



GEF as a Financing Platform for Forestry Projects

Tehran Workshop on Forest Financing in LFCCs (12 to 17 November 2011)

United Nations Development Programme

Background Information



GEF is built around a core partnership between developed and developing countries;

It serves as the financial mechanism of UNFCCC, CBD and Stockholm Convention on POPs; provides financing to UNCCD and supports the MP on ODSs as they relate to GEF Focal Areas (FAs);

GEF operations must conform to national priorities and country strategies as well as activities consistent with guidance from conventions it serves- GEF catalyzes innovative approaches for investment, technical assistance and scientific assessment to generate global environmental benefits (GEB) in the context of national sustainable strategies.

GEF's Fifth Replenishment (GEF-5)



Every 4 years donor nations fund the GEF and commit money through a process called “Replenishment”;

Since 1994, over 4 replenishment and a pilot phase GEF has raised \$ 10 billion over 15 years, leveraging \$ 40 billion;

The fifth replenishment (GEF-5) will cover GEF operations and activities for 4 years from July 2010 to June 2014;

On 12 May 2010, participants tentatively agreed on an overall replenishment of US \$ 4.248 billion (\$ 3.49 billion in new funding)- this represents a 52 % increase over GEF-4 and is considered an excellent outcome;

GEF-5, continued



However, demand for resources to meaningfully tackle global environmental problems is estimated at 100s of billions and far exceeds supply in today's financial climate – Examples:

- UNFCCC estimates \$ 200 billion is annually required for new low emission technologies by 2030 as **additional investment** if emissions to be reduced by 25 % of 1990 level;
- EGTT estimates the need for development & implementation of **new technologies** beyond 2020 at \$ 300 bn - 1 trillion/year;
- Estimate for reversal of rapid degradation of natural resources and conserving of ecosystem services run as high as \$ 50 bn annually;

GEF-5 Reforms



During GEF-4, GEF implemented a number of key reforms, including the design and implementation of a resource allocation framework to direct funds under a more objective set of criteria and to put countries in the lead in setting programming priorities;

RAF in GEF-4 is replaced in GEF-5 with a more ***Transparent System for Allocation of Resources*** (STAR) applied to LD, BD and CC FAs;

Under STAR, allocations for Iran stand at :

CC: \$ 18.69 million

BD: \$ 6.33 million

LD: \$ 3.75 million (i.e. total of \$ 28.77 million)

Focal Area (FA) Strategies



FA strategies cover BD, CC mitigation, IW, LD and Chemicals (POPs and ODS) and build on work by TAGs established by the CEO and on feedback from GEF agencies and other stakeholders. A strategy is also presented for the x-cutting theme of sustainable forest management (SFM);

FA strategies are presented in the context of a RBM framework that include indicators and targets. These can be aggregated to the portfolio level in support of GEF strategic goals;

GEF Strategic Goals → Focal Area Goals → GEF Focal Area Objectives → Project Objectives;

Project Eligibility Criteria



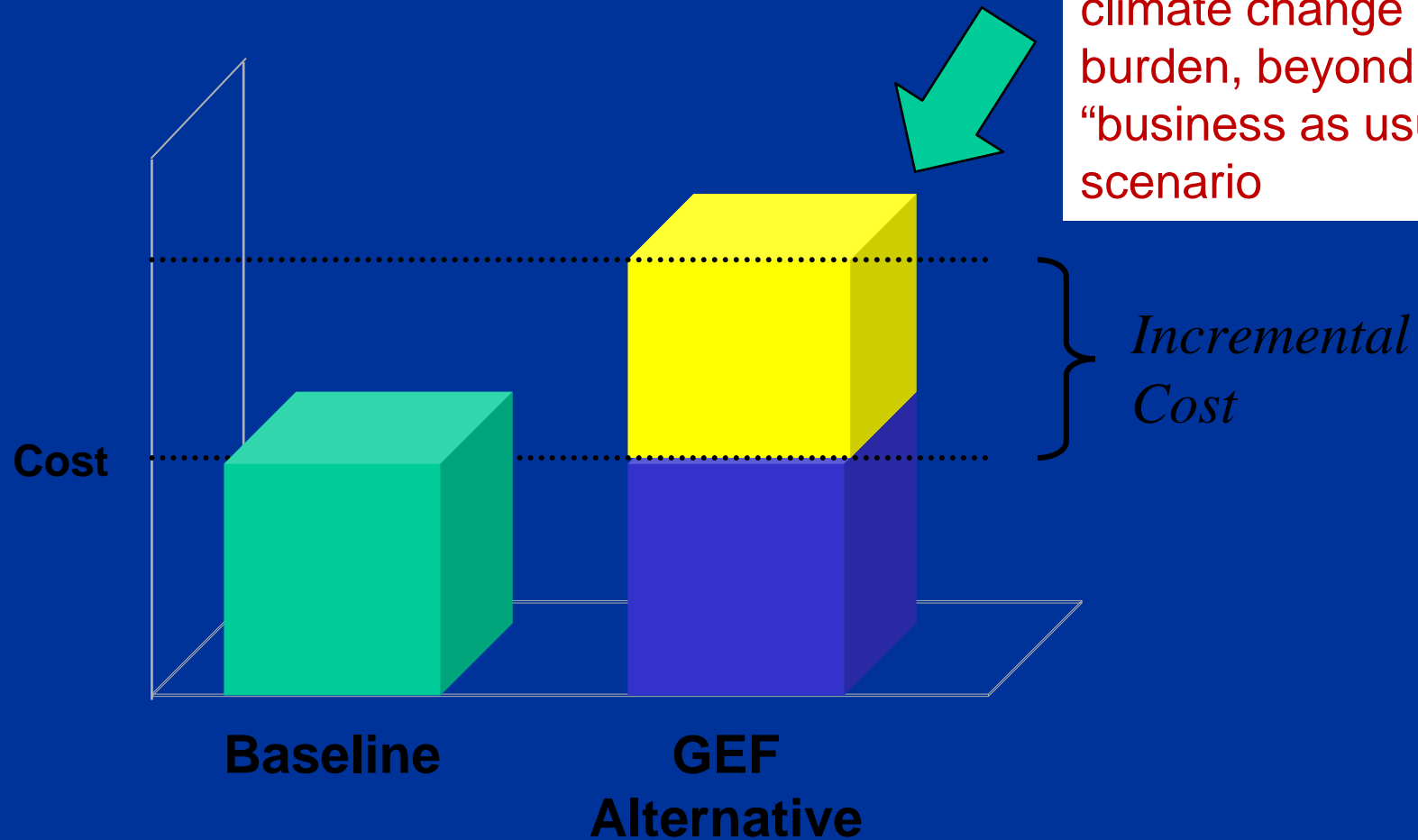
- A strong baseline that demonstrates a significant foundation on which to add global benefits through the incremental principle;
- Demonstrating impacts in global benefits (e.g. reduction of GHG emissions);
- Leveraging additional investments from other sources;
- Delivering legislative and regulatory policies approved for implementation in the project time-frame;
- Developed with sensitivity to national needs;
- Take account of agencies comparative advantages.

Investing in our Planet



Incremental Costs

Addressing additional climate change burden, beyond “business as usual” scenario

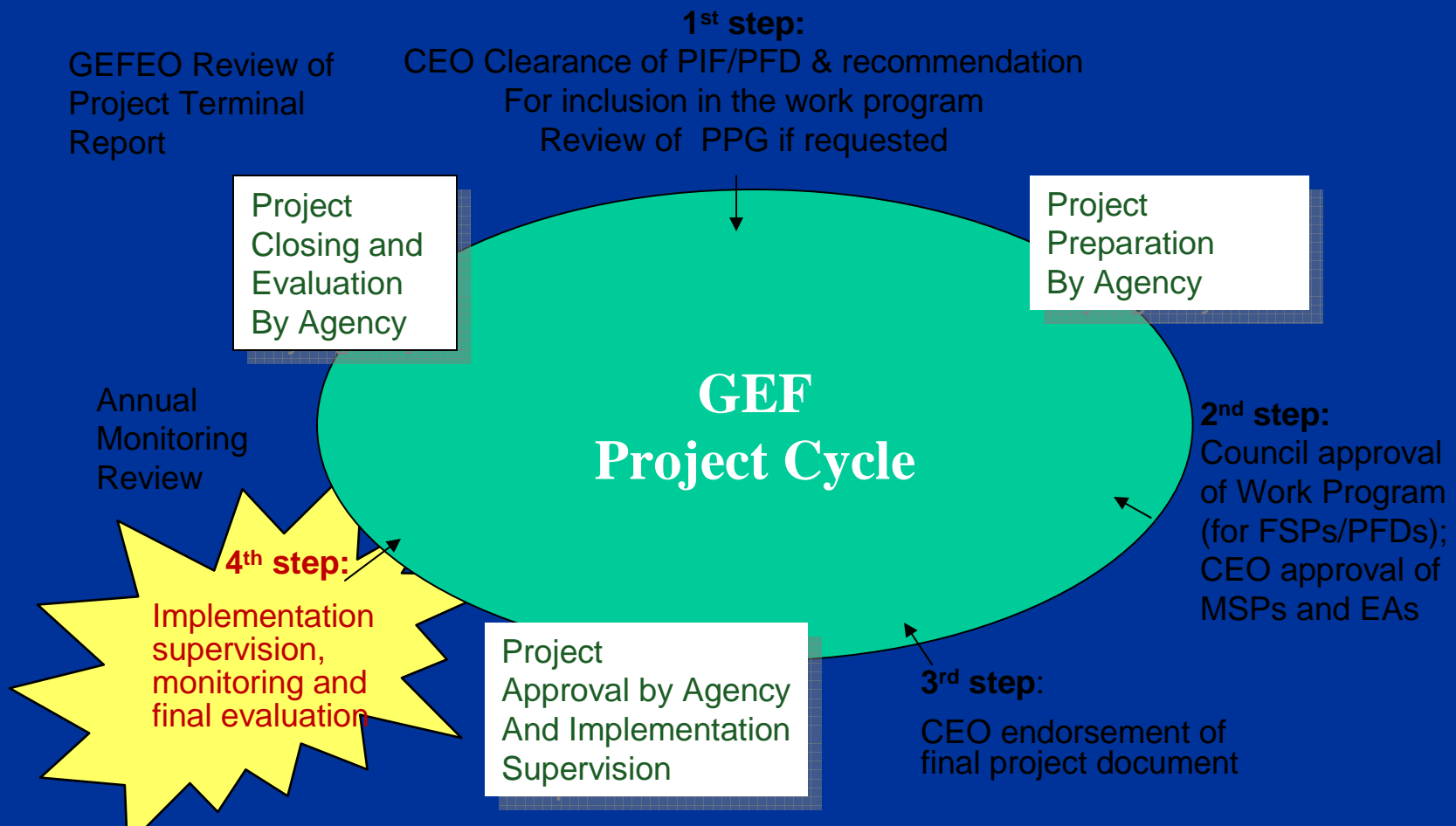


Investing in our Planet



GEF Project Cycle

(approved by Council in June 2007)



Focal Area (FA) Strategies Relevant to SFM



Most relevant FAs to forest conservation: BD, CC and LD;

GEF's SFM / REDD+ and LULUCF strategies support transversal strategies in different FAs and aim to secure multiple environmental benefits, particularly those related to protection and sustainable use of biodiversity, CC mitigation and adaptation and combating LD;

In countries experiencing large GHG emissions from deforestation and forest degradation, GEF will promote LULUCF activities aimed at reducing forest emissions and promoting forest conservation, afforestation, reforestation and SFM. Inclusion of LULUCF in the CC strategy enabled support to projects that deliver global benefits across all 3 GEF FAs of direct relevance to forests.

GEF involvement with Forest Conservation at a Glance



Since its inception in 1991, GEF has financed over 300 projects and programs focusing on forest conservation and management in developing countries;

Total GEF allocation to forest initiatives during this period amounts to > \$1.6 billion, leveraging \$5 billion from other sources;

Until 2006, GEF supported forest projects drawing from the focal areas of biodiversity and land degradation;

In response to the growing international recognition of the role of forests in delivering global benefits across a variety of themes, in 2007 the GEF Council approved the broadening of the GEF's efforts in the field of sustainable forest management.

Background on SFM and REDD+ Financing



GEF is actively cooperating with the UNFF on a range of fronts. For example, in its 2009 resolution on forest financing, the UNFF invited the GEF Council to consider the option to strengthen support for SFM and establish a separate programme on forests....;

Adopting the framework of the UNFF, the GEF considers sustainable forest management *a dynamic and evolving concept that aims to maintain and enhance the economic, social and environmental value of all types of forests, for the benefit of present and future generations;*

Through its pilot SFM Program in GEF-4 (2007–2010), the GEF took action in the REDD+ and LULUCF arenas by providing resources for pilot projects focusing on cross-sectoral coop.

Background on SFM and REDD+ Financing



The SFM program established mid-way through GEF-4 replenishment cycle and lacked dedicated funding. In GEF-5, for the first time a separate funding envelope for SFM/REDD+ has become available for countries willing to invest portions of their allocations from biodiversity, climate change and land degradation toward more impactful SFM/REDD+ projects;

For SFM/REDD+ this envelope is worth \$ 250 m. It operates as an incentive for developing countries to invest up to \$ 750 million of their allocations from BD, CC and LD for more comprehensive SFM/REDD+ projects and programs.

Altogether, the GEF will thus make up to \$1 billion for SFM/REDD+ funding available throughout GEF-5. This investment is expected to leverage substantial additional funding from external sources.

Funding Eligibility for Forest projects in GEF-5



All types of forests, ranging from tropical and sub-tropical forests to woodlands, eligible for funding under the SFM/REDD+ Programme. The new GEF SFM/REDD+ Strategy offers a wide spectrum of options including: forest policy (re)formulation, forest PA creation and management, forest inventory and carbon measurement and monitoring, reduced-impact logging, certification of timber and NTFP products, PES, among others;

GEF focuses its activities particularly on implementation phase of REDD+ by supporting: developing national systems to measure and monitor carbon stocks and fluxes from forests and peatlands, strengthening forest-related policies and institutions, developing policy frameworks to slow the drivers of carbon emissions from deforestation and forest degradation,

Funding Eligibility for Forest projects in GEF-5



establishing innovative financing mechanisms and piloting projects to reduce emissions from deforestation and forest degradation;

GEF strongly supports work with local communities to develop alternative livelihoods to reduce emissions and sequester carbon. GEF Secretariat and the GEF STAP carefully examine all proposals for indigenous peoples & civil society involvement;

Proposals are also analyzed for potential adverse impacts on local populations and their environment. GEF does not fund logging operations in primary forests or any initiatives that promote the conversion of forests to alternative land uses, such as industrial tree plantations in native habitats. Beyond that, the GEF relies on the safeguards adopted by its implementing agencies.