

**UNIDO COMMENTS ON THE DRAFT PAPER  
“STRATEGIC POSITIONING OF THE GLOBAL ENVIRONMENTAL  
FACILITY FOR ITS FIFTH PHASE” (19/2/09)**

Remain on the Frontier of Innovation (paras. 57-58)

Given the general levels of GEF funding and the broad scope of its operations, we are in complete agreement with the fundamental concept that the GEF should use its funds in some catalytic fashion. However, it is not clear to us how the GEF is proposing to fulfill this catalytic function. The paper talks of GEF “supporting innovative technologies and approaches toward the objective of replication and scaling-up”. To us, the key is that GEF projects should lead to replication and scaling-up. There are already many good ideas “out there” without having to invent new ones; what is missing is their uptake on a large scale. This suggests that the GEF should not be supporting the diffusion and uptake of individual technologies, methodologies, tools, etc. It should instead really focus on putting in place the conditions that will lead to their large-scale uptake, which in turn suggests a continuing, and perhaps even stronger, focus on the creation of public policies (and in the case of industry “private” policies such as management standards or product standards), government strategies, etc. etc. Since uptake is not as fast as the world community would like, especially in the area of climate change, it seems to us that the GEF’s innovation focus should be on the development of new approaches to shaping the enabling conditions for swifter uptake, with a focus on the developing countries.

Expand Engagement with the Private Sector (paras. 59-62)

We are strongly supportive of a stronger engagement of the private sector, and it agrees fully with the fundamental proposition that the traditional GEF cycle is a very large impediment to the private sector being involved. We are therefore very supportive of the expansion of the Earth Fund during GEF-5 and look forward to being involved in this Fund. In our role as co-moderator of the UN System’s working group on technology transfer for climate change, we are particularly interested in the proposal made in the paper of exploring the potential for linking involvement with the private sector to the technology transfer programme requested by UNFCCC.

Refine Focal Area Approaches (paras. 63-65)

In general, we support the proposal to undertake programming across the three broad themes and two transversal issues listed in the paper. We are particularly encouraged by the proposal to have one of the broad themes on chemicals. However, the value of making this choice will be weakened if the focus continues to be essentially on specific chemicals or families of chemicals. This approach was for all intents and purposes abandoned already 30 years ago in the developed countries. We strongly believe that the GEF should make a strong commitment to promoting more generalized policies for managing chemicals. We recognize that there is no Multilateral Environmental Agreement on this, which is often at the basis of the GEF’s focal areas (but not always, *vide* International Waters), but we do believe that SAICM can be used as a good basis from which to work.

It is not completely clear to us how the proposed 20% exclusion would work. Specifically, we are unclear what the situation would be in the International Waters focal area, where historically projects and programmes have been almost exclusively regional or global.

Accountability to the Conventions (para. 67)

We fully support the proposal to increase accountability to the Conventions. Of the possible options for doing this outlined in the paper, we believe that options (c), (d) and (i) are especially important.

Responsiveness to Recipient Countries: Align GEF Programming with Country Needs (paras. 69-70)

We fully support a greater alignment of GEF programming with country needs. We also support the proposal to prepare integrated country programmes rather than continue with a project-based approach.

This being said, it is not clear to us how in practice the GEF Secretariat proposes to do this. The ideal way would be for the GEF Secretariat to hold meetings with the relevant counterparts in each country. However, it seems to us, based on its experience, that country programming will be very burdensome on the GEF in the absence of local offices. Already, the much simpler process that the GEF Secretariat used at the beginning of GEF-4, where it simply held brief discussions with countries (for the most part telephonically) concerning potential portfolios for their RAF allocations, seemed to us to place quite a strain on the GEF Secretariat.

Responsiveness to Recipient Countries: Additional GEF Agencies and Entry Points to GEF Financing (para. 71)

We welcome the proposal to increase the number of entities that have direct access to GEF funds. We see this as a way of increasing competition, which all other things being equal will lead to a more efficient use of GEF funds. However, it seems to us that over time this will lead to a very great broadening of access, since there are many, many entities that could “provide a clear value-added to the GEF”, to cite the paper, and we see no rational way of choosing to give access to some and not to others. Inevitably, this must lead to a completely different way of accessing GEF funds, probably along the lines outlined in paragraph 74 of the paper (choosing implementing entities on a competitive basis based on project proposal tenders). An increase in the role of the GEF Secretariat will surely need to accompany this.

Responsiveness to Recipient Countries: Reducing Transaction Costs: Tailoring the Project Cycle (para. 73)

We welcome any efforts to tailor the project cycle, which it still finds heavy and slow. We find the specific idea outlined in the paper intriguing, although it is not clear to us if our project review and approval structures would be considered a “governing Board”.

## Institutional Reforms: Expanded Role for the GEF Secretariat (paras. 83-84)

We welcome the proposal that the National Dialogue Initiative and Country Support Programme should be more actively and directly managed by the GEF Secretariat. It seems to us that among other things these could be useful tools for the GEF Secretariat to align its programming with country needs.

## ANNEX I

### Climate Change Mitigation

In line with the comments made above with respect to innovation, we strongly suggest that the GEF's activities in the area of technology transfer should focus more on the deployment, diffusion, and transfer of low-carbon technologies and less on the demonstration of such technologies. In the same vein, we urge GEF not to give much emphasis to supporting new, cutting-edge technologies to mitigate climate change. It is far more important to focus on how to obtain a scaled-up use of the technologies, new and not so new, that already exist and have been technically proven.

In general, we support the proposal to give support to the development and implementation of sector-based strategies. However, we would urge the GEF to consider carefully how such strategies might be implemented. Just taking the industrial sector, it is true that some specific sub-sectors have sufficient technological and organizational similarities for them to be treated as a group. However, there are other sub-sectors where this is not the case at all, where there is an extreme fragmentation which makes a sectoral – or sub-sectoral – approach quite hard to implement. In addition, there are technologies that are used in all industrial sub-sectors – pumps, fans, air compressors, motors, boilers – and which in total use quite substantial amounts of energy but where a dogmatically applied sectoral approach is of doubtful utility. Finally, there are very powerful management tools – the series of certifiable management systems is the best example – which are not sectoral at all in their conception, but which of course will be applied sectorally – and actually individually down to the plant level – when put in place. Here again, a dogmatically applied sectoral approach may not be the best way to go.

We also support the proposal for an urban programme, urging however that the programme should not – as seems to be indicated by the current text – focus exclusively on public choices alone. For instance, industrial development is primarily an urban phenomenon, and in our experience local and municipal governments can adopt policies that foster – or hinder – private decisions taken by individual enterprises with regard to their environmental impacts.

### Chemicals

We support all the anticipated areas of focus. However, we suggest that disaster risk reduction also be an area of focus. While industrial accidents involving toxic and hazardous chemicals have in the main been brought under control in the developed countries, they are still a recurrent theme in the developing countries. Apart from the extreme local impacts of such accidents on health and the environment, historically there have been a number of cases of industrial accidents badly polluting international

waters. There are also links to adaptation. With climate change, risks of extreme weather events and related flooding, land slides etc. will rise, and with it the risk of industrial accidents involving chemicals in enterprises impacted by these weather events and related natural catastrophes.

#### Natural Resources Management

We strongly believe that any strategy to protect biodiversity must give more market value to that biodiversity so that there is a strengthened economic interest in protecting it. We therefore fully support the proposal to enhance support to market-based efforts that are removing barriers to the competitive entry of certified biodiversity-friendly goods.