

# ENVIRONMENTAL CONSERVATION BEYOND BORDERS

## What is GEF?

The Global Environment Facility (GEF) provides grants to developing countries for projects that benefit the global environment and promote sustainable livelihoods in local communities. GEF provides grants and concessional resources for projects and programs that address six complex global environmental issues, corresponding to the GEF focal areas related to (i) biodiversity, (ii) climate change, (iii) international waters, (iv) land degradation, (v) ozone layer, and (vi) persistent organic pollutants.

The GEF Assembly provides broad policy and strategic guidance. It is composed of representatives from all GEF member countries and meets every 4 years. The GEF Council is the main governing body, comprising 32 members from GEF member countries. The GEF Secretariat, headed by the GEF chief executive officer (CEO) and chairman, serves and reports to the Assembly and Council; it coordinates the implementation of GEF projects and programs and the formulation of policies and operational procedures. Each GEF member country has designated government official(s) called the operational focal point (OFP) to ensure that GEF projects are country-driven and based on national priorities. The GEF operates through three implementing agencies (United Nations Development Programme, United Nations Environment Programme, and World Bank) and seven executing agencies that include the Asian Development Bank (ADB).

GEF funding is mainly to assist developing countries in meeting the objectives of various international environmental conventions. GEF serves as “financial mechanism” for four conventions: the United Nations Convention on Biological Diversity (UNCBD), the United Nations Framework Convention on Climate Change, the United Nations Convention to Combat Desertification, and the Stockholm Convention on Persistent Organic Pollutants. These conventions provide broad strategic guidance to the GEF Council. The GEF Council converts this broad guidance into operational criteria (guidelines) for GEF projects and programs. GEF also collaborates closely with other environmental treaties and agreements.

Since 1991, GEF has provided grants to more than 1,300 projects in 140 countries amounting to \$4.5 billion and generated \$14.5 billion in cofinancing from other partners for projects in developing countries and countries with economies in transition. In 2002, 32 donor countries pledged \$3 billion to the third GEF Replenishment (GEF-3) to fund operations between 2002 and 2006.<sup>1</sup> Discussions to initiate the fourth replenishment of the GEF Trust Fund (GEF-4) are ongoing.

<sup>1</sup> The GEF-3 period ends on 30 June 2006.



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## ADB as a GEF executing agency

ADB has been working closely with GEF since the mid-1990s. With the approval of ADB's direct access to GEF full project resources in 2002, the partnership has been further strengthened. Direct access to GEF project resources enables ADB to (i) identify, prepare, appraise, and implement GEF projects on behalf of GEF; (ii) submit full project proposals for GEF financing directly to GEF without going through an implementing agency; and (iii) receive project grants directly from GEF and be directly accountable for their use. The unique partnership is anchored on the recognition that the drive for global sustainability should be rooted in strong links between environment and development—a clean environment is essential for both sustainable development and poverty reduction.

The ADB-GEF partnership provides substantial opportunities to blend ADB resources for sustainable development with GEF resources for the global environment. Since May 1999, ADB has entered 18 projects into the GEF pipeline, with 8 Project Development Facility (PDF) Block B (PDF-B) grants approved by the GEF Secretariat and 8 projects approved by the GEF Council. Several proposed projects and programs are currently in various stages of ADB and GEF project cycles. Descriptions of three ongoing ADB-GEF projects are provided in the boxes.

The Environment and Social Safeguard Division of the Regional and Sustainable Development Department (RSES/RSDD) of ADB acts as a GEF focal point. RSES works closely with ADB's operational departments in building the ADB/GEF pipeline of projects and programs. The operational departments provide direct links between ADB and the developing member countries (DMCs).



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## Types of GEF financing

GEF provides new and additional grant and concessional funding to meet the agreed incremental costs of measures to achieve agreed global environmental benefits through various project types, ranging from small grants to medium-sized projects (MSPs), and full-sized projects (FSPs). GEF also supports project development activities through the PDF to prepare MSP and FSP proposals.

REGIONAL (People's Republic of China and Mongolia)

## Prevention and control of dust and sandstorms in Northeast Asia

Dust and sandstorms (DSS) are serious transboundary environmental problems in Northeast Asia with enormous economic costs on the environment and human health primarily in the affected areas of the People's Republic of China (PRC), Japan, Mongolia, and the Korean Peninsula. Land degradation and desertification, primarily in the DSS source areas in the PRC and Mongolia, are widely recognized as the root causes of the intensified DSS in the region. The approach to minimize the damage by DSS is two-pronged: addressing the root causes; and developing and implementing a regional monitoring and forecasting facility, including an effective early warning system.

This project aims to establish a specialized regional cooperation mechanism that will coordinate interventions that address DSS. It supplements efforts by the governments of the PRC and Mongolia through their respective national

action programs to combat desertification under the United Nations Convention to Combat Desertification. The main outputs of the project are (i) an initial regional institutional framework that facilitates international policy and operational coordination among the major DSS stakeholders at a regional level, and (ii) a regional master plan for alleviating DSS. The latter includes a phased program for establishing a regional monitoring and early warning network for DSS, and an investment strategy including recommendations on sustainable financing mechanisms and identification of nine priority demonstration project sites to disseminate the best practices in addressing the causes of DSS: four in the PRC, four in Mongolia, and one joint project site across the borderline between the PRC and Mongolia.

For more information, go to [www.asiansandstorm.org](http://www.asiansandstorm.org). ■

### Project financing

The principal GEF financing modality is the FSP. It can be a technical assistance (TA) or investment project, usually associated with a baseline development-oriented project. The GEF grant, which ranges from \$1 million to \$50 million, is provided to achieve global environmental benefits. FSPs could cover one or several countries in regional or global projects. MSPs are grants of less than \$1 million for projects with relatively modest scope. These are designed to meet government demand for fast and flexible funding.

### Project development financing

Funding for project preparation is available in three categories or blocks: PDF-A, PDF-B, and PDF-C. Block A grants (up to \$50,000) fund the initial stages of project or program identification. Block B grants (up to \$350,000 for single-country projects and up to \$700,000 for multiple-country projects) fund information gathering necessary to prepare project proposals and provide necessary supporting documentation. Block C grants (up to \$1 million) provide additional financing as required for larger projects to complete technical and feasibility work.

## How to access GEF through ADB

GEF and ADB work with the GEF OFF in each recipient country to develop project ideas that are consistent with (i) country's national programs and priorities, (ii) GEF's operational strategy and programs, and (iii) ADB's country strategy and program (CSP). The key steps in accessing GEF cofinancing are outlined below.

- **Identifying potential ADB/GEF projects**

ADB's programming cycle begins with preparing a CSP that generally covers a 3-year operational program. Each year, this program is reviewed through the annual CSP update (CSPU). The country environmental analysis (CEA), prepared before the CSP, provides specific inputs by assessing the lending and TA pipeline in the context of a DMCS' key environmental issues, and global environmental issues. Potential project concepts that may be appropriate for GEF cofinancing are included in the CSP/CSPU.

People's Republic of China: PRC/GEF Partnership on Land Degradation in Dryland Ecosystems

### Project I—Capacity building to combat land degradation

The partnership supports a sequenced set of priority activities in priority areas in the PRC to (i) strengthen the enabling environment and build institutional capacity for integrated approaches to combat land degradation; and (ii) demonstrate viable integrated ecosystems management (IEM) models for widespread replication. The estimated total cost over the 10-year period (2003–2012) is \$1.5 billion, including \$150 million from GEF. The rest will come from the Government and other development partners. As of the third quarter of 2005, approved or programmed GEF grants totaled about \$36 million, covering four projects from three multilateral agencies. The cofinancing leveraged by these GEF projects is anticipated to be about \$200 million. The Ministry of Finance is the executing agency, supported by a national steering committee composed of representatives from 11 participating agencies. The partnership has obtained excellent technical support from other agencies including the Food and Agriculture Organization (Land Degradation Assessment in Drylands program) and the International Food Policy Research Institute for modeling the economic impacts of land degradation.

The Capacity Building to Combat Land Degradation Project, ADB's first partnership project on DSS aims at strengthening the enabling environment and building institutional capacity for the IEM of drylands in six priority provinces and/or nationally and globally significant autonomous regions. Some of the first-year achievements are (i) an international workshop on IEM in Beijing in November 2004 attended by over 200 participants, with the proceedings to be published; (ii) commencement of provincial-level strategy preparation to combat land degradation in Inner Mongolia, Xinjiang, Qinghai, Gansu, Shaanxi, and Ningxia; (iii) initial work to strengthen the enabling environment and regulatory framework in Inner Mongolia, Xinjiang, Qinghai, Gansu, Shaanxi, and Ningxia; (iv) establishment of four expert groups comprising eminent PRC scientists, administrators, and technical experts covering environmental law, institutions and planning, monitoring and evaluation, and IEM; and (v) identification of potential future IEM demonstration investment projects.

For more information, go to [www.adb.org/projects/PRC\\_GEF\\_Partnership/](http://www.adb.org/projects/PRC_GEF_Partnership/). ■

Sri Lanka

## Protected areas and wildlife conservation project

The project aims at assisting the Government of Sri Lanka to conserve the nation's valuable natural resources and preserve its wildlife for the well-being of current and future generations. More specifically, the project addresses institutional and legal deficiencies in protected area management, and pilot tests participatory conservation activities in selected protected areas. The project is expected to contribute to the protection of the country's fauna and flora, stimulate nature-based tourism, and promote the development of a sustainable protected area management and wildlife conservation system.

As of the third quarter of 2005, the Cabinet approved implementation of institutional reforms, which will ensure (i) more delegation of authority to the field staff; and (ii) a cadre for new areas of expertise such as community outreach, visitor services, and ecotourism. The fauna and flora protection ordinance has been amended and is due for submission to Cabinet in late 2005. The project has prepared

management plans for the seven pilot-protected areas (PAs). Priority activities identified in these plans such as improving infrastructure, managing invasive species, and marking boundaries are currently being implemented under the project. The PAs have also developed plans to improve visitor services and increase ecotourism into the parks.

The project also supports collaborative conservation planning and, under this component, the Biodiversity Conservation Action Plan has been finalized. Conservation profiles for 127 fauna and 305 flora are near completion. The National Red List is also being updated. The Protected Area Conservation Fund was established to support projects for buffer zone communities that will reinforce conservation while improving their well-being. Through this fund, a number of small-scale projects have been developed in consultation with and implemented with the involvement of community and park officials. ■

- **Ensuring country-driven ADB/GEF projects**

The GEF OFF is tasked with ensuring that GEF projects are country-driven and based on national priorities and for in-country coordination of GEF projects and other operational activities. Contacting the GEF OFF is recommended at the earliest stage. The endorsement of the OFF on the ADB-GEF project concept is necessary in applying for project development funds and for access to medium- and full-size project resources.

- **Developing the ADB-GEF project concepts and proposals**

ADB provides TA grants to cover the costs of preparatory activities for ADB projects. For ADB-GEF projects, GEF PDF cofinancing may also be used to cover the costs of preparatory activities. DMCs are also expected to provide cofinancing for these activities, either in-kind or in cash. Cofinancing from other partners—nongovernment organizations (NGOs), private sector, and bilateral donor agencies—are also sought at this stage.

- **Approval of ADB/GEF proposals**

The GEF Secretariat processes all proposals submitted by ADB and other GEF implementing agencies and executing agencies. PDF-B and MSP proposals are approved by the GEF CEO while FSP proposals require GEF Council approval before endorsement by the GEF CEO. PDF-A proposals are approved either by the GEF implementing agencies or the GEF Secretariat. The approval process that follows the GEF project cycle is comparable to the approval process for ADB grants and loans. RSES/RSDD provides assistance to DMCs in obtaining approval for ADB/GEF proposals.

- **Implementing and monitoring ADB-GEF projects**

The project is implemented upon approval of ADB loan and GEF cofinancing. In the implementation phase, ADB guidelines ensure timely project completion and maximize development and global environmental impacts of resources coming from the government, ADB, GEF, and other development partners. ADB, GEF, and other cofinanciers undertake periodic monitoring and evaluation. The lessons learned from implementing ADB-GEF projects provide valuable guidance to all future GEF projects. ■



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### Contact Information

Director  
Environment and Social Safeguard Division  
Regional and Sustainable Development  
Department  
6 ADB Avenue, Mandaluyong City  
1550 Metro Manila, Philippines  
Tel +63 2 632 6883  
Fax +63 2 636 2444  
adbgef@adb.org