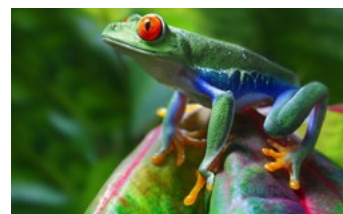
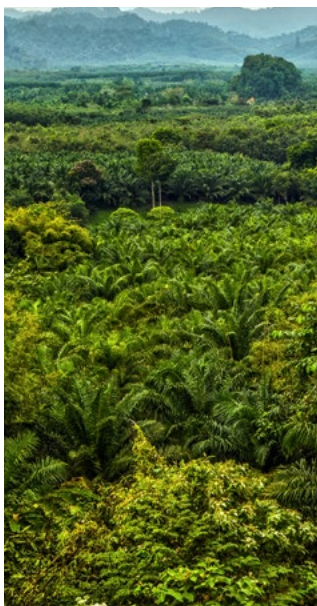




Delivering Transformational Change

The Journey of the Global Environment Facility





FOREWORD



Naoko Ishii
CEO & Chairperson

I arrived at the Global Environment Facility (GEF) in 2012 in the midst of a shocking volume of “bad news” about the state of the global environment brought to me by scientists, GEF recipient countries, civil society organizations, and other stakeholders, amplified by a plethora of

media reports. Their message was clear: the global environment was in a dangerous downward spiral and reaching its limits. My shock was magnified by the fact that while I was at the Ministry of Finance, Japan, we rarely discussed this topic. This realization gave me many sleepless nights.

The initial shock made me think about what role the GEF could play to arrest this downward spiral and to save humanity from the imminent environmental crisis before us. My first year in the job marked the 20th anniversary of the GEF, which was established to serve environmental conventions. By that time, some \$9.2 billion had been spent on approximately 2,700 projects spread over more than 165 countries. Interestingly, more than 80 percent of those projects were rated as having satisfactory performance.

There is an apparent paradox here. Perhaps the GEF was not doing the right things, or if it was, these efforts ended up being too small to have an impact at the scale the problem requires. Or perhaps both factors were in operation. Whatever the answer, if the GEF was to continue being a proud institution created to serve the global environment, it needed to find a better way to deliver on its mission. This is how the GEF journey started.

It was a good time to embark on a new journey, as the world was full of high-quality scientific information on the environment and a new political movement had emerged through coalitions of non-state actors and by the growing realization that nature was foundational to human development. This momentum helped to shape the Sustainable Development Goals and the Paris Agreement in 2015.

Our deliberations and extensive consultations over a two-year period led to the GEF 2020 Strategy, a first-ever GEF overarching strategy not tied to replenishment cycles, which was adopted by the GEF Council in 2014, and became the direction of travel or “guidepost” for our journey since then. The GEF 2020 Strategy laid out several key principles, and programming strategies for consecutive GEF replenishment cycles (GEF-6 of 2014-2018, and GEF-7 of 2018-2022) are built on those principles.

WHAT IS BEHIND THE GEF 2020 GUIDEPOST?

The GEF 2020 Strategy is firmly anchored in science. Scientists have warned us that pressure from human activities on the Earth system has gotten so overwhelming that we are adversely impacting Earth's processes and functions. We are pushing the Earth's carrying capacity to its limit, defined by scientists as planetary boundaries. Geologists told us that we have recently left the Holocene, the ecologically stable global conditions of the last 12,000 years—the “Garden of Eden”, if you will—which enabled all civilizations to take root and thrive. We have now entered the Anthropocene, *terra incognita*, a ‘no-analogue’ state beyond all past human experience.

The mega-trends that have brought about this change are growing in intensity. The world's population is expected to reach 9 billion by 2050, while consumption is increasing even faster: by 2030 the global middle class is likely to have expanded to 5 billion people. And the proportion of humanity living in towns and cities, which topped 50 percent in 2009, is predicted to reach 75 percent by 2050. Those mega-trends, through urbanization, the energy system, the food system, and the linear economic model of production and consumption, will continue to put pressure on the Earth system unless we bring about dramatic changes to our current economic systems.

There is no doubt that we are on a collision course with nature. Absent an urgent U-turn from the status quo, it will be impossible to maintain the stable equilibrium that humanity has enjoyed for thousands of years. The ongoing COVID-19 crisis is a tragic, wide-reaching, and economically overwhelming consequence of this unfortunate collision. Our economic activities have disrupted natural systems and brought humanity too close to wildlife, opening opportunities for the emergence of zoonotic hotbeds. The fundamental solution to this problem is transforming human economic systems, which is the backbone of GEF 2020.

In a nutshell, ours is the first generation to recognize that humanity is fundamentally altering the function of Earth and that we are pushing the biosphere to its breaking point. Now is the time for humanity to change its ways, transform our economic system, and mitigate our adverse impacts on Earth systems. Only our generation can do it and everyone must play their part; otherwise it will be too late.

WHAT IS IN THE GEF 2020 GUIDEPOST?

There are five principles in the direction outlined in the GEF 2020 Strategy. They have helped to navigate the GEF's journey for the last eight years. This publication explains the principles and introduces projects and programs that illustrate the significance of each. Let me just highlight the five principles here.



First is the focus on addressing drivers of environmental degradation, not simply its symptoms. Even if the GEF's end goal is to protect the environment, it is much more impactful if it attacks the root causes of degradation. Biodiversity loss is mostly caused by the expansion of agriculture, especially when it comes at the expense of tropical rainforests that are home to a vast array of species. What is then the best way to arrest deforestation? More sustainable, deforestation-free commodity supply chains.

Second, integrating focal areas and sectors. The GEF tended to fund projects in line with the thematic focus of conventions such as "climate change projects," "biodiversity projects," or "land degradation projects." The reality is that the challenges our partner countries are facing on the ground are deeply interrelated. For example, smallholder farmers in Africa want more sustainable and resilient ways of farming. But farming is dependent on and affected by climate, land, biodiversity, and water and chemical pollution. The solutions must then be integrated and holistic.

Third, transforming economic systems. With the Anthropocene comes the urgent need to change course if we are to save nature and ourselves. We need to transform our key economic systems, particularly energy, cities, and food, and to shift our economy to a circular model. This is a huge challenge and cannot be done without partnerships. That brings us to why the principle that follows is critical.

Fourth, building multi-stakeholder coalitions and alliances. Transformation of key systems or sub-systems (sectors) will only be possible when all key stakeholders come together to work under commonly agreed frameworks and with some level of mutual accountability. Alliances can be broadly organized as sector-based or theme-based or can be formed as a project or program with much stronger accountability. It is also essential for those working on environmental issues at the global level to join with and learn from local communities and organizations, to bring in their expertise, knowledge, and commitment—for people and nature.

Fifth, the GEF as a partner of choice. Our clients and stakeholders can choose among various partners. If the GEF wants to be selected as a trusted partner, it needs to fully understand their issues and constraints, which requires deep knowledge of issues, a robust delivery capacity, as well as a willingness to stay engaged in the long run.

This is particularly critical where there is need for cooperation to tackle environmental challenges that transcend national boundaries.

The GEF's "North Star" is to safeguard and champion the global commons. Science is telling us in no uncertain terms that the way we live has overwhelmed the biophysical processes and functions that ensure the stability and resilience of Earth. The climate system, biodiversity, oceans, land, and water, and chemical cycles that constitute those

processes and functions are considered the global commons—which we all share and are responsible for governing.

LOOKING AHEAD

Although this journey over the last eight years has opened new doors for the GEF, it certainly does not end here. Despite the considerable progress and achievements made, there are still many risks and challenges confronting the global environment that the GEF must contend with as it looks to the future.

First, protecting the global commons demands far-reaching changes that will transform how we live: how we grow our food, what types of energy fuel our cars and heat our homes, and the ways we use and re-use the products we make. These are not changes limited to a particular place, or to a particular sector of our economy; they are changes to the very systems that underlie all human activity. These system changes require all stakeholders to line up and move together towards one goal, that is why the GEF promotes multi-stakeholder coalitions. The processes that led to the Paris climate accord demonstrate the power of coalitions. Nonetheless, stalemate is too often the reality,

as inertia and vested interests are pervasive and tough to crack.

Second, the existing intergovernmental framework turned out not to be helpful to foster broad-based change. Indeed, that framework, with its dependence on government-to-government agreements and the resulting neglect of non-state actors and the private sector, is increasingly obsolete at a time when the need to restructure economic, social, and political systems becomes clearer by the day. We are fully aware that the GEF is part of the established intergovernmental structure—indeed it is a tangible expression of the desire of the global community to address urgent environmental challenges. The GEF must continue to evolve if it is to remain a part of the solution.

The GEF cannot bring about systems change on its own. But it can and must be an important part of a new approach. The GEF is making important reforms to the way it addresses its priorities and improves its business operations, while also being fully aware of those changes that remain to be made. The GEF is small relative to the scope of the challenges before us, but it can and must still be ambitious, dream big and find new ways to deliver impacts at scale.



THE GEF 2020 STRATEGY—THE GUIDEPOST FOR ADVANCING TRANSFORMATIONAL CHANGE

The GEF 2020 Strategy was developed against the backdrop of pervasive environmental threats—biodiversity loss, climate change, degradation of land and water resources, depletion of fish stocks, pollution and eutrophication—driven by changes in key economic systems. These drivers stem primarily from three global megatrends: a growing population, which will exceed 9 billion by 2050; a rapidly rising global middle class resulting in a tectonic shift in consumption and diet patterns; and rapid urbanization that is expected to add 1 billion new residents to the world's cities.

- To de-couple the impact of these megatrends on the global environment, the GEF 2020 Strategy identified four systems that are critical because of their impact on the planet: the food system, the energy system, the urban system, and the production/consumption system.
- **The food system:** The world will need to increase food production by about 70 percent to feed a world population of nine to ten billion by 2050 (as well as feed approximately 700 million malnourished people today). Producing sustainable food while dealing with land use and degradation will be essential. A concentrated

focus on global commodities with a significant deforestation footprint, on food security goals in areas of rapid agriculture expansion, restoration of fisheries, and to a certain extent, expanded efforts on land restoration, will contribute significant environmental gains while reversing the negative effects of land and coastal habitat degradation.

- **The energy system:** Decarbonization of the global energy system is of critical importance for a 1.5–2°C global temperature increase, in line with the Paris Agreement. The energy system represents 68 percent of global greenhouse gas (GHG) emissions, and despite recent improvements, renewables now provide only 23 percent of energy. One billion people still lack access to electricity and by 2040 energy demand is projected to increase by 30 percent. In the face of these trends, deployment of renewable energy needs to accelerate sharply, as do energy efficiency improvements, all while meeting the increased demand for energy and closing the electricity gap, especially in Sub-Saharan Africa and South Asia.
- **The urban system:** During the coming decades the planet will face the largest and fastest urban growth in human history. In the next 15 years, 70

percent of new infrastructure to be built will take place in urban areas. Cities are also particularly vulnerable to climate change (rising sea levels, storms, floods, heat waves). Low-carbon and resilient infrastructure could make a significant contribution to the global reduction of GHG emissions while enhancing urban development. Such investments could generate annual GHG savings of 3.7 Gt by 2030; a significant share (perhaps 15-20 percent) of the overall contributions to the Paris Agreement.

Also, low carbon infrastructure—particularly in the buildings efficiency, public transportation, and waste management sectors—could save cities an estimated \$17 trillion globally by 2050.

- **The production/consumption system.** Today's economies are dominated by linear approaches to the way products are manufactured, used, and disposed of, which means we extract natural resources, process them into products and packaging, and sell the products to consumers who ultimately dispose of them as trash. With the expansion of production and consumption globally, our rates of resource extraction have grown accordingly. Only 9 percent of extracted materials go back to the production cycle. In the last four decades, global materials use has tripled, from 23.7 billion tonnes in 1970 to 70.1 billion tonnes in 2010, leading to accumulation of waste and toxic materials in the environment. Reducing and eliminating these threats requires a shift to circular economy systems.





A radical transformation of these systems will be required to stay within the planetary boundaries. Operating within those boundaries is not just the only way to ensure healthy economies but has the potential to provide much greater and better-shared growth. The GEF 2020 Strategy was therefore framed to ensure that programming directions for GEF financing were responsive to this priority, helping catalyze systems change.

The five above-mentioned GEF 2020 principles were at the core of the Programming Directions strategy for the Sixth (GEF-6) and Seventh (GEF-7) Replenishment Cycles. In addition to influencing the entire approach to investing in global environmental benefits through the GEF focal areas, the principles were embodied in a series of programs specifically launched to serve as models for advancing the integrated approach and systems transformation.

- The GEF-6 (2014-2018) strategy was inspired by the outcomes of landmark global forums such as the UN Conference on Sustainable Development (Rio+20) and the Planet Under Pressure conference, which highlighted the fact that incremental gains and business as usual alone will not bring us closer to meeting internationally accepted targets when dealing with the global environment. Furthermore, it was clear that the sector-by-sector or issue-by-issue approaches alone will not change the status quo or reverse some of the most worrisome trends for the global environment.

The GEF programs are traditionally organized by focal area strategies such as biodiversity, chemicals and mercury, climate change mitigation, international waters, land degradation, and sustainable forest management. Under the GEF-6 Programming Directions strategy, the GEF developed three pilot programs to test delivery of a more integrated approach that address discrete, time-bound global environment challenges for which it believes integration would deliver much more impactful solutions.

The Integrated Approach Pilot (IAP) programs include: Fostering Sustainability and Resilience for Food Security in Africa (Food Security IAP), which focuses on integrating the management of natural capital in smallholder agriculture to promote greater impact and efficiency in the overall investments; Sustainable Cities IAP program, which is promoting integrated urban planning to help countries secure higher returns for the investment in urban development, given that cities are now responsible for over 70 percent of carbon dioxide emissions globally; and the IAP program on Taking Deforestation out of Commodity Supply Chains for Beef, Palm Oil, and Soy (Commodities IAP), which is working with national governments of major producer countries, the private sector (companies and financial institutions), and consumers to tackle some of the principal drivers of tropical forest loss.

- The GEF-7 (2018-2022) strategy was informed by the SDGs and the Paris Agreement, which reinforced the urgent need for more integration across sectors to promote transformational change in key economic systems that continue to erode the health of the global environment. At the same time, multi-stakeholder sustainability platforms, smart coalitions, nimble networks, and productive partnerships were emerging everywhere, and becoming increasingly influential actors for systems change. To capitalize on the momentum, the GEF-7 Programming Directions introduced three Impact Programs (IPs) to help countries pursue holistic and integrated approaches for transformational change in line with their national development priorities. The IPs include: Food Systems, Land Use and Restoration (FOLUR IP), which seeks to advance a system-wide approach that brings together strategies and stakeholders through both horizontal dimensions (landscapes, policy reform, governance strengthening, etc.) and vertical dimensions (food value and supply chain

commitments and financing) of food and land use systems; Sustainable Cities (SC IP), which builds on the GEF-6 IAP program and brings together investments for more integrated sustainable cities, with a knowledge sharing and learning platform, to build momentum, raise ambitions, secure commitments, and implement integrated solutions on the ground; and Sustainable Forest Management (SFM IP), which aims at maintaining the ecological integrity of entire biomes of global relevance by concentrating efforts, focus, and investments, as well as ensuring strong regional cross-border coordination.

The IAP programs and IPs are enhancing synergies and integration across GEF focal areas while allowing the GEF to engage other stakeholders, including the private sector, enhance knowledge sharing and learning, and ensure more effective use of GEF resources. In the next section, these and other innovative programs illustrate how the GEF 2020 guidepost has helped to shape GEF programming for systems transformation.



KEY PRINCIPLES OF THE GEF 2020 GUIDEPOST

ADDRESSING THE DRIVERS OF ENVIRONMENTAL DEGRADATION

Although the GEF has been investing in projects that cross focal area boundaries, addressing the underlying drivers of environmental degradation—rather than merely its effects—is key to promoting innovative and scalable activities that cost-effectively deliver the highest impacts.

The GEF 2020 Strategy considers that environmental drivers arise from the interplay between human demand and supply of products and services that generate environmental pressures, which are the mechanisms that directly impact the state of the environment. A stronger focus on drivers would enable the GEF to help tackle the root causes of environmental degradation.

By seeking to address environmental degradation at a systemic level, the need for subsequent remedial action—which often is much more expensive, if not impossible—is reduced. A stronger focus on “upstream” drivers would also enable the GEF to deliver cascading global environmental benefits further down the causal chain, thereby enhancing the overall impact of interventions. For example,

rising demand for beef may result in the expansion of areas to graze cattle, leading to deforestation, habitat destruction, and biodiversity loss. While the GEF has successfully invested in the creation and effective management of many protected areas to secure globally important biodiversity, the threat of commodity-driven deforestation can only be avoided by engaging with entire supply chains. One of the unique programs illustrating this systemic approach to tackling drivers is the Commodities IAP program.

WHAT THE GEF IS DOING: TAKING DEFORESTATION OUT OF COMMODITY SUPPLY CHAINS

The Commodities IAP program was launched to tackle the growing peril facing the world’s tropical forests, which are not only home to vast repositories of biodiversity, but also to a significant proportion of global carbon stocks. Agricultural expansion and production of three major commodities—beef, soy, and palm oil—have been identified as the primary driver of approximately 80 percent of tropical deforestation worldwide. These three commodities are used in many foods and goods consumed by billions of people around the world and are a key part of global commodity trade. While they are important factors in many national and local

economies, globally they are among the largest drivers of tropical deforestation and conversion of habitat in Latin America, West Africa, and Southeast Asia. A growing population, burgeoning middle class, and changing diets are expected to increase the demand for these agricultural commodities.

To help address the challenges to tropical forests that beef, soy, and palm oil pose, the program has been rebranded as the Good Growth Partnership (GGP). Through this integrated supply chain approach, the program is promoting systemic shifts by engaging major producer countries (Brazil, Paraguay, Liberia, and Indonesia); businesses that control much of the demand for these commodities; and financial institutions operating in the agricultural commodities space.

The engagement is through sub-national and national government-led multi-stakeholder platforms, which are committed to implementing long-term action plans for the sustainable production of palm oil, beef, and soy. This includes platforms such as the Roundtable for Sustainable Palm Oil, Round Table on Responsible Soy, Global Roundtable for Sustainable Beef, Paraguayan Roundtable for Sustainable Beef, Paraguayan Sustainable Finance Roundtable, Soy Buyers Coalition, Soft Commodities Forum, Cerrado

Working Group, Tropical Forest Alliance, Amsterdam Declaration Partnership, Indonesia Business Council for Sustainable Development, and others.

At a landscape level, the GGP has helped identify and is now working to protect more than half-a-million hectares of high conservation value forest. Through technical guidance on policy, effective land use planning, conservation agreements, private sector partnerships, and the strengthening of farmer support services it is helping to catalyze the systemic transformation necessary to change the way commodities are produced. Key partners such as Proforest, ISEAL, and Trase are helping to develop innovative tools and knowledge products for deforestation-free production of the commodities.

Across the four participating countries, more than 300 private sector entities have been engaged through workshops, dialogues, and action planning. In Indonesia, the Coalition for Sustainable Livelihoods is fostering engagements with companies like Mars, Incorporated; Mondelez International; and PepsiCo; to align landscape and supply chain efforts with existing national and regional platforms and policies. Critically, efforts to harness the demand and influence of commodity traders, buyers, manufacturers, and the institutions that finance them are making significant headway.

INTEGRATING EFFORTS ACROSS GEF FOCAL AREAS AND SECTORS

Many drivers of environmental degradation cause a diverse set of problems simultaneously. For example, unsustainable agriculture degrades the land, removes forests, reduces biodiversity, pollutes rivers and the oceans. It also causes pesticide contamination, and produces about a quarter of the world's emissions of GHGs.

Almost everything can be shown to be connected; if one facet of the global environment is in crisis, it will affect others, ultimately leading to the disruption of the entire planetary system. Dire consequences can ensue, including, as we have learned in the most painful way imaginable, through a pandemic disease. We have no realistic hope of improving the lives of people, especially those who are poor and often hence most directly dependent on natural resources, without considering how ecological factors shape their health, access to energy, and availability of productive land.

For example, investing in conservation of biodiversity in forests, grasslands, and wetlands could safeguard carbon stocks and sinks, as well as lead to increased resilience to climate impacts. Sustainable forest management practices could provide multiple global environmental benefits such as conserving biodiversity, and enhancing carbon stocks, while reducing the vulnerability of forest ecosystems to climate impacts. Similarly, integrated approaches for

improved water resources management could help with the transition to the sustainable use of specific landscapes, catchments, seascapes, or wetland basins.

WHAT THE GEF IS DOING: FOSTERING SUSTAINABILITY AND RESILIENCE FOR FOOD SECURITY IN SUB-SAHARAN AFRICA

With growing commitment by African countries to transform smallholder agriculture, the Food Security IAP program was designed to help promote sustainability and resilience by integrating management of the natural capital—land, water, soils, trees and genetic resources—that underpin food and nutrition security. The integrated approach will ensure that natural capital is at the core of investments seeking to promote sustainable food production in Sub-Saharan Africa, and as a result, help countries address threats to land and soil, biodiversity, and reduce GHG emissions.

The program directly engages 12 countries in dryland regions where the threat of land degradation is exacerbated by effects of climate change. GEF financing is supporting efforts to scale-up sustainable and resilient practices and technologies across the targeted agro-ecological systems, including practices to improve soil health, water resource management, and vegetation cover with direct benefits to the most vulnerable land users.

To ensure large-scale and impactful outcomes, the program also operates at the regional level to promote multi-stakeholder coordination, planning,

and investment in sustainable land management; foster supportive policies and incentives for smallholder farmers to adopt sustainable and resilient practices (including low-emission technologies and biodiversity considerations); and promote increased private sector investment in climate-resilient and low-emission food value-chains. The program is harnessing partners such as the Alliance for a Green Revolution in Africa, the World Agroforestry Center, and Biodiversity International for technical expertise to support smallholder farmers in implementing these integrated solutions.

WHAT THE GEF IS DOING: SUSTAINABLE CITIES

Humanity, for the first time, has become an urban species. The number of people living in towns and cities has grown more than fivefold since 1950 and a decade ago overtook the number of people living in the countryside. Cities consume two-thirds of the world's energy and account for 70 percent of global GHG emissions. It is estimated that by 2030, cities will be expanding into key global biodiversity hotspots, severely affecting natural ecosystems and their critical services for cities.

Rapid and unplanned urbanization is leading to urban sprawl that has made cities highly vulnerable to climate change-induced floods, droughts, and heatwaves. Urban sprawl is further resulting in inadequate transportation infrastructure, which leads to air pollution that affects the health and well-being of millions.

The Sustainable Cities Program is advancing the integrated approach of urban planning and sustainability, bringing together global, national, and local stakeholders to work towards a common vision of low-carbon, green, inclusive, gender sensitive, and resilient development in targeted cities. The program was initially launched as a pilot program in GEF-6 with 28 cities across 11 countries in Africa, Asia, and South America. It was further expanded in GEF-7 to include 9 additional countries and at least 27 more cities.

The program is delivered through two interlinked components: innovative implementation models for integrated sustainability solutions at the city level in 20 countries, and a global platform for knowledge exchange, learning, and fostering partnerships for raising ambition and on-the-ground action. The global platform engages city-based organizations—C40 and ICLEI—and the World Resources Institute as key partners in providing support to cities for access to cutting-edge knowledge, peer-to-peer learning and capacity development. As the country and city-level investments lead to multiple global environmental benefits, the platform will enhance the potential for amplifying the benefits across many more cities in recipient countries.

TRANSFORMING KEY ECONOMIC SYSTEMS

It is simply not possible to address any environmental issue in isolation. Instead the GEF needs to address many challenges at once to ensure



it can manage potential tradeoffs while harnessing synergies at scale. The GEF must focus on systemic approaches rather than those restricted to single sectors or technologies, as it scales up the promising results achieved in national and regional projects to deliver sustainable effects that match the challenges facing the planet.

By focusing on these key economic systems, the GEF is better positioned to help countries pursue holistic and integrated approaches for greater transformational change, and in line with their national development priorities. The focused set of country-driven priorities hold the potential to enhance synergies, integration, and impact of GEF investments, and to promote a more effective use of resources and crowd-in private sector funding.

WHAT THE GEF IS DOING: FOOD SYSTEMS, LAND USE AND RESTORATION

The world needs to dramatically reduce the impact of food systems and land use on biodiversity, ecosystems, and ecosystem services. In one of the most comprehensive assessments of biodiversity and ecosystems services, the Intergovernmental Science Policy Platform on Biodiversity and Ecosystem Services established that agriculture and food production has had the largest impact on ecosystems that people depend on for food, clean water, and a stable climate. Food systems are also a major source of global GHG emissions through methane from livestock, nitrous oxide from fertilizer

use, and carbon dioxide from tractors and fertilizer production. Furthermore, land use change from converting forests, woody savannas, and grasslands into crops and pastures, and draining peatlands for agriculture also leads to GHG emissions as a result of vegetation loss and soil degradation. Globally, food systems consume far too much water and generate unsustainable levels of pollution.

These challenges can only be tackled by transforming food systems to one that embeds sustainability from farm-to-fork, that generate agricultural commodities without deforestation and habitat conversion, and that restore soils and degraded areas back to natural ecosystems or to productivity (relieving pressure for further conversion). The challenges are integrated; the solution needs to be as well.

Given the fact that increasing demand for food is one of the major drivers of biodiversity loss, land degradation, and depletion of water resources, the FOLUR Impact Program will support efforts to ensure that productive lands are embedded within landscapes that provide ecosystem services as well as protect the natural ecosystems and soil on which they depend. Achieving this transition will require a holistic, system-wide approach integrating both horizontal and vertical dimensions.

The FOLUR Impact Program seeks to transform food and land use systems and help countries reconcile competing social, economic, and environmental

interests by moving away from unsustainable sectoral approaches.

The program directly engages 27 countries and specifically targets large production landscapes where systemic changes can deliver global environmental benefits at scale and be sustained after the program concludes. Given the environmental footprint of the food system, the program covers globally important geographies for both the major commercial agricultural commodities (e.g. soybean, coffee, cocoa, palm oil, and livestock) and food staples (e.g. rice, wheat, and maize).

The FOLUR Impact Program also draws on experiences with the GGP Platform, which has brought together key stakeholders involved with the agricultural commodities that drive deforestation. The Impact Program will build a global coalition to engage stakeholders in the major food systems and supply chains, including existing platforms such as the Food and Land Use Coalition, Tropical Forest Alliance, Global Landscapes Forum, and others to work collectively with countries toward achieving sustainability.

WHAT THE GEF IS DOING: BLENDED FINANCE

The GEF has a history of using non-grant instruments as blended finance in the area of climate change mitigation, specifically through projects on renewable energy and energy efficiency.

This involved the use of a wide array of instruments such as debt, equity, and guarantees to attract private sector investment and deliver global environmental benefits beyond business as usual. The focus on systems transformation has made it possible for project developers to offer innovative financial instruments not only for climate change mitigation, but also in “frontier” areas such as land degradation, biodiversity, chemicals and waste, and international waters where private sector investment is scarce.

In GEF-6, the non-grant instrument was piloted with \$99.5 million for 11 innovative projects that attracted \$1.79 billion in co-financing through a balanced regional distribution addressing fundamental drivers of global environmental degradation. The pilot demonstrated that the use of non-grant instruments as blended finance can provide high leverage to the GEF investment. Building on the lessons learned in GEF-6, the GEF-7 Replenishment expanded the envelope of blended finance to \$136 million to accelerate efforts in catalyzing investments from capital markets at global and national levels to invest in global environmental benefits through systems transformation. The use of blended finance in natural resources management and conservation holds great prospects for mobilizing private capital and is therefore an important element in the package of available instruments focused on investing in the global commons.



BUILDING MULTISTAKEHOLDER PLATFORMS AND ALLIANCES

The GEF has ambitious goals. Making transformational change a reality on the ground is far beyond the capacity of any single institution, or even a network of institutions as diverse and far-flung as the GEF and the Partner Agencies with whom it works. Many of the most pressing and complex environmental problems that the GEF deals with today operate at regional and global scales, requiring multi-stakeholder collaboration. Collaborative governance arrangements are effective and may in fact be the only feasible option to address environmental problems at these scales.

The GEF thus continues to refine its delivery channels by working with a wide range of partners, including the private sector, civil society organizations, and indigenous peoples, in order to find those channels that are most effective in bringing about systems change. The diverse mandates and experience of the GEF partner implementing agencies and the other stakeholders and partners bring extraordinary expertise and voice to the partnership. The GEF is working to tap this knowledge and support capacity in countries to achieve the agenda of change. GEF grants for projects and programs are supported by significant contributions from other partners (co-financing), amplifying resources and impact.

WHAT THE GEF IS DOING: MERCURY-FREE ARTISANAL SMALL-SCALE GOLD MINING—GOLD PROGRAM

Urgent action is needed to protect millions of men, women, and children exposed to toxic levels of mercury through gold production. Every year, more than 2,700 tonnes of gold is mined around the world. Twenty percent of that—over 500 tonnes annually—is produced by artisanal and small-scale miners. These miners and processors, the majority of them in developing countries, often work in harsh conditions, without the protection of industry regulations on pay, health or safety, in order to sate the global hunger for gold—as investment, jewelry, and consumer products.

The GEF-supported Global Opportunities for the Long-term Development of the Artisanal Small-Scale Gold Mining Sector (GEF GOLD) program aims to reduce the use of mercury in artisanal gold mining by engaging actors along the entire supply chain. Spanning eight countries, the five-year program is helping to introduce safe, mercury-free technologies into the sector, which will help provide a safe transition to job formality and dignified work for millions, while putting an end to the environmental impacts of mining and paving the way to sustainably produced gold. The program is also working with governments to formalize the sector, promote miners' rights, safety, and access to markets.

By supporting the regulatory and policy reforms needed to formalize the work of artisanal and small-

scale miners across eight countries, GEF GOLD aims to secure miners' livelihoods, through opening up the access to markets and finance needed to increase incomes and enable the uptake of mercury-free technology. Through this effort, the program is attracting interest from companies such as Argor-Heraeus, that play an influential role in the supply chain, and will help to create and propagate new gold links between artisanal and small-scale miners and consumers. The program will directly contribute to supporting countries' commitments under the Minamata Convention on Mercury to reduce and, where feasible, eliminate mercury use in the sector.

WHAT THE GEF IS DOING: PLATFORM FOR ACCELERATING CIRCULAR ECONOMY

The linear "take-make-waste" approach of today's industrial production and consumption systems is immensely unsustainable. The nature of material resource use and productivity waste generated by this approach is leading to widespread degradation and accumulation of waste and toxic materials in the environment. For example, solid waste generation has increased exponentially in the last decades and has now reached an alarming rate of 1.3 billion tonnes per year and it is expected to double by 2025. Waste also contributes to GHG emissions, disease, and pollution. It has been estimated that plastics in the ocean will outweigh fish by 2050.

The global focus on accelerating a move towards a circular economy has sharply increased in recent

years, spurred on by the political attention given to plastic pollution in the ocean. This has led to the creation of the multistakeholder Platform for Accelerating the Circular Economy (PACE), which convenes global leaders and their organizations to accelerate the transition to a circular economy. PACE was launched by the World Economic Forum to provide leaders in the circular economy with the connections, learning, and opportunities to pilot and rapidly scale best practices. It focuses on a broad range of industries with high ecological footprints, such as plastics, electronics, capital equipment, food and agriculture, and textiles and fashion. For example, the focus on consumer electronics deals directly with e-waste, bringing together regulators and industry to foster a shift toward a circular economy.

The Global Plastics Action Partnership is associated with PACE with the specific purpose of tackling plastics pollution as a global threat to life in rivers, deltas, and the ocean. The partnership includes governments, regional bodies, international organizations, and business, as well as innovators and civil society organizations, all committed to stem the growth in global plastic pollution. As a partner, the GEF is working with the most affected regions and countries to develop action plans and proofs of concept of how the partnership can systemically address the plastic pollution challenge in public-private collaboration.

WHAT THE GEF IS DOING: ENERGY AND LOW-CARBON TRANSPORTATION

The GEF has long recognized the importance of energy for economic development, as well as the negative effects of carbon-intensive and inefficient energy uses. For that reason, the GEF has included a focus on supporting transformation of energy systems through transfer of clean and energy-efficient technologies and improved access to energy. GEF support also helps reform policies and regulations to foster the decarbonization of key energy systems, while providing local stakeholders with the needed capacity to ensure long-lasting impacts. Considering that the transport sector is responsible for about a quarter of the global carbon emissions, promoting the urgent shift to low-carbon transportation modes is another important focus of the GEF climate change mitigation agenda.

The GEF's Global E-Mobility Program, for example, will help an initial set of developing countries deploy electric vehicles at scale, in support of improved air quality and reduced dependence on fossil fuel. The program represents the first global, coordinated effort to promote and accelerate the uptake of electric mobility in developing countries and will help governments establish supportive policies to enable technology transfer, private sector engagement, and access to commercial finance for the introduction of fleets of electric buses, two-wheelers, three-wheelers, trucks, light duty vehicles, and private vehicles. It will also create regional

platforms to support the transition to electric mobility in Africa, Asia and the Pacific, and Latin America and the Caribbean.

The GEF is also working to accelerate the adoption and uptake of energy efficiency policies, measures, and technologies. In partnership with the UN's Sustainable Energy for All initiative, the GEF is supporting energy efficiency accelerators that promote global best practices, foster harmonization of testing and performance standards, and provide technical assistance to countries needing targeted engagement. These accelerators identify critical barriers to adoption of energy efficiency and highlight pilot approaches that can be further scaled by other institutions, including the private sector.

THE GEF AS A PARTNER OF CHOICE

The GEF 2020 Strategy recognized that making transformational change a reality on the ground requires the GEF to position itself as a trusted partner for its clients and other diverse stakeholders working to address challenges facing the planet.

This trust is rooted in its credibility established through more than three decades of investing in the global environment.

The GEF derives significant legitimacy from its role as financial mechanism of multilateral environmental agreements. The GEF is able to support activities that help recipient countries meet commitments to

more than one global convention or thematic area, and in line with their sustainable development need. This has meant raising our standards of delivery in accordance with demands of recipient countries, and embracing solutions that are holistic, integrated, and can be implemented at scale. In addition, GEF's work is now supported by elevated standards at all Partner Agencies to protect against environmental and social risks, to ensure high fiduciary standards, gender responsiveness and stakeholder engagement, and to measure and monitor results.

The GEF also has a long history of engaging business and catalyzing private sector investment. Bringing transformational change to the global environment demands that the public and private sectors must identify new ways of working together. The GEF is moving towards a more holistic approach that will mainstream private sector engagement across GEF focal area strategies and impact programs by expanding the use of non-grant instruments and mobilizing the private sector as an agent for market transformation.

WHAT THE GEF IS DOING: AMAZON SUSTAINABLE LANDSCAPES

The Amazon Sustainable Landscapes (ASL) Program is facilitating a transition from a business-as-usual scenario, in which forest are converted into low productivity cattle ranching and other unsustainable land uses, to sustainably managed forest and freshwater landscapes. This evolution

is evidence of the trust established over the years with governments of the basin countries, which will help them work collectively toward maintaining and restoring the ecological resilience of the Amazon.

The program supports national projects in Bolivia, Brazil, Colombia, Ecuador, Guyana, Peru, and Suriname, and focuses on four priorities: integrated protected landscapes; integrated productive landscapes; policies/incentives for protected and productive landscapes; and capacity building and regional cooperation.

As a direct result of its leadership role in bringing Amazon countries together under a common vision for the entire basin, the ASL was chosen as the key platform to operationalize the Leticia Pact, an unprecedented agreement with clear commitments that was signed by seven countries in September 2019. The Leticia Pact offers a powerful framework to protect the world's largest tropical forest via disaster response coordination on the ground and data sharing, including that generated by satellite monitoring, early warning systems, and other means.

ASL seeks to increase the area under effective conservation, reduce deforestation, promote sustainable use and restoration of native vegetation, and ensure the conservation of species, habitats, ecosystem services, and cultural values. The Program is expanding the range of thematic issues it will tackle from a predominantly terrestrial perspective to include the management of





freshwater ecosystems and aquatic resources, including strategic watersheds.

A landscape mosaic made up of well-managed protected areas and indigenous territories, with sustainable use in the surrounding landscapes, will conserve biodiversity and assure the required connectivity for key ecosystems and species to adapt to climate change. Adding more value for sustainable timber and non-timber (including aquatic) production chains and strengthening ecosystem services will improve the livelihoods of local communities and indigenous populations, and will conserve key local, national, and global ecosystem services by reducing global GHG emissions,

enhancing adaptation for extreme climate change events, and maintaining regional rainfall patterns.

The ASL Program is unique in that each country carries out its own actions while a regional coordination project also provides significant technical assistance and capacity building in themes relevant to their project interventions. By promoting strategic knowledge exchanges and innovations, and increasing partnerships with other regional actors, the coordination project will accelerate learning among all stakeholders. Promoting coordination in key strategic actions will generate outcomes with greater impact than if countries were working in isolation. The scale of the challenges requires a



harmonized approach through a regional knowledge and collaboration platform.

WHAT THE GEF IS DOING: BLUE NATURE ALLIANCE

Globally, momentum is growing for marine protected areas and other forms of effective place-based ocean conservation. An increasing number of coastal and island countries are taking steps to conserve vast stretches of ocean, recognizing the tremendous benefits such action yields both for nature and society. In response, the GEF joined forces with Conservation International, the Pew Charitable Trusts, the Rob and Melani Walton Foundation and the Minderoo Foundation to create the Blue Nature

Alliance, a partnership that brings together NGOs, governments, local communities, and the private sector to provide technical expertise and financial support to catalyze large-scale ocean conservation.

The Blue Nature Alliance aims to catalyze the effective conservation of at least 1.25 billion hectares of ocean, in order to safeguard global ocean biodiversity, build resilience to climate change, promote human wellbeing, and enhance ecosystem connectivity and function. The Alliance will help deliver directly towards the Aichi Target and SDG14 target 5 of 10 percent of the global ocean protected and build momentum towards the greater target of 30 percent of the global ocean protected.



COVID-19 PANDEMIC: CONFRONTING A NEW GLOBAL CHALLENGE

As the GEF 2020 journey comes to an end, the world is confronted with COVID-19, a new and unprecedented challenge that reminds us of how closely intertwined human systems are with the natural environment. The current coronavirus pandemic is forcing humankind to confront what we have long suspected but too often chose to ignore: what ultimately drives the transmission of infectious pathogens from wildlife to human populations, with mounting social and economic impact, is the unrelenting degradation of nature.

The COVID-19 pandemic is just the most recent and vivid example of how human pressure on nature and natural systems is exposing humans to grave health risks, with wide-ranging and lasting consequences for society and for the stability of national and global economies.

With the understanding that the fundamental root cause of emerging zoonotic diseases resides in the weakening of the services that ecosystems have provided for humanity over thousands of years, the only lasting solution to COVID-19 and other such diseases is to promote transformational change to the human systems—energy, cities, food, and production/consumption—so that a balance

between natural systems and human systems can be restored within planetary boundaries.

This logic has been at the core of the GEF 2020 journey. A significant portion of the ongoing work, for example through the GGP and the FOLUR programs, are ready-made to accelerate the transformation of food systems as economies start to recover. The same applies to our Sustainable Cities and Sustainable Forest Management Programs. COVID-19 simply reinforces and further validates the logic for transformation, pointing to a much sharper focus on the existing connectivity between natural and human systems.

The transition to lasting transformation can be achieved by the adoption of a sustainable, inclusive, resilient, low-carbon, low-polluting, nature-positive and circular economy-based pathway for society, one that can withstand future shocks coming from climate change, natural and manmade disasters, and other global challenges. This transition path has also been referred as the “Green Recovery” that governments can use to jump-start their economies.

The GEF must recognize that there is no guarantee that mitigation and post-crisis efforts will embrace

these same goals. Many of the measures already announced include deregulation and re-introduction of harmful subsidies in food systems. For instance, sustainability gains across commodity supply chains are at risk due to a push within fiscal stimulus packages to relax existing policy drivers, and to revoke jurisdictional agreements and other commitments that have driven sustainable sourcing effort to date. These, in turn, can lead to further deforestation, land degradation, and biodiversity loss. Hence, to help prevent the post-COVID-19 economy being rebuilt largely under the same tenets as the pre-crisis unsustainable pathways, response measures and recovery plans should contain alarm bells that can be rung whenever economic reactivation measures threaten the gains of the recent past, and whose lock-in effects are considered too daunting.







LOOKING AHEAD

Over the last eight years, the GEF has focused on drivers, or root causes, of environmental degradation, and not only their consequences. It has developed ambitious, hopefully transformative, programs and projects that embody the “integrated” approach. It has promoted multi-stakeholder partnerships, as no single entity on its own can promote large-scale systems change by itself. And has upgraded its business standards, policies and procedures to support their implementation toward impactful outcomes.

But the moment of truth comes when these projects hit the ground for implementation. Sometimes they are stuck, not because they are “complex”, but because political economy factors kick-in in a big way. For systems change, unless everybody along

the value chain, or landscape, or in the sector or sub-sector, creates a coalition and moves together, the GEF cannot shift the needle.

Despite progress made, the global environmental community continues to only make incremental change against exponential problems. This must change. The current COVID-19 crisis has taught humanity how woefully ill-prepared it is for downside risks. At the same time, it also shows some disruptive change may be possible. Looking ahead, there may be more a willingness to embrace major non-incremental changes. The GEF needs to seize this moment. No institution is better equipped to offer ideas and lead the way than the GEF is.

The journey of the GEF continues.

The Global Environment Facility (GEF) was established on the eve of the 1992 Rio Earth Summit to help tackle our planet's most pressing environmental problems. Since then, the GEF has provided more than **\$20.5 billion** in grants and mobilized an additional **\$112 billion** in co-financing for more than **4,800 projects** in **170 countries**. Through its Small Grants Programme, the GEF has provided support to more than 24,000 civil society and community initiatives in 133 countries.

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