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**TRANSFORMING PAYMENT ARREARS OF CÔTE D'IVOIRE TO GEF  
INTO INVESTMENT TO GENERATE KEY BIODIVERSITY BENEFITS  
OF GLOBAL IMPORTANCE**

## **Overview and Background**

1. This document presents a concept note on transforming payment arrears of Côte d'Ivoire to the GEF Trust Fund into a re-investment designed to support and strengthen the contribution of the country to the GEF mission for global environmental benefits (GEBs) and its inter-related national objectives for sustainable development.
2. It is presented as an Information Document to GEF Council to foster further discussion and consideration. With the benefit of these discussions, the Secretariat will report to Council at an upcoming meeting on possible next steps and actions for consideration.
3. The idea of this concept note arises from the context-specific challenges and opportunities for action and renewed work in Côte d'Ivoire following its emergence from its earlier history of conflict and crisis that affected in-country work and support from the GEF.
4. From 2002 to 2006, Côte d'Ivoire was affected by an internal crisis that escalated into a civil war. A summit of concerned leaders in February 2006 followed by a subsequent series of agreements marked the end of the crisis.
5. During this period, in 2004, the World Bank suspended its operations in the country. In the context of the fragility and conflict, the World Bank subsequently cleared the country's outstanding arrears in 2008 and re-engaged to support the country to face multiple post-crisis challenges (infrastructures, education, reintegration of ex-combatants, revitalization of small and medium enterprises).
6. In this same period, between GEF-2 (1998-2002) and GEF-3 (2002-2006), Côte d'Ivoire went into non-payment of promissory note encashment obligations on its previous commitment to the GEF Trust Fund. Promissory note encashment obligations since the time of this earlier crisis are SDR 4,317,624.74, equivalent to US\$ 5,731,474.14 as of May 31, 2023.<sup>1</sup>

## **Opportunity for a New Approach**

7. There have been important recent developments that make it timely to consider possibilities to transform the outstanding payment arrears of Côte d'Ivoire into a significant investment to generate key biodiversity benefits of global importance.
8. During the High-Level Summit and UNCCD COP15 last year in Abidjan, in May 2022, the President and the Prime Minister of Côte d'Ivoire delivered major announcements to take action to restore the forests of the country. These announcements highlight a renewed commitment for forest conservation, sustainable agroforestry, and large-scale restoration in the country as part of the Abidjan Legacy Program (ALP).

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<sup>1</sup> Based on information received from the GEF Trustee.

9. These announcements also give opportunities for renewed action in this critical landscape and sector, following the earlier period of conflict and crisis which strongly jeopardized efforts of Côte d'Ivoire to protect their forests and develop a protected area network. As described below, they now create an important opportunity to build on the foundations of earlier project activities supported by both the GEF and the World Bank in Côte d'Ivoire which could not be sustained during the earlier period of crisis and conflict, focused on its forests, biodiversity, and productive agroecosystems.

### **Foundations on which to Build – Earlier Project Activities**

10. Before the crisis, several governmental institutions, conservation NGOs and other donors supported the design of an ambitious national conservation strategy – The PCGAP (*Programme-Cadre pour la Gestion des Aires Protégées*, GEF ID 626). This program included a first GEF project preparation grant of \$321,500 (PDF-B), approved March 15, 1995, and a second PDF-B of \$190,000, approved on November 13, 1998.

11. This early PCGAP program provided the enabling environment-for the creation of the Ivorian Office in Charge of Parks and Reserves (OIPR) and a financing instrument to support protected area management, the Foundation for Parks and Reserves. It aimed to deliver its support through a 15-year programmatic approach with US\$40 million from the International Development Association (IDA) and a US\$16 million grant from the Global Environment Facility (GEF). At that time, it was the largest GEF biodiversity conservation plan in Africa.

12. In 2004, however, the project was withdrawn in the context of crisis and suspension of disbursements to the country. The WB reengaged in 2008, but the GEF project was cancelled with the resources back to the GEF trust fund.

13. The cancellation of the GEF and IDA project was a *stop* in the conservation trajectory of Côte d'Ivoire, arising in the context of crisis and conflict. Since that time, there has been an enormous vacuum in actions to support its own sustainable development needs and contributions for the global environment. This has also created difficulties for the country to meet its earlier commitments to the GEF Trust Fund in the capacity as a recipient-donor country, mentioned above.

14. The concept presented below would seek to build on the opportunity presented now to emerge more fully from these earlier difficulties, and to reinforce nature conservation and restoration in the protected areas and around in buffer zones and classified forests. It builds on existing institutions in the country, including the Foundation to Finance Protected Area Management and the Abidjan Legacy Program for Landscape Restoration, notably in productive agroecosystems.

### **Concept under Consideration - Transforming Payment Arrears of Côte d'Ivoire to GEF**

15. The concept under further consideration would be to transform the current payment arrears of \$5,731,474.14 (noted above) into investments, by attributing a portion of the amounts toward Côte d'Ivoire's investment programs (noted below) to protect and restore the forests of the country:

(a) Côte d'Ivoire's Foundation for Parks and Reserves (referred to above), to enable and secure long-term protected area management in the country, including in National Parks and other areas to be identified in further discussions.

(b) Abidjan Legacy Program (also referred to above) to finance forest landscape restoration outside of protected areas, especially in productive agroecosystems. The geographies and scale of this restoration will be identified in further discussions.

A portion of the arrears amounts would also be considered for cancellation as a relief to lighten the earlier historical payment commitments of the country to the GEF Trust Fund, and as incentive to transform and invest the funds to actions in support of global environmental benefits as set out in this proposal.<sup>2</sup> The modalities for such an action would need to be further considered and developed in consultation with the GEF Secretariat and the GEF Trustee.

The above actions would all be subject to a condition that the investments in (a) and (b) would be made by a set date, to be reported to the GEF Secretariat.

16. Through this combination of elements, the concept would provide an opportunity for the country to emerge from a situation that has negatively affected the work and partnership between GEF and Côte d'Ivoire for many years. It arises from direct discussions between the GEF's CEO and the Côte d'Ivoire's Prime Minister, which also included the Minister of Finance and the Minister for the Environment and Sustainable Development. It also reflects a close collaboration between the GEF Secretariat and the Ivorian team, building on these high-level discussions.

17. From a technical point of view, the Foundation for Parks and Reserves can be considered a natural and legitimate partner because of its mandate to channel financing to protected areas. The Foundation is an autonomous public institution under the supervision of the Ministry of Environment and Sustainable Development to secure financing for the country's protected areas and reserves. It can act as an endowment and sinking fund and has become a trusted investment

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<sup>2</sup> This would not apply to current pending payments expected in GEF-8.

vehicle for international partners. The Foundation was notably supported by two national debt swaps agreed between the German, French and Ivorian governments in 2012 and 2016.

18. The selection of the Abidjan Legacy Program (ALP) can constitute a complementary solution to finance landscape restoration and management out of protected areas, as the Foundation for Parks and Reserves can only finance activities in protected areas. The ALP was announced by the highest authorities of the country at a High-level Summit in Abidjan the same week of the UNCCD COP15. The decree creating this coordination unit was prepared in the summer 2022 and a General Director was assigned less than one year after its announcement.

19. As part of the concept, a mechanism could be put in place to report on progress and achievements to the Secretariat, and for the Secretariat to report to Council, in coordination with the responsible authorities in the government.