such as the Areas Beyond National Jurisdiction (ABNJ), the Great Green Wall program, and the Ridge to Reef program; (b) the combining of funding from country allocations

BOX 4.3. THE GEF-6 INTEGRATED APPROACH PILOT PROGRAMS

The GEF-6 programming strategy includes three pilots in the Integrated Approach Pilots (IAP) program. First, the Fostering Sustainability and Resilience for Food Security in Sub-Saharan Africa IAP recognizes that jointly tackling energy, water, soils, and food is essential for sustainable development and, therefore, will build on the nexus between these themes to promote greater impact and efficiency in the overall investments. Second, the Sustainable Cities IAP offers a direct pathway to securing higher returns for the investment, given that cities are now responsible for over 70 percent of carbon dioxide emissions globally. Finally, the IAP on Taking Deforestation out of Commodity Supply Chains will work with the private sector (producers), consumers, and other stakeholders to tackle some of the principal drivers of forest loss in developing countries.

Common among these three pilots is that they address global environmental issues more holistically, within a much broader and more complex set of development challenges. It is critical to establish or strengthen platforms on which a broad set of stakeholders can come together. GEF contributions to these challenges would seek to ensure that key global environmental issues were adequately considered in this broader context and to identify the most effective and innovative ways to use funds to reach a greater impact and scale.

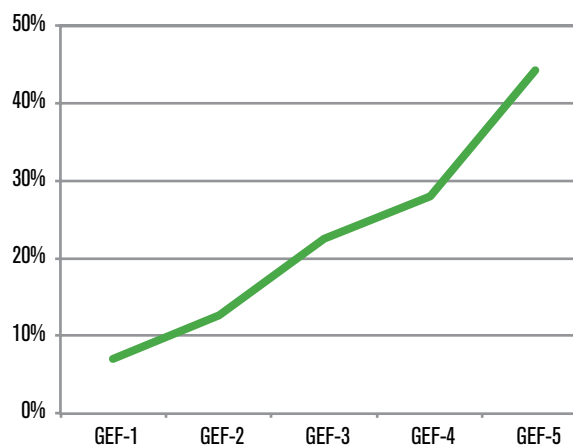
Source: GEF-6 Programming Directions.

with incentive mechanisms, in particular through the GEF Sustainable Forest Management and Reducing Emissions from Deforestation and Forest Degradation (REDD+) program; and (c) the growing portfolio of multi-focal area projects and programs, which is a particularly visible trend. In GEF-5, about 44 percent of GEF funding was programmed as multi-focal area projects (figure 4.2).⁴¹ Although more analytical work is needed to fully understand and document the impacts of these projects, a detailed review done as part of OPS-5 shows that, on average, multi-focal area projects achieve the same high level of satisfactory outcome ratings as single-focal area projects.⁴²

Enhancing Resilience and Adaptation

The case for urgent action on adaptation is unequivocal. The IPCC's Fifth Assessment Report (AR5) presents a broad set of climate-related risks that vary across regions and sectors. Those risks include, for example, reduced crop productivity in Africa caused by heat and drought stress; increased riverine, coastal, and urban flooding from storm surges and sea level rise in Asia; and reduced availability of fresh water in semi-arid and glacier melt-dependent regions in Central and South America. The 2013 *Global Risk* report from the World Economic Forum ranked a failure of climate change adaptation among the most severe global risks.⁴³

FIGURE 4.2. SHARE OF GEF FUNDING PROGRAMMED AS MULTI-FOCAL AREA PROJECTS



Source: GEF Project Management Information System and staff calculations.

Note: Shows only the main GEF trust fund.

The GEF will remain at the forefront of international efforts to strengthen countries' resilience to climate change. Principally through the Least Developed Countries Fund and the Strategic Climate Change Fund, the GEF's Adaptation Program has already supported a pioneering global portfolio of adaptation projects in 124 countries that are worth more than US\$1.18 billion. The GEF will continue to focus its adaptation funding on reducing the vulnerability of people, livelihoods, physical assets, and natural systems to the adverse effects of climate change; strengthening institutional and technical capacities

for effective climate change adaptation; and integrating climate change adaptation into relevant policies, plans, and associated processes. Through its support for national adaptation plans, the GEF will help countries incorporate adaptation measures into their broader development efforts, identify their medium- to long-term adaptation needs on the basis of enhanced scientific and technical knowledge, and strengthen coordination at the country level. It will also help pave the way for investments at a larger scale, possibly with funding by the Green Climate Fund or other public or private actors, particularly in countries with limited technical and institutional capacity.

Adaptation offers an avenue for seeking integration and synergies with other efforts to improve the global environment. The GEF aims to achieve as many adaptation benefits and global environmental benefits as possible. For example, adaptation measures may generate global environmental co-benefits by improving water-use efficiency in agriculture or by promoting ecosystem-based adaptation (box 4.4), such as sustainable management of mangroves in the face of sea-level rise and coastal erosion. Integration, if done well, would reduce transaction costs, increase cost-effectiveness in implementation, and capture economies of scale. The GEF will also seek to integrate climate resilience into its investments in other focal areas in a more concerted and more systematic manner, for example, through the use of climate change risk assessments and the incorporation of relevant risk mitigation measures into project and policy design.

BOX 4.4. ECOSYSTEM-BASED ADAPTATION: DELIVERING MULTIPLE BENEFITS WHILE BUILDING RESILIENCE

Poor and vulnerable populations generally rely more directly on ecosystem services for food, fiber, and fuel. The objective of ecosystem-based adaptation (EbA) is to include biodiversity and ecosystem services as part of an overall adaptation strategy to help poor and vulnerable people adapt to climate change. EbA can help maintain and restore natural assets such as wetlands and forests and contribute to food security, coastal protection, and climate-resilient water resources management, while it also improves the resilience of fragile ecosystems and biodiversity.

Therefore, ecosystems represent an important entry point for adaptation. At the national level, a significant number of GEF-supported National Adaptation Programs of Action prioritize sustainable management, conservation, and restoration of ecosystems as means of achieving cost-effective and poverty-focused adaptation. The GEF has also funded projects that use specific EbA approaches. For example, the Integrated National Adaptation Project in Colombia focuses on high-mountain ecosystems and coastal areas, and uses community-based initiatives to restore watersheds, vegetation, and landslide-affected areas.

Ensuring Complementarity and Synergies in the Global Financing Architecture

The GEF needs to ensure maximum complementarity with other players and instruments. In particular, the landscape of climate finance is rapidly evolving, but the funding needed to transform markets toward low-carbon development remains significant. In many cases, although each climate finance actor plays its unique role, if those roles are combined carefully, they can complement each other, leverage private sector investments, and produce much higher impacts than they would if they operated in isolation. For the GEF, this effort would require a careful, adaptive approach to not only ensure that duplication of efforts are avoided, but also systematically tries to achieve the greatest synergies with many development and financial institutions, including the GEF partner agencies. The experiences of the GEF demonstrate how this complementarity has been materializing among different climate finance actors. The GEF's pursuit of complementarity in climate finance has in recent years manifested itself in a 13:1 cofinancing ratio of GEF climate change mitigation projects. In particular, the GEF's climate portfolio has helped lay the foundation for catalyzing substantial funding from the private sector, national governments, and partner agencies, which otherwise might not have occurred. Leveraging capital sources to make green investments will require that the GEF's limited resources be used catalytically to provide other investors with the right signals and incentives to effectively and efficiently

achieve global environmental results. In that regard, the GEF can play a key role in demonstrating innovative approaches and instruments that can be scaled up by other players, including the Green Climate Fund as it becomes operational.

Choosing the Right Influencing Models

The GEF achieves benefits through a number of influencing models. The GEF's choice of influencing models needs to be matched to the barrier they intend to overcome, such as weak or inadequate policy frameworks, lack of awareness, limited access to finance, technological gaps, or coordination failure. Because the GEF often faces multiple barriers, a variety of influencing models is needed, which sometimes must be carefully sequenced. For example, providing support for implementing new policies is unlikely to be successful if institutional capacity is very weak. Choosing the right influencing models increases the catalytic effects of GEF interventions. Consequently, the GEF will set as priorities interventions designed to generate global environmental benefits at scale, interventions to be delivered across multiple geographies, and interventions to be delivered across multiple sectors or markets. Scale can be achieved in several ways, including (a) directly from the intervention, as in the GEF's work in the Coral Triangle (box 4.5) or the GEF's support for the Amazon Region Protected Areas Project; (b) from market or behavioral transformations; and (c) from GEF interventions

BOX 4.5. THE CORAL TRIANGLE INITIATIVE—BUILDING A MULTISTAKEHOLDER ALLIANCE TO ACHIEVE IMPACT AT SCALE

The Coral Triangle, which lies between and links Indonesia, the Philippines, Malaysia, Timor Leste, Papua New Guinea, and the Solomon Islands, is a vital global marine resource. It covers 5.7 million square kilometers, an area equivalent to 1.6 percent of the world's oceans, and is home to 76 percent of all coral species and 37 percent of all reef species. It is also the spawning ground for six species of turtles as well as endangered fish and cetaceans, such as tuna and blue whales. An estimated 363 million people live within the Coral Triangle's boundaries, and more than 120 million people along the 125,270 kilometers of coastline—an estimated 2.25 million of them being fishers—depend on the area for economic and food security. The region produces annual earnings of about US\$3 billion from fish exports and a further US\$3 billion from coastal tourism.

However, some 95 percent of reefs in the region are assessed as being at risk. Overfishing has been widespread, and pollution on land has had a deleterious effect on

biodiversity in the triangle and on its productivity. In the long term, climate change—through rising sea temperatures and sea levels plus growing ocean acidification—is likely to further damage the delicate ecosystem.

In response to the mounting threats, the GEF joined a broad partnership led by the six Coral Triangle countries, which also includes international development partners, nongovernmental organizations, local communities, and the private sector. This alliance aims to strengthen the governance of the Coral Triangle; to implement a regional action plan focusing on sustainable management of the seascape (including fishing); to establish a functioning, protected marine area; and to strengthen the Coral Triangle's resilience and adaptation to climate change.

Source: Global Agenda Council on Governance for Sustainability, "Green Light: Managing the Global Commons; The Coral Triangle Initiative," World Economic Forum, Geneva, April 2014.

being scaled up by others. The GEF's experience is that a focus on drivers and a focus on scale are often mutually reinforcing.⁴⁴

Most GEF projects will rely on one or more influencing models:

- *Transforming policy and regulatory environments.* This model helps governments put in place the policies, regulations, and institutions that allow them to redirect their own investment paths and spending practices. It also gives individuals and companies

operating at various levels—local, national, and multinational—the signal or incentive to change their consumption and production choices. This model can be more effectively targeted at scales that deliver greater benefits for the global environment. Such signals and incentives need to be clear, predictable, and sustained to enable private sector actors to make optimal decisions. With support from the GEF and others, for example, the South African government put in place new policy and regulatory frameworks to govern renewable energy markets, which helped South Africa become

the G20 country with the fastest-growing clean energy market over the past five years.

- *Strengthening institutional capacity and decision-making processes.* Supporting strengthened institutions, improved *information*, broader stakeholder and civil society participation, and enhanced accountability in public and private decisions can have significant positive impacts on the environment. The GEF has a long history of supporting institution building. For example, one of the GEF's earliest projects⁴⁵ helped establish what eventually became the Secretariat of Biodiversity and Forests within Brazil's Ministry of Environment. Since then, the secretariat has been instrumental in developing Brazil's legal framework for biodiversity and in formulating the National Biodiversity Strategy. Another example is in India,⁴⁶ where the GEF helped establish the Gulf of Mannar Biosphere Reserve Trust (GOMBRT), which has now been made a statutory body of the government of Tamil Nadu.
- *Convening multistakeholder alliances.* Coordination failures abound in environmental management, in part because of the prevalence of "tragedy of the commons" issues. Moreover, the complexity of environmental challenges requires that actions be taken simultaneously by many different *stakeholders* to be effective; for example, creating sustainable commodity supply chains depends on efforts from local producers, buyers, manufacturers, wholesalers, retailers, and, ultimately, consumers. Partnerships with the

private sector, civil society, research groups, and indigenous and local communities are vital in this regard. Coordination failures and complexities are often exacerbated because decisions that affect the environment are often fragmented across multiple government agencies.

- *Demonstrating innovative approaches.* The GEF has a long history of providing support for the demonstration of a technology, a policy measure, or an approach to address environmental degradation, with the aim of creating a "beacon effect" that can spur broader adoption. Among the GEF's many examples of support for innovation are its early support for concentrating solar power production, the groundbreaking support for payment for ecosystem services (box 4.1), and more recently the GEF CleanTech program. The ultimate success of such demonstration activities often depends on a designing a clear strategy for up-scaling early in the project.
- *Deploying innovative financial instruments.* Financial instruments can help cover risks or investment gaps that investors, who generally focus on financial returns or private development benefits, would not have the incentive to cover. Such instruments can help leverage private sector investments. The GEF has significant experience in deploying non-grant instruments designed to leverage substantial capital from the private sector. For example, in the project on China Utility Energy Efficiency, the GEF has provided funds to lower the risk of large-volume International

Finance Corporation loan guarantees to help unlock energy-efficiency lending from commercial banks. A result has been the replication of an effective energy-efficiency lending model across the country. Another example is the GEF's support for the Caribbean Regional Fund for Wastewater Management, which will create revolving funding mechanisms to provide sustainable financing for environmentally sound and cost-effective wastewater management across the region. The GEF will continue to strengthen its focus on non-grant instruments, including through a pilot in GEF-6 to support private sector engagement and create incentives for the public sector in GEF recipient countries to use non-grant instruments, including concessional loans. Through their potential for generating reflows, non-grant instruments could also make a contribution to the long-term financial sustainability of the GEF. The GEF will also explore the possibilities of using results-based financing.





CHAPTER 4

Core Operational Principles

A number of core operational principles will underpin GEF2020. They represent key “nuts and bolts” of the GEF’s operational system that are important for the GEF’s ability to effectively deliver on its strategic priorities over the long term.

Mobilizing Local and Global Stakeholders

As with all other entities in the global environmental arena, the GEF cannot achieve transformational change by itself. A driver-focused approach to tackling environmental degradation naturally requires strong engagement with many partners with diverse skills.

The GEF will forge close relationships with national and local governments. National and local governments have a central role and responsibility for their country’s environment through the negotiation of international environmental agreements, as well as through decisions on national targets, plans, policies, and regulations. The GEF’s government counterparts play a key role in mobilizing partners nationally and subnationally, such as peer agencies, as well as the country’s private

sector and civil society stakeholders operating in key sectors. The GEF should also support more cross-country partnerships, regionally and globally, as well as those based on ecosystem and geographic configurations. Those partnerships will be critical to enhancing the focus on drivers of environmental degradation that is part of GEF-funded projects and programs identified through the GEF's priority-setting tools—National Portfolio Formulation Exercises, National Dialogue Initiatives, and specially tailored project design exercises. Through these processes, the GEF can help build environmental considerations into other key ministries' decision-making processes; for example, strengthened engagement with recipient countries' ministries of finance is crucial in this regard.

The GEF's engagement with the private sector will be further strengthened. For compelling reasons, the private sector is a high priority in addressing global environmental challenges. The private sector dominates the socioeconomic sphere, and therefore limited public sector resources need to be used most effectively to redirect private sector activities toward environmentally sustainable approaches. Private enterprises, which are the dominant source of economic activity, must be encouraged to pursue commercially viable activities that also generate global environmental benefits. An advantage of the GEF compared with other institutions lies in its ability to provide grant funding that can be targeted to provide much-needed enabling-policy support and that can reduce the risk of investments, thereby helping to alleviate systemic barriers to private investment.

The GEF will seek a stronger engagement with civil society organizations (CSOs) in the global environment arena. Since its inception, the GEF has put in place a number of mechanisms and policies to facilitate the participation of civil society in its work. The GEF's experience is that working with CSOs often enhances the impact and sustainability of its interventions. The GEF will further strengthen its work with CSOs in recipient countries and internationally, including with indigenous peoples and through the GEF CSO network,, in accordance with its public involvement policy, to develop knowledge and mobilize public action that is necessary for achieving an enhanced impact on key drivers of environmental degradation. To enhance the GEF's ability to create science-based solutions, the GEF will partner with research institutions and other academic leaders and seek to incorporate scientific findings, appropriate technology and traditional knowledge into project design to ensure the greatest impact.

The GEF will continue to strengthen its focus on gender mainstreaming and women's empowerment. The importance of gender equality in environmental management policies and programs has been recognized in a wide range of forums. The GEF recognizes that gender equality is an important goal in the context of projects that the GEF finances, because it can help to advance both the GEF's objectives of attaining global environmental benefits and those related to gender equality, equity, and social inclusion. If GEF interventions act as agents of change in addressing environmental challenges, benefits generally accrue to both women and men.

The GEF will emphasize the use of gender analysis as part of socioeconomic assessments to ensure that intervention design is gender sensitive. Furthermore, gender-sensitive indicators and sex-disaggregated data will be used in GEF projects to demonstrate concrete results and progress related to gender equality.

Improving Operational Efficiencies

The GEF will intensify its efforts to improve the efficiency of its operations. Even with a dedicated focus on improving project cycle efficiencies during GEF-5, project processing times have not significantly improved in recent years. Detailed analysis by the IEO suggests that the time between Council approval of a project and its endorsement by the CEO is persistently long, with a significant share of projects exceeding the current 18-months target.

Improved efficiency will require efforts from all GEF stakeholders, including countries, implementing agencies, and the GEF Secretariat. GEF project preparation is subject to parallel project cycles because GEF projects in most implementing agencies are subject to both the agency's regular project cycle requirement and the specific requirements applicable to GEF projects. Those requirements are derived from the GEF's focus on funding global environmental benefits and other GEF policy requirements regarding, for example, safeguards, monitoring and evaluation, gender, and cofinancing. The GEF will seek project cycle improvements that balance the need for

standardized minimum requirements across GEF agencies—which has become increasingly important as the GEF partnership has grown to ascertain that GEF objectives are being met—with the need to allow implementing agencies and countries to design projects in a timely and cost-effective manner.

Strengthening Results Management

The GEF must further strengthen results management. Ultimately, what matters for the GEF is the achievement of global environmental benefits. That is the measure of success for the conventions for which the GEF serves as a financial mechanism, for the donors that provide the funding, and for recipient countries. In addition, GEF projects often generate social and economic co-benefits which a strengthened results management system would be able to better measure. . Consequently, a results focus must be present throughout the GEF's operational cycle. Significant changes are needed in the GEF's results management systems to enable it to improve its effectiveness and to target its scarce resources more strategically.

Certain issues will receive special attention in the strengthening of the GEF's results framework:

- *Measure what matters.* Focusing on a select set of core indicators that can be uniformly measured will result in a more streamlined and effective results management system. Aggregating indicators at different levels—across countries, regions, programs, and institutional portfolios—

will also help. Choosing the right set of core indicators will strengthen the ability to manage for results. The GEF has established a high-level corporate results framework for the GEF-6 period, but additional improvements are needed. The GEF's project management information system also needs improvement. To strengthen the results management system, the GEF will need to support strong collaboration of country and implementing partners and carefully weigh the benefits against any additional costs in terms of the increased complexity of the results management system.

- *Close the feedback loop.* The feedback loop that links the lessons learned from the GEF's past decisions—from both completed and ongoing projects—needs to be strengthened. Lessons learned from the implementation of the Integrated Approach Pilots will be particularly carefully monitored. Monitoring and learning from results will inform future strategy development and priority setting, project design, implementation, and evaluation, with the results again feeding back into the cycle.

A focus on strategically generating knowledge will complement enhanced results management. The potential audience for GEF knowledge products extends well beyond the GEF partnership. Lessons learned through GEF-funded interventions can guide other investments by bilateral funds, major foundations, the private sector, and national financial institutions, as well as the work of civil society. Through STAP, the GEF also has a unique opportunity

to capitalize on the knowledge generated across its partner agencies and to foster interagency cross-learning. Thus, the GEF will use knowledge as a lever to mobilize investments in those interventions that have the highest potential to deliver significant global environmental benefits. The GEF will also increase its support of a South-South knowledge exchange of successful and potentially replicable experiences among GEF recipient countries.



LIST OF ACRONYMS

CBD	Convention on Biological Diversity
CEO	Chief Executive Officer
CSO	Civil Society Organization
EbA	Ecosystem-based Adaptation
FAO	Food and Agriculture Organization of the United Nations
GDP	Gross Domestic Product
GEF	Global Environment Facility
GHG	Greenhouse Gas
IAPs	Integrated Approach Pilots
IEO	Independent Evaluation Office of the GEF
IMO	International Maritime Organization
IPCC	Intergovernmental Panel on Climate Change
IPCC AR5	International Panel on Climate Change Fifth Assessment Report
IUCN	International Union for the Conservation of Nature
LPI	Living Planet Index
NPIF	Nagoya Protocol Implementation Fund
OPS	Overall Performance Study
PES	Payment for Ecosystem Services
REDD	Reducing Emissions from Deforestation and Forest Degradation
STAP	Scientific and Technical Advisory Panel of the GEF
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
WBG	World Bank Group
WRI	World Resources Institute

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 - 33 IPCC Assessment Report 5, 2014.
 - 34 "The GEF shall . . . fund programs and projects which are country-driven and based on national priorities designed to support sustainable development. . ." GEF Instrument Article 4.

- 35 See the first report generated by the fifth overall performance study of the GEF, GEF Evaluation Office, "Cumulative Evidence on the Challenging Pathways to Impact," GEF Evaluation Office, Washington, DC, 2013.
- 36 STAP, "Enhancing the GEF's Contribution to Sustainable Development.
- 37 Ibid.
- 38 Secretariat of the Convention on Biological Diversity, "Strategic Plan for Biodiversity 2011–2020 and the Aichi Biodiversity Targets," paras. 5 and 10. This priority is also reflected in the Aichi Target's Strategic Goal A, "Address the underlying causes of biodiversity loss by mainstreaming biodiversity across government and society." A number of targets under Strategic Goal B ("Reduce the direct pressures on biodiversity and promote sustainable use") support focusing on sustainable production in agricultural production (including fisheries).
- 39 UNFCCC article 2.
- 40 M. Scheffer, J. Bascompte, W. A. Brock, V. Brovkin, S. R. Carpenter, V. Dakos, H. Held, E. H. van Nes, M. Rietkerk, and G. Sugihara, "Early-Warning Signals for Critical Transitions," *Nature* 461 (2009): 53–59.
- 41 Data are through June 2013. GEF, "Multi Focal Area Projects in GEF Portfolio," OPS-5 Technical Document 9, GEF, Independent Evaluation Office, Washington, DC, 2013.
- 42 The review also found that although some projects were designed merely to bundle multi-focal area projects into a single project for apparent transactional convenience, those were a small minority. The vast majority—close to 90 percent—of all projects were explicitly designed to achieve objectives across several environmental domains. It should be noted, though, that bundling may also be a practical way to overcome the challenges of fragmentation of GEF resources under its allocation system.
- 43 World Economic Forum, *Global Risks 2013*, 8th ed. (Geneva: World Economic Forum).
- 44 An analysis of 98 randomly selected GEF-5 Protocol Implementation Funds found that of those projects that targeted drivers (46 percent of investments, by value), over two-thirds were designed to be at scale or scalable. In contrast, of the 54 percent of investments that targeted pressures, only 8 percent were designed to be at scale or scalable. As a result, half of approved investment in GEF-5 did not address drivers *and* was not designed to deliver scalable global environmental benefits.
- 45 Brazil—National Biodiversity Project (GEF ID 58).
- 46 Conservation and Sustainable Use of the Gulf of Mannar Biosphere Reserve's Coastal Biodiversity project (GEF ID 634).



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