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### The Global Environment Facility

Delivering solutions for a sustainable future



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Doris Leuthard Global challenges

Naoko Ishii Defining moment Jeff Fortenberry Sheldon Whitehouse Maximizing value

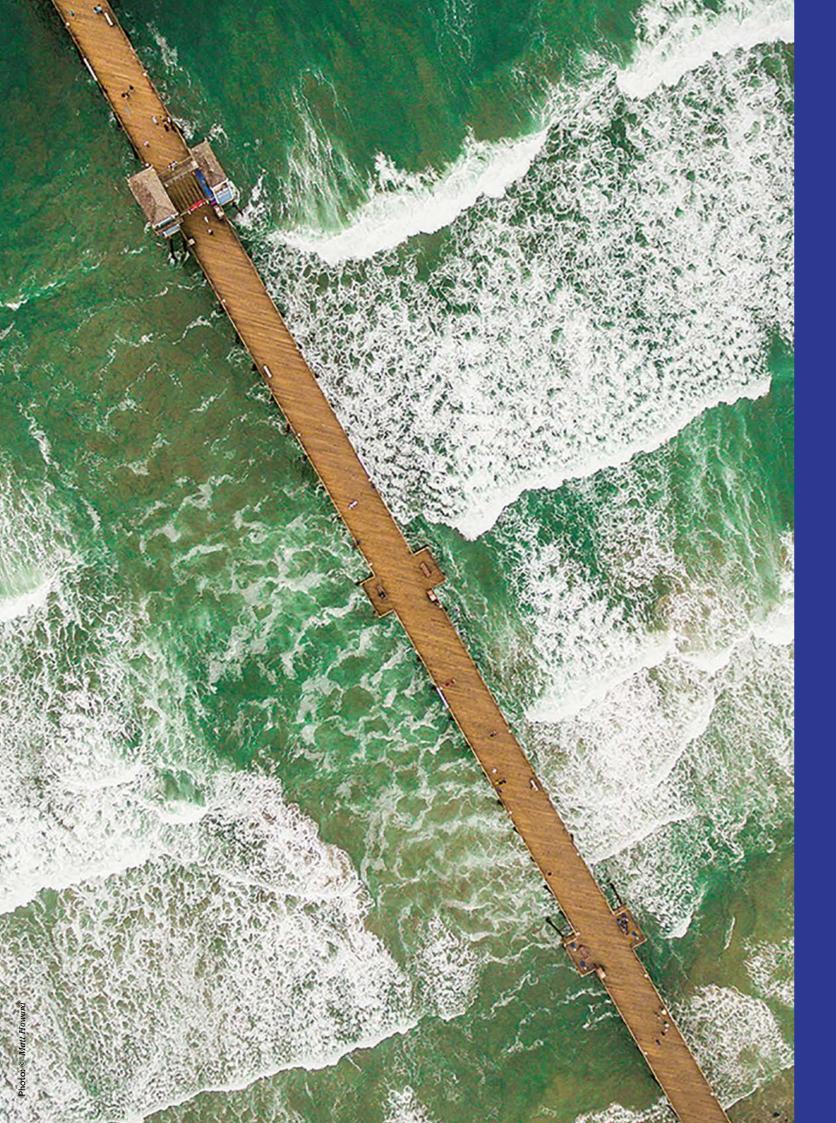
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Anne Hidalgo Greening cities





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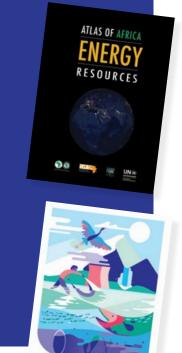






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**Erik Solheim** 

Executive Director, **UN Environment** 

ore than just a financial mechanism or a partnership agreement, the Global Environment Facility sits at the very heart of global action to protect and restore our environment. This edition of Our Planet looks at the work of the Facility, which for more than a quarter century has driven catalytic change, enabling progress on the world's most pressing environmental challenges.

Established on the eve of the 1992 Rio Earth Summit by UN Environment, the United Nations Development Programme and the World Bank, the Facility has provided over \$17 billion in grants and mobilized an additional \$88 billion in financing for thousands of projects around the world. It is now an international partnership of 183 countries, uniting international institutions, civil society and the private sector.

The Facility is the foundation stone of much of the current global action, supporting multilateral environmental agreements to make a real difference to people's lives, and enabling direct action on the greatest threats to our shared future - from global warming to hazardous waste to land and water degradation. It is a pillar of the new Minimata Convention on mercury, the Stockholm Convention on

Persistent Organic Pollutants and the Convention for Biological Diversity - not to mention the United Nations Framework Convention on Climate Change and the Convention to Combat Desertification. Through platforms like UN Environment's Regional Seas Programme it unites countries to protect and restore the ecosystems they share and depend upon, underlining the power of joint action to preserve the global commons.

As the Facility's work enters a new phase under its seventh replenishment cycle, this edition underscores the real change that has been delivered, as well as the importance of a robust replenishment that will see new priorities put to work as we move forward together.

From helping more than 160 countries to tackle the challenges of climate change, to managing harmful chemicals, cutting emissions, preserving forests and protecting biodiversity, the Facility continues to be a core part of our work at UN Environment, as it does at all its partner agencies. Together with these partners, we stand ready to expand this work to overcome the challenges we share at this critical juncture for our planet.



**Achim Steiner** Administrator, United Nations Development Programme

cross the world, the Global Environment Facility's **A** investments have transformed markets, strengthened the resilience of vulnerable communities, improved ocean governance, advanced the sustainable management of chemicals and addressed the key drivers of environmental degradation.

The Facility plays a critical role in disrupting the systems that drive biodiversity loss by tackling key market, governance, policy and implementation failures, using new technologies, platforms, and public-private partnerships.

For example, through sustained investment and partnership with the shipping industry, we are leaving a remarkable legacy with a new global convention to reduce the risk of transfer of harmful aquatic organisms in ships' ballast water, creating an entirely new treatment industry valued at over \$35 billion.

The Facility has also been instrumental in advancing sustainable energy - promoting innovation and supporting governments to catalyze the private sector finance needed to achieve clean, affordable and reliable energy.



**Kristalina** Georgieva

Chief Executive Officer, World Bank

gether with the Global Environment Facility, we have by the International Finance Corporation has helped pioneered integrated programming to promote conservation of natural resources, reverse the effects of ecosystem degradation, catalyze low-carbon development and manage chemicals and pollution. We have leveraged development finance for the benefit of the global environment, as part of our goals of ending extreme poverty and boosting shared prosperity.

The impact of World Bank-Global Environment Facility investments is tangible. We have worked with the government of Brazil and several key partners to create the world's largest tropical forest conservation program, supporting the conservation and sustainable use of more than 52 million hectares - around 15 per cent of Brazil's Amazonian landscape. We have pursued transformational investments in international waters topping \$6 billion and initiated longterm programs in river basins across Africa. In the African Sahel, a region highly vulnerable to climate change and home to 135 million people, we are implementing a \$1.1 billion investment programme across 12 countries, empowering communities to sustainably manage land and water resources. And in China, a long-running program led

These results have been achieved largely due to the strong partnerships the Facility has forged – with UN agencies. development banks, governments, civil society, and the private sector

It is critical that we build on this track record, aiming for greater impact and transformational change. We need integrated solutions: the challenge of protecting our forests, for example, is not only a conservation issue. It is a climate change issue, an energy issue, a livelihoods issue, a governance issue, and a gender issue.

The 2030 Agenda for Sustainable Development offers an unprecedented opportunity, and the Global Environment Facility is well suited to this task. As a founding member of the Facility, the United Nations Development Programme remains strongly committed to the partnership. We believe that the complex environmental, social and economic challenges of the 21st Century can only be solved together - through the integrated, systemic approaches proposed for the Global Environment Facility's seventh replenishment phase, and by leveraging the comparative advantages of all Facility partners.

Chinese banks build profitable clean energy lending portfolios that will avoid over 22 million tons of greenhouse gas emissions - equivalent to two years of China's total emissions. The Facility's resources have helped us innovate, take risks, and put in place policy, regulatory and legal frameworks that drive economic development and generate global environmental benefits.

The Facility will play a key role in achieving the Sustainable Development Goals, and the current replenishment is an important opportunity to implement a financing framework that not only leverages our balance sheets, but also mobilizes much-needed private sector investment. As a proven partnership, capable of delivering innovation for scalable solutions, the Global Environment Facility is irreplaceable.

# Naoko Ishii **Defining moment**

Despite grave threats, development in harmony with the planet is within grasp.



#### Naoko Ishii

Chief Executive Officer and Chairperson, Global Environment Facility

e stand at a defining moment for the future of the planet and human well-being. Our global commons – the land, seas and atmosphere we share, and the ecosystems they host - are under severe threat from ever more powerful human activities.

Several planetary boundaries, within which human society has become established and thrives, have already been transgressed as we have taken the global commons for granted. On this trajectory, the threat - not just to the environment but to global aspirations for economic growth, prosperity, jobs and security - risks escalating out of control.

Business as usual will guarantee disaster. Incremental change will not suffice to avoid it: the challenge is just too great for that. The only solution is transformational, systems change.

To get on the right path to a better, safer future, we need to work together on common and systemic solutions, and to address the drivers of environmental degradation.

Three global megatrends will lead to further major degradation of the global environment under a business as usual scenario: a growing population, which will exceed nine billion by 2050; a rapidly rising global middle class resulting in a tectonic shift in consumption and diet patterns; and rapid urbanization which is expected to add one billion new residents to the world's cities.

To "de-couple" the impact of these megatrends, we must fundamentally transform our key economic systems. We need to change the systems that support how we live, how we eat, how we move and how we produce and consume. In other words, four revolutionary shifts in social and economic life are needed: transforming cities, re-thinking food and agriculture, decarbonizing energy systems, and investing in the circular economy.

With its unique mandate across multiple multilateral environmental agreements - and its financing, holistic approach and wide network of partners - the Global Environment Facility is particularly well placed to help catalyze the required transformation.

Established on the eve of the 1992 Rio Earth Summit, the Facility was set up to help tackle our planet's most pressing environmental problems.

Its strong, diverse, and expanding network of partners includes 183 governments, together with civil society organizations, academia and private companies, as well as its implementing and executing agencies.

Since its inception, it has accumulated a vast body of experience and knowledge. It has a key role in bringing together multiple stakeholders and in catalyzing the private sector to form sustainable partnerships. And it has also always been ready to innovate.

But the uncomfortable truth is that we, like the rest of the international community, are failing to reverse the sharp downward trend in the global environment. We have won battles, but the war is still being lost. There have been many good initiatives, but the Facility's projects, too often fragmented and isolated, have come up short in shifting the needle in the right direction, let alone in bringing about transformational change.



We are switching our focus to address the underlying drivers of environmental degradation - rather than merely its effects.

> It's increasingly clear that the Facility cannot afford to stand still. In the face of the scale and the urgency of the threats facing the planet, the emerging global momentum for change, and the evolving global financial landscape, the Facility needs to seize opportunities to make a bigger difference.

It is high time for the Facility to change and – with the full support of its Council – it is doing so. Three years ago, the Council agreed on the GEF2020, the organization's firstever long term strategy, which we are now implementing. We are switching the focus of our operations to address the underlying negative drivers of environmental degradation rather than merely its effects – and to support innovative and scalable activities that cost-effectively deliver the highest impacts.

We have a golden opportunity ahead of us. We are currently in the middle of discussions on the seventh replenishment of the Facility's Trust Fund. Participants will assess what works and what does not, and what strategy we should own ambition.

The emerging overall programming architecture of the Trust Fund is aimed at advancing the 2020 vision by addressing the drivers of environmental degradation and contributing to systems change in key areas that impact our mission.

It is increasingly evident that it is simply not possible to address a particular environmental issue in isolation, as if it inhabited its own silo. Instead we need to address complex challenges in an integrated manner.

Some of the Facility's recent activities have provided clear evidence of the need to go deeper into the fundamental causes of environmental degradation. If we are to protect biodiversity, for instance, we should invest not only in protected areas but also make integrated investments in reforming land use and food systems, the major drivers of biodiversity loss. This in turn will meet the goals of multiple conventions and deliver more global environmental benefits, with greater impacts.

We all want to live on a healthy planet, and enjoy the beauty of nature. The world is responding to the threats we face, but not fast enough. With the Sustainable Development Goals and the Paris Climate Agreement, the world's nations have provided momentum and direction that must be seized. And multi-stakeholder sustainability platforms have proliferated, reflecting a growing recognition from business of both the risks and the economic opportunities that exist.

embrace at this critical moment. It's a chance to raise our But, important as this all is, it is only a start. Much more is needed, and it must happen fast: we are at a tipping point, for good or ill, for the world's environment and prosperity.

> The replenishment of the Trust Fund should be more about looking forward than back. And, grave though the current threats may be, future development in harmony with the planet is within our grasp.

We need to act swiftly, and at scale, to realize it - and that is just what the Facility intends to do.

# **Doris Leuthard Global challenges**

More needs to be done to keep our planet liveable for future generations.



#### **Doris Leuthard**

President of the Swiss Confederation and Head of the Federal Department of the Environment, Transport, Energy and Communications **S**ince the Global Environment Facility was established more than 25 years ago, the global dimension of environmental challenges has become increasingly evident. Scientists tell us that our 'planetary boundaries', the biophysical processes that determine the stability and resilience of the Earth, are being pushed to their limit or overstepped, with high risks of severely jeopardizing the very base that has allowed our societies to thrive over the past 10,000 years. Especially in developing countries, environmental degradation is imperiling, if not sweeping away, development achievements.

Corporations have become more aware of the global dimension of the environment too, since they are increasingly feeling the consequences of the changing environment in their bottom lines. For example, insurance companies are facing higher costs due to more frequent and bigger climate-related disasters, while interruptions of global supply chains due to droughts or flooding are causing systemic repercussions on industrial production.

It was certainly a sagacious and foresighted decision back in 1991 to establish the Facility as the financial mechanism of the Rio Conventions, and later to add the Stockholm Convention on Persistent Organic Pollutants and the Minamata Convention. This bundling is a strength of the Facility, as it encourages synergies, considering that many environmental challenges are interrelated and that, therefore, the most effective ways to address them are often through cross-sectoral approaches. This is evident in Central Asia, where climate change, water scarcity, land degradation, and pressure on biodiversity are all influencing each other.





### Strength, flexibility and resilience will be needed to contribute to preserving the very foundation of life

Despite the increased awareness of these challenges – and actions by states, cities, civil society, companies and international organizations to address them – greater efforts are urgently needed to keep our planet in balance and livable for future generations. Smarter and cleaner technologies and better regulations will help improve the ways we live and do business, so that we can protect the environment and address the needs of human development. Such a change in society and in the economy, of course, requires long-term commitments, clear political signals, and trillions in investments.

Although its own funds have been increasing over the years - and hopefully the seventh replenishment will again be robust - the Facility has to be very selective in its engagements. While keeping in mind its raison d'être - to support the implementation of the obligations stemming from the Multilateral Environmental Agreements - it may be time for the Facility to consider subtle changes to its ways of doing business regarding, among other things: (1) the instruments used, especially in the light of the changes in economic strength of many countries, which makes the old distinction between developed and developing countries questionable; (2) engagement with the private sector given the growing responsibility for environmental matters assigned to and assumed by it; (3) the increased complexity of the international environmental finance landscape; and (4) strategic alignment and coordination

with other sources of climate finance, including domestic sources, in country-level planning.

Moreover, the Facility should strive to distinguish its engagement and financing from that of others. This may imply linking more resources to advisory services, technical assistance, and capacity building. In view of more impactful projects and programs, and more effective long-term planning by client countries, greater flexibility and fungibility of resources within country allocations should be considered. Regarding tracking and reporting its activities and reflecting guidance by the Conference of the Parties of the Conventions, the Facility may want to go beyond how much money is going towards the different focal areas, and concentrate on the outcomes achieved.

With the necessary adjustments to the Facility's modalities of delivery, the "Global Environment Facility family", (i.e., the Council, Secretariat, agencies, client countries, civil society organizations and the private sector), will be well positioned to continue to play a pivotal role for the global environment in the years to come.

We have a saying that "sticks in a bundle are unbreakable". Strength, flexibility and resilience will be needed to contribute to preserving the very foundation of life, while fostering a transition to a thriving, clean economy, and an equitable society.

## Hailemariam Dessalegn Global action is needed

Without global coordination and regulation, common resources risk degradation.



#### Hailemariam Dessalegn

Prime Minister of the Federal Democratic Republic of Ethiopia There is no doubt that science is increasingly expanding our knowledge of the problem of environmental degradation (including our role in it) and the extent to which it affects our ability to continually improve our living conditions.

Responses have varied in intensity and scope. They started as largely local and national responses dealing with specific environmental problems. Now our knowledge of how much of our environment (and hence its problems, causes, effects and solutions) functions as one complex system has increased. The international system has responded to deal with the global dimensions of environmental degradation. The recent coming together of the family of nations, in record number and pace, to adopt, sign and ratify the Paris Agreement is indeed encouraging. It helps to remind us why addressing environmental degradation requires global actions.

Global environmental actions are needed for a number of reasons. First, humanity uses certain vital resources in common. The ozone layer and the atmosphere are cases in point. In particular, the atmosphere – with its limited capacity to safely absorb greenhouse gases – is a resource that we use in common. Without global coordination and regulation, common resources risk degradation. Our climate is changing. Temperature is rising. Rainfall patterns are becoming erratic and unpredictable. Extreme weather events are becoming more frequent and severe.

We in Ethiopia are feeling the brunt of a changing climate. It is true that with climate change, we do not all lose at the same time. Some of us lose first. But this should not fool us into losing our grip of the problem. In the end, we all will lose. Ignorance may be bliss but it is not an excuse. It is prudent to err on the side of caution. There is no fundamental ignorance about climate change and other forms of environmental degradation. However, acquisition of knowledge is not certain to result in appropriate responses. There ought to be effective and fair global coordination and regulation mechanisms.

Second, with respect to environmental degradation that can be locally situated and felt, there are causes that lie beyond administrative and political borders. Globalization both exacerbates and alleviates environmental degradation. Global actions will be required for fair and effective tackling of such problems even if they have nothing to do with common resources. A related aspect is that many environmental actions, though taken locally, have transnational or global co-benefits, requiring global mechanisms for incentivizing them.

Third, certain types of solutions for environmental degradation require or benefit from global mechanisms of coordination, collaboration and regulation. Rapid development and dissemination of green technologies and channeling the flow of investment into low emission economic sectors and activities require such mechanisms. International mechanisms that facilitate exchange of knowledge and skills with respect to best techniques and policies are much needed.

Fourth, the earth – taken as a single complex system – requires that in many cases we should all move together. It is not a race. It is an endeavor to collectively avoid pitfalls and



## It is true that with climate change, we do not all lose at the same time. Some of us lose first.

aim for a better future. We are not yet there until we are all there. In this regard, therefore, global actions that embody this spirit of solidarity, mutual aid, universal contribution and responsibility are highly needed.

In my view, the last two points emphasize the two most important types of global environmental actions: channeling investment and providing support. Our success in tackling, for example, climate change, requires fundamentally altering flow of investment into green and climate resilient areas, technologies and activities. The extent to which investment flows globally means that responses affecting this flow should be globally coordinated. In this, coalitions of the willing – in terms of, for example, promoting carbon pricing and the removal of fossil fuel subsidies, and the coordinated announcement of contributions and long-term objectives – are indeed very vital. Taking globally coordinated measures to curb illicit erosion of the capacity of states to deliver on their promises to their citizens is another much-needed global action.

The fourth point, in particular, requires the renewal of commitments and delivery. Otherwise the global system that we have been incrementally building could potentially unravel. Some of us may not have adequate capacity (including finance) to take on, or meet, globally agreed contributions and targets. In such cases, it is of utmost importance that

those who are able to do so support whose who are less able. When those who are able are also historically responsible for the problem, the imperative to provide support becomes stronger. It is much stronger still when those who are less able and not historically responsible nevertheless decide to do what they can with their limited resources to deal with environmental degradation.

This is an imperative rooted both in fairness and effectiveness. We should all take effective and fair remedial and corrective actions. Those who have the capacity should effectively and fairly support others. Those who have less capacity now should, as responsible members of the community of nations, work to build it, including through effective and fair use of the international support provided. The Government of the Federal Democratic Republic of Ethiopia, which I have the great honor of leading, is guided by these considerations in dealing not only with environmental degradation but also other global challenges. In this regard, I pledge the support of my government to international institutions such as the Global Environment Facility and Green Climate Fund which play important roles in channeling and managing environmental financing.

# **Tshering Tobgay Time to act**

The world needs innovative thinking and collective action.



#### **Tshering Tobgay**

Prime Minister of Bhutan

he Earth Summit in Rio de Janeiro, Brazil, in 1992 was an historic moment for our planet, producing the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity in addition to the Rio Declaration. Bhutan, under the far-sighted leadership of our monarchs, was one of the early countries to welcome and support both agreements to help tackle the world's most pressing environmental problems. In the same year, the Bhutan Trust Fund for Environmental Conservation was established with contributions from the

interventions were introduced and traditional practices were recorded in the process of dialogue and discussions. During these participatory processes, millions of citizens - including local leaders and community members - were educated. What small and vulnerable countries require is technical expertise and capital resources to implement timely local actions. It is good to recall the sixth principle of the Rio Declaration: "The special situation and needs of developing countries (particularly the least developed and those most environmentally vulnerable) shall be given special priority. International actions in the field of environment and development should also address the interests and needs of all countries."

In 2002, the Global Environment Facility Assembly took a bold decision to include land degradation – covered by another Rio Convention, the UN Convention to Combat Desertification - as yet another focal area for support. This was warmly welcomed by developing countries affected by land degradation/desertification, and those whose economies were driven largely by the agriculture



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In the past 25 years, the Facility has been supporting developing countries to meet convention obligations through enabling activities. Local capacity has been developed to understand the project concepts and the components of policies and strategies of the Facility and its implementing agencies. Field observations and studies also indicate that – if local environmental issues like water and air pollution, riverbank protection work, erosion of soil and biodiversity are not addressed quickly - problems only multiply by the next season.

Small and vulnerable countries are most affected by such environmental degradation and also have poor resilience. Thus, they need capital resources urgently and sufficiently. Therefore, it could be timely to examine the current 18-month project cycle and explore the possibility of bringing it down to one year. Similarly, we should examine if it is worthwhile to look at the Facility's System for Transparent Allocation of Resources given the rapidly changing economic scenario of developing countries. Records show, for example, that bilateral donors have either withdrawn or are withdrawing support from small and vulnerable countries whose economies depend on natural resources, while local environmental degradation is being compounded. Likewise, the future of the Least Developed Countries Fund and the Special Climate Change Fund looks uncertain and bleak under current consultations and debates on financing environment actions. In the past, many Least Developed Countries, highly vulnerable to impacts of climate change, took advantage of these funds administered by the Facility. In are also pursuing the Sustainable Development agenda Bhutan, for example, the water level of one the most dangerous glacial lakes in the Eastern Himalayas was lowered by five metres with funds from the Least Developed Countries Fund.

One key instrument in delivering timely action is good coordination and communications among institutions involved globally and locally. Past experiences has

The need for more support and funds for the Facility and the communities is greater than ever before if we are to translate these global aspirations and plans into local actions.

shown that delays in submitting convention reports and project proposals are caused by poor coordination and communications among institutions appointed by the host country. It is time to revisit these institutions to experiment, innovate and change.

The Facility has supported over 790 projects for mitigating climate change - contributing to reducing greenhouse gas emissions by 2.7 billion tons - and reduced the vulnerability of more than 15 million people in 130 countries through adaptation measures. This is a great achievement but this is not enough! The global concentration of carbon dioxide in the atmosphere has surpassed 400 parts per million, when the safe level is 350 parts per million. The last time levels of carbon dioxide were this high, humans did not exist. We will also need 60-70 per cent more food by 2050, while air pollution kills 1.7 million children under the age of five every vear.

We have experienced the hottest year ever in 2016, a stark reminder that the world is still not on track to limit carbon dioxide emissions and thus raising the big question of whether we can deliver the intent of the Paris Agreement. Yes, we can and we must with our collective effort - for there is no other way!

Collectively, we have endorsed the Paris Agreement to help keep the global rise in temperature below 2°C, and aim to limit it to 1.5°C, above pre-industrial levels. We of 2030 with its 17 Sustainable Development Goals all aimed at leaving no one behind. The parties to the conventions prepared and submitted Nationally Determined Contributions, and Strategic Action Plans to tackle drivers of environment degradations. The need for more support and funds for the Facility and the communities is greater than ever before if we are to translate these global aspirations and plans into local actions. It's time to act.