

NATURE AND EXTENT OF GEF PROJECTS IN ASSISTING IN THE IMPLEMENTATION OF
MULTILATERAL ENVIRONMENTAL AGREEMENTS

Communication from the Global Environment Facility (GEF) Secretariat

1. A number of multilateral environmental agreements (MEAs) are aimed at protecting the environment in specific areas through taking positive measures¹ and trade restrictions. Having MEAs implemented is often the *raison d'être* of their adoption. However, factors, such as lack of technical and financial capacity of country Parties, in particular developing country Parties and lack of real executive bodies and verifying systems at the international level make MEA compliance difficult. Since the first Earth Summit in 1992, the Global Environment Facility (GEF) has been helping eligible country Parties implement several MEAs through funding environmental projects in countries. The four focal areas of the GEF are biological diversity, climate change, international waters and ozone layer. The issues of land degradation, primarily desertification and deforestation, as they relate to each focal area, are also addressed.

I. RELATIONSHIP BETWEEN THE GEF AND MEAS

2. The GEF provides new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits in its four focal areas. The GEF is working closely with several MEAs in its four focal areas. Given its mandate and its limited resources, the GEF supports the implementation of several MEAs at different levels. For instance, the GEF is currently serving as the financial mechanism of the Convention on Biological Diversity (CBD) and the United Nations Framework Convention on Climate Change (FCCC). It complements the Multilateral Fund of the Montreal Protocol on Substances that Deplete the Ozone Layer (Montreal Protocol). The GEF supports the implementation of a number of international waters treaties through its catalytic role. It funds desertification projects as they relate to one or more of the GEF four focal areas.

A. The Convention on Biological Diversity and the United Nations Framework Convention on Climate Change

3. The Convention on Biological Diversity and the United Nations Framework Convention on Climate Change were adopted in 1992, as major achievements of the Rio Conference on Environment and Development. Based on the principle of common but differentiated responsibility, both conventions stipulate that financial resources be provided to meet the agreed incremental costs

¹The term "positive measures" does not appear in any of the existing MEAs and is not used in *Agenda 21*. However, this term has been extensively used in post-UNCED analysis and intergovernmental deliberations in UNCTAD, WTO, UNEP and CSD. It normally refers to issues such as access to finance, access to and transfer of technology, and technical assistance for capacity building.

incurred by developing country Parties in complying with their obligations under the Conventions.² The GEF has been designated to operate the financial mechanism of both Conventions.

4. In partial fulfilment of its purposes, the GEF is operating the financial mechanism for the implementation of the CBD and the FCCC in accordance with cooperative arrangements between GEF and the Conventions. A memorandum of understanding has been adopted by the GEF and each of the Conventions. The aim of the memorandum is to provide the respective roles and responsibilities of the Conference of the Parties (COP) to the Conventions and the GEF. The COP will decide on policies, programme priorities and eligibility criteria and the GEF will ensure the effective operation of the GEF as a source of funding activities under the Conventions.

5. The eligible countries determined by the conventions for their financial mechanism covers only developing countries. However, the GEF supports other country Parties if they need assistance in implementing the conventions and meet UNDP technical assistance and World Bank borrowing requirements.

B. Montreal Protocol

6. The Montreal Protocol has the Multilateral Fund to support its implementation. The GEF provides complementary assistance outside of the Multilateral Fund. This means that the GEF will assist otherwise eligible recipient countries that are not Article 5 countries; or those activities, while consistent with the objectives of the Montreal Protocol, are of a type not covered by the Multilateral Fund. To be eligible for GEF funds, countries must be parties to the Montreal Protocol and its amendments. The GEF has developed an operational strategy in ozone depletion as an operational response to the Montreal Protocol. The GEF Secretariat maintains close contact with both the Secretariats of the Montreal Protocol and the Multilateral Fund.

C. MEAs in the area of international waters

7. International waters, which includes numerous MEAs, is also one of the GEF's focal areas. Though there is no formal linkage between the GEF and these legal agreements, the GEF funds strategic action programmes to help countries formulate actions and these often facilitate the implementation of the international agreements in the area of international waters at national and regional levels. As Chapters 17 and 18 of *Agenda 21* broadly capture the spirit of these MEAs and offer particularly valuable guidance to countries. GEF activities undertaken in this focal area will be consistent with *Agenda 21*. The GEF may be able to fund transboundary projects without requiring conventions to be adopted among countries.

II. NATURE AND EXTENT OF GEF PROGRAMMING

8. The GEF has developed an Operational Strategy to guide the development of work programmes, business plans and budget. The Operational Strategy incorporates guidance from the CBD and FCCC, for which the GEF serves as the interim financial mechanism.³ The GEF activities are programmed in three broad, interrelated categories: (a) operational programmes; (b) enabling activities; and (c) short-term response measures.

²See Article 20 of the CBD and Article 4, paragraph 3 of the UNFCCC.

³The GEF Operational Strategy was prepared on the basis of close consultations with the CBD and FCCC Secretariats. They were invited to attend relevant meetings so as to ensure that the strategy fully integrated the guidance approved by the COPs.

- (a) **Operational Programme:** An operational programme is a conceptual and planning framework for the design, implementation and coordination of a set of projects to achieve a global environmental objective in a particular focal area. It organizes the development of country-driven projects and ensures systematic coordination between the Implementing Agencies and other actors. In the areas of biodiversity and climate change, operational programmes will be developed in accordance with the programme priorities approved by the COPs.
- (b) **Enabling activities:** They include inventories, compilation of information, policy analysis, and strategies and action plans. They represent a basic building block of GEF assistance to countries. They either are a means of fulfilling essential communication requirements to a convention, provide a basic and essential level of information to enable policy and strategic decisions to be made, or assist planning that identifies priority activities within a country. Enabling activities will include among others preparation of a plan, strategy, or programme to fulfil commitments under the CBD and preparation of a national communication to the FCCC.
- (c) **Short-term measures:** While operational programmes and enabling activities are the main means to assist country Parties to implement the conventions, short term responsive measures would not be expected to yield significant strategic or programmatic benefits, but they would yield short-term benefits at a low cost. They can also help country Parties fulfil their commitments under the conventions, for instance, urgent measures to conserve an extremely endangered species.

9. As of June 1997, the GEF has spent US\$1.57 billion in its four focal areas. Among its total expenditure, \$1.2 billion has been used to fund projects in the areas of biodiversity and climate change (Copies of the list of GEF funded projects as of June 1997 have been provided by the GEF Secretariat and are available upon request to the Trade and Environment Division, WTO Secretariat).

III. GEF ROLE IN HELPING COUNTRIES IMPLEMENT MEAS

10. The GEF is helping countries implement MEAs at different stages as follows.

A. Enable country Parties to implement their MEA obligations

11. To meet the requirements and obligations of MEAs, a number of developing countries need technical and financial assistance. The GEF can provide funds to help eligible parties implement their legal obligations. This is a first and critical step for developing country Parties to implement MEAs at an early stage after their ratification.

12. For example, enabling activities in the area of biodiversity include establishment of national action strategies, plans or programmes for the conservation and sustainable use of biodiversity, and submission of first national reports to the COP of the CBD. Recent guidance from the COP also incorporates other elements of enabling activities, such as building capacity of using the clearing-house mechanism, inventory and biosafety. The priority enabling activity identified by the second COP to the FCCC in July 1996 is the preparation of the first national communications. As of June 1997, the GEF has supported more than one hundred countries in their enabling activities in each area of biodiversity and climate change.

B. Promotion of partnership within countries and cooperation among countries in implementing MEAs

13. Unlike traditional international law, one of the characteristics of MEAs is that their implementation requires a concerted effort of the whole society, which includes governments and other major groups as well as local/indigenous communities. The GEF is promoting consultation with, and participation of all stakeholders in the preparation and implementation of its projects.⁴ Partnerships within countries may thus further strengthen a country's capacity to implement MEAs.

14. As the subject matter of most of MEAs is of a transboundary nature, cooperation among countries at the regional level is sometimes essential. For example in the case of countries sharing the same ecosystem and the same water basin, or countries combating transboundary air pollution and desertification. GEF activities are often designed so as to be consistent with national and where appropriate, regional initiatives.⁵ In regional projects, GEF will focus on removing barriers to cooperation by funding additional transaction costs to joint planning activities, additional data collection/ analysis and coordination between countries.

C. GEF's role in transfer of technologies

15. Several MEAs contain specific provisions on technology transfer, for instance, the CBD and the FCCC.⁶ The GEF has supported the transfer of environmentally sound technology (EST). The GEF Operational Strategy provides for facilitation of, and access to transfer of environmentally-sound technology for biodiversity.⁷ The long-term measures for climate change include removing implementation barriers for technology and reducing the costs of promising technologies.⁸

16. The most important role of the GEF in the transfer of technology is that the GEF, based on country driven approaches, concentrates on enabling countries to remove barriers to technology transfer and introduces relevant technologies into national markets. The GEF is funding more than 40 projects which will enable the introduction of technologies to national markets by assisting countries in removing relevant barriers. These programmatic interventions may ultimately have a large impact on private capital flows for the transfer of ESTs. In addition, the GEF also pays incremental costs of specific ESTs in case they are more expensive than traditional technologies.

D. Leveraging other sources of funding

17. Both the CBD and the FCCC require their financial mechanism to leverage other sources of funding.⁹ The GEF does leverage other sources of funding through its catalytic funding activities.

⁴See Public Involvement in GEF-Financed Projects.

⁵See GEF Operational Strategy, page 3, Strategic Considerations.

⁶See Article 16 of the CBD and Article 4 of the FCCC.

⁷See GEF Operational Strategy, page 19.

⁸See GEF Operational Strategy, page 33.

⁹Decision I/2 Financial resources and mechanism of the COP to the CBD provides "The programme priorities are as follows: (h) Activities that provide access to other international, national and/or private sector funds and scientific and technical cooperation". Decision 11/CP.I Initial guidance on policies, programme priorities and eligibility criteria to the operating entity or entities of the financial mechanism, made by the COP to the FCCC, provides "(v) The operating entity or entities of the financial mechanism should strive to leverage other funds in support of the activities of developing country Parties to address climate change".

For instance, GEF financing for biodiversity of \$596 million has leveraged an additional financing for a total of \$1,379 million. GEF financing in climate change of \$607 million has leveraged a total of \$3,800 million. Leveraged resources in the area of climate change are around six times GEF funding. Additional sources leveraged by the GEF are mainly from donor and recipient countries, including private sector funds.

18. Leverage of other sources will not only increase funding to support countries in implementing MEAs, but also involve different sectors in this exercise and thus disseminate the objectives of MEAs. The most significant aspect of GEF efforts is to assist countries set up a framework which will create incentives to mobilize other resources, in particular from the private sector. This effort made by the GEF is in line with the spirit of some MEAs.¹⁰

¹⁰For instance, Article 11, Incentive Measures of the Convention on Biological Diversity.