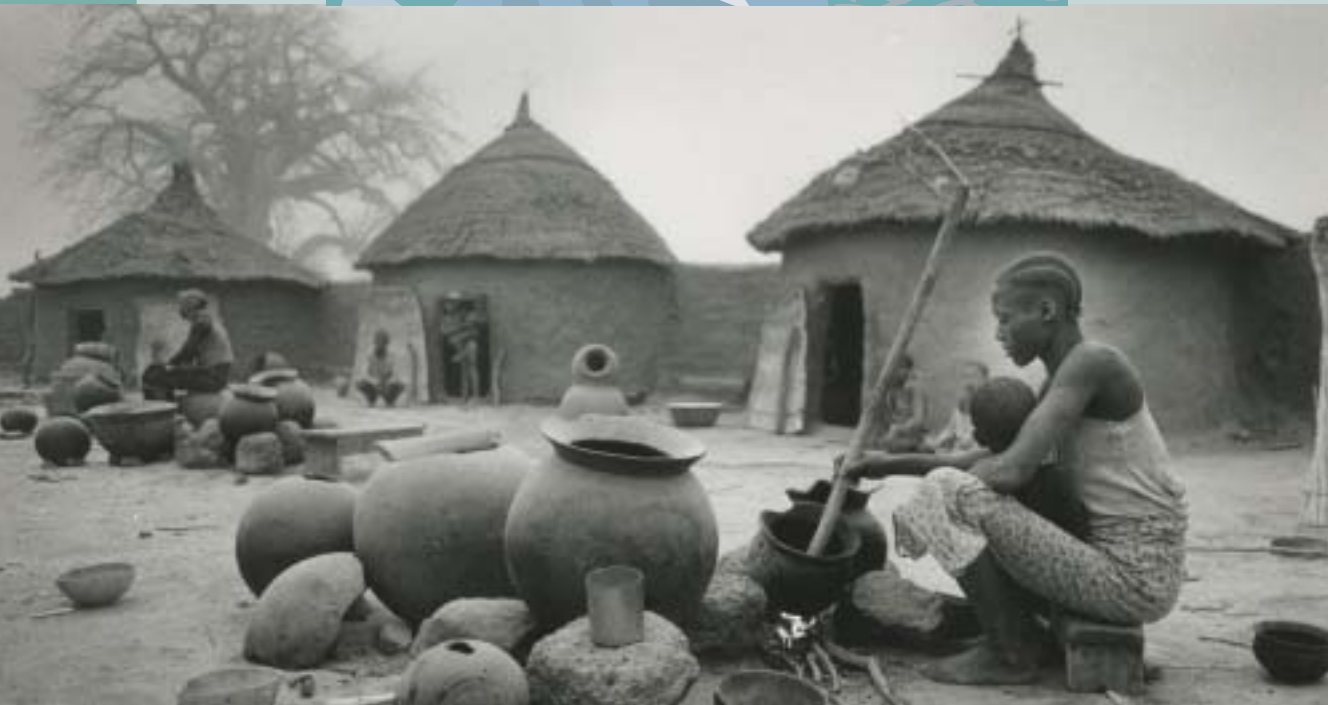


Chapter 5

Financial Resources within UNEP

62





The primary role of UNEP is to catalyze environmental action. It has limited funds to allocate to civil society compared to intergovernmental development agencies, such as UNDP. Financial resources for civil society can be generated through UNEP, when implementing its work programme or when acting as an implementing agency of the Global Environment Facility

5.1 Main areas of financial resources for civil society

The development of scientific assessments, policy and laws, as well as their implementation can generate some resources for civil society. Following are some of the main areas of opportunity.

In the field of scientific assessment, UNEP provides leverage to attract governmental and intergovernmental funds (especially from the GEF). As UNEP's work depends on research and academic/scientific centres, UNEP finances these institutions. The Global Environment Outlook, as well as all the other assessments undertaken by UNEP are excellent examples of results from this support.

When developing a policy or law, individuals or their organizations, in the technical or policy field, may be contracted directly by UNEP to prepare papers or organize seminars on different technical topics. These experts can work as consultants or UNEP can formalize cooperation with their respective organizations.

The objective of expert consultation is to inject fresh and accurate knowledge into UNEP on new environmental trends or complex policies and laws. In the same vein, it is current practice to finance individuals from developing countries or countries in transition, to participate in policy dialogues or meetings at both the regional and global level.

In the field of policy implementation, UNEP can finance some CSO pilot projects. For example, UNEP financed EarthCare Africa to execute a project on "Empowering Women in Rainwater Harvesting in Kenya." The project illustrated the critical role played by pastoralist Maasai women and by women living in the slums in water management. UNEP also finances bigger projects executed by CSOs. For example the Stockholm Environment Institute – Boston Centre (SEI-B) was supported to execute "Civic Entrepreneurship", a project launched at the WSSD. This project underlines the critical role of civil society in pursuing sustainable development. UNEP has also financed the Stakeholder Forum For Our Common Future.

In the field of implementation of policy or law, partnerships with CSOs are a powerful tool to garner additional support. In a partnership with a civil society partner, UNEP can endorse and promote the project of the CSO. This endorsement is a powerful leverage to seek funds from financial institutions, such as national or international development agencies. Another financial advantage of participating in a UNEP partnership is that CSOs, which usually compete for the same scarce financial resources, are collaborating rather than competing.





5.2 Elaboration of a project proposal with UNEP

Any project that UNEP could possibly finance has to be formulated according to UNEP standards. These standards on developing a project are detailed in the Project Formulation, Approval and Evaluation Manual available online at: www.unep.org/project_manual and are summarized in the box below.

Summary of structure for project proposals submitted to UNEP
<p>Title</p> <p>Legislative Authority (UNEP GC decision with which the project has to comply)</p> <p>Geographical Scope (regional, national, or global)</p> <p>Co-operating Agency (agency executing the project in cooperation with UNEP)</p> <p>Supporting Organizations (cooperating for project execution)</p> <p>Duration of the Project</p> <p>Project Coordinator</p> <p>Project cost (consistent with planned activities)</p> <p>Description of the project</p> <p>Needs: These explain why this project should be supported. What makes this project unique and not overlapping with a previous one? What are the needs (gaps) that the project is addressing in relation to the UNEP GC decision quoted?</p> <p>Objectives: These translate the need (gap), into a positive goal (fill the gap). There is usually an overall objective and under it some specific objectives.</p> <p>Activities: These consist of the set of activities to achieve the different objectives. For example, an activity can be to organise a meeting or to produce a report. Each activity has to be described clearly. In brief: who is responsible of what and at which cost?</p> <p>Outputs: These consist of the clear measurable outcomes of the projects when all the activities have been undertaken. For example, this could be a publication or a workshop.</p> <p>Results: These consist of the overall benefits that the project can provide. They are usually not quantifiable. It is, for example, improvement of public awareness or the capacity enhancement of CSOs to address an issue.</p>

Box 9

When the project is approved, UNEP and the CSO sign a Memorandum of Understanding (MOU). The MOU provides a contractual basis for the relationship between the CSO and UNEP. This document describes the major activities and expected outputs. It contains the legal clauses that UNEP and the CSO have to fulfil in order to execute the project. The MOU also contains administrative information on the mechanism for disbursement of funds.

Where there is no financial commitment from either party, UNEP and the CSO can work with a framework of agreement or a letter of agreement.

5.3 Financial resources through UNEP-GEF

The Global Environment Facility (GEF) provides grant and concessional funding to developing countries and those with economies in transition to meet agreed incremental costs of measures to achieve global environmental benefits in six focal areas addressing **biological diversity, climate change, international waters, land degradation, persistent organic pollutants** and **ozone layer depletion**.



The agreed incremental costs of activities to achieve global environmental benefits concerning **chemicals management** as they relate to the GEF focal areas are also eligible for funding.

The GEF serves as a financial mechanism for the implementation of the UN Convention on Biological Diversity (CBD), the UN Framework Convention on Climate Change (UNFCCC), the Stockholm Convention on Persistent Organic Pollutants (POPs), and the UN Convention to Combat Desertification (UNCCD). The GEF also supports the objectives of the Montreal Protocol on Substances that Deplete the Ozone Layer and the Regional Seas Agreements. Currently 176 countries are members of the GEF.

The GEF operates on the basis of collaboration and partnership among three Implementing Agencies, UNDP, UNEP and the World Bank, responsible for supporting project development and implementation. The Implementing Agencies support project proponents, including organizations from civil society and government, to develop and implement GEF projects. Seven GEF Executing Agencies (the UN Food and Agriculture Organization, the International Fund for Agricultural Development, the UN Industrial Development Organization, and the four Regional Development Banks) provide similar support to access GEF funding.

Such support is provided to eligible countries through a variety of activity types. Full-size and medium-sized projects within fifteen Operational Programmes; and “enabling activities” that support countries – and build their capacity – to meet the obligations of being Party to the CBD (and its Cartagena Protocol on Biosafety), the UNFCCC, and the Stockholm Convention.

The GEF is a project co-financier, bringing together GEF resources with those from governments, banks, NGOs, bilateral and multilateral agencies and the private sector. GEF projects must be “country-driven” and address the global environment within the framework of country priorities, complementing national programmes and policies. The funds GEF allocates, seek to reach “new and additional” benefit to these national initiatives to obtain global environmental benefits.

GEF projects are:

- Proposed and carried out by a wide variety of executing agencies, including government agencies, UN agencies, NGOs, private sector groups, and educational and research institutions.
- Supported in their preparation and implementation by the GEF’s Implementing Agencies (UNDP, UNEP, and the World Bank) or one of its seven Executing Agencies.
- Approved by the GEF Council or its Chief Executive Officer (CEO) based at the GEF Secretariat in Washington D.C.

As an Implementing Agency of the GEF, UNEP provides the Secretariat to the Scientific and Technical Advisory Panel (STAP) of the GEF; provides corporate





support to the GEF (for example in the development of policy); and assists a broad range of project proponents to develop and implement eligible, country-driven projects that, in general, address one or more of the following broad objectives that fall within UNEP's recognized strengths and areas of comparative advantage:

- Promote regional and multi-country cooperation to achieve global environmental benefits (management of transboundary ecosystems, transboundary diagnostic analyses and cooperative mechanisms/action);
- Advance knowledge for environmental decision-making through scientific and technical analyses, including environmental assessments and targeted research;
- Develop and demonstrate technologies, methodologies and policy tools for improved environmental management; and
- Build capacity to prepare and implement environmental strategies, action plans and reports and environmental management and policy instruments to implement multilateral environmental agreements.

A breakdown of the UNEP/GEF portfolio by resource allocation to the various focal areas, and biosafety (a sub-set of the biodiversity focal area), is provided in Box 10. Projects implemented by UNEP represent approximately 11% of the GEF portfolio by number and 5% by value of the GEF grants.

UNEP-GEF's portfolio by thematic area, as of 1 June 2004			Box 10
Thematic area	GEF (US\$ millions)	Co-funding (US\$ millions)	Total (US\$ millions)
Biodiversity	83.1	91.1	174.2
Biosafety	43.4	16.0	59.4
Climate Change	74.0	45.0	119.0
International Waters	112.2	133.6	245.8
Land Degradation	28.7	36.3	65.0
Ozone	7.4	3.0	10.4
POPs	42.6	22.5	65.1
Multiple	23.7	43.3	67.0
TOTAL	414.9	391.1	806.0

In terms of eligibility, a GEF project must meet eight key criteria:

- Be country-driven and endorsed by host countries.
- Produce measurable global benefits related to the targets of the GEF focal areas.
- Involve participation of all affected groups and transparency.
- Be consistent with the objectives of the Conventions which GEF serves as a financial mechanism.
- Have a firm scientific and technical basis.
- Be financially sustainable and cost-effective.
- Include processes for monitoring, evaluation and incorporating lessons learned.
- Play a catalytic role that leverages other financing.

The development of a UNEP/GEF project with a CSO is a participatory process:

1. In the process of supporting GEF projects, UNEP promotes awareness and



cooperation among all sectors of society involved in the implementation of the international environmental agenda. UNEP-GEF additionally serves as a link between major stakeholders and fosters partnerships with and between CSOs as part of the project development and execution.

2. When a project has been identified, UNEP, in collaboration with the CSO, can develop a project proposal. If necessary, UNEP can allocate a "Project Preparation and Development Facility" (PDF) grant, to help the organization to develop and finalize its project proposal, in a participatory manner.
3. The project has to be endorsed by the respective Government(s) where the project takes place. In some countries, there is a multi-stakeholder GEF platform, which assists the Government to review and approve projects.
4. The most formal and well-organized CSOs, able to fulfil UNEP administrative requirement procedures, often work directly with UNEP as an executing agency to manage and monitor the implementation of projects. Smaller CSOs often work as sub-contractors with the executing agency within relevant areas of the project implementation.

Full-size projects

UNEP/GEF full-size projects, involving more than US\$ 1 million, are regional, multi-country or global in their scope, and typically involve several executing partners. As of 1st June 2004, UNEP/GEF was implementing 65 full-size projects.

Subject to approval by the CEO of the GEF, UNEP can provide project development grants (PDF-B) of up to US\$ 350,000 for development of projects to be implemented in a single country and up to US\$ 700,000 for development of multi-country projects. PDF-B grants are typically used to support detailed project design, feasibility and baseline studies, and stakeholder consultations.

CSOs are actively involved in many UNEP/GEF full-sized projects. For example, in the regional biodiversity project, "The Development of a Wetland Site and Flyway Network for Conservation of the Siberian Crane and other Migratory Waterbirds in Asia", the International Crane Foundation (ICF) is the lead executing agency, coordinating efforts of a consortium of organizations including the Secretariat of the Convention on Migratory Species (CMS) and Government agencies, including the State Forestry Administration of China and the Department of the Environment of Iran. Other CSO partners acting as major executing agencies on GEF full-sized biodiversity-themed projects include IUCN, the Bolivian Foundation Amigos de la Naturaleza, the Universidad Mayor de San Andres and the Arctic Council Program for the Conservation of Arctic Flora and Fauna (CAFF).

Medium-sized projects (MSPs)

Involving no more than US\$ 1 million GEF financing, proposals for medium-sized projects (MSP) benefit from expedited processing by the GEF. Smaller in size, scope and





duration than a full size project, they can be designed and executed more quickly and efficiently. For these reasons MSPs are an attractive option for nongovernmental organisations. UNEP gives high priority to working with a wide range of partners to develop and implement MSPs to achieve global environmental benefits. As of 1st June 2004, UNEP was implementing 61 MSPs.

UNEP can provide project development grants (PDF-A) of up to US\$ 25,000 to support preparation and development of medium-sized projects. CSOs are extremely active within the GEF's MSP, playing roles of execution, assessment, capacity building and development.

"UNEP recognises that NGOs are important players in the environmental arena, amidst the growing array of global problems. The multiplier effect of working through NGO and other civil society networks makes medium-sized projects an ideal mechanism for reaching a broader constituency and for enhancing efforts aimed at catalysing global environmental management. While medium-sized projects can be proposed from a broad range of stakeholders including Governments, NGOs, scientific bodies, intergovernmental bodies, the private sector and others, increased efforts will be placed on those project activities that arise from NGOs and are within national priorities."

Klaus Toepfer, Executive Director, UNEP- in the UNEP GEF-MSP Summary, 2002

The following sections provide some examples of CSOs that engage with UNEP-GEF in MSPs.

International waters

The Sahara and Sahel Observatory (Observatoire du Sahara et du Sahel-OSS), based in Paris, is the major executing agency for the project "Protection of the North West Sahara Aquifer System (NWSAS) and related humid zones and ecosystems." This project is implemented in three countries: Algeria, Libya and Tunisia.

Biodiversity

CSOs are particularly active in this focal area. The WWF Russian Project Office (WWF-RPO) is the main executing agency for the project "Development of the Econet for long-term Conservation of Biodiversity in the Central Asia Ecoregions." Participating countries in this project include Kazakhstan, Uzbekistan, Turkmenistan, Kyrgistan and Tajikistan. In addition, IUCN is leading a consortium of NGOs and intergovernmental bodies in the implementation of the project "Global Biodiversity Forum (GBF) – Multistakeholder support for the Implementation of the Convention on Biological Diversity – Phase III."

Other CSO partners in this focal area include Birdlife International, The Nature Conservancy, Centre for Applied Bioscience International (CABI), Conservation International, Third World Academy of Sciences (TWAS), Scientific Committee for the Protection of the Environment and the Wild Camel Protection Foundation.





Biosafety

UNEP is implementing a global programme that assists countries to meet their obligations under the CBD Cartagena Protocol on Biosafety. The programme focuses on supporting the development of National Biosafety Frameworks in 120 signatory countries (Parties) from developing countries and countries with economies in transition. Article 23 of the Cartagena Protocol: "Public Awareness and Participation", requires that Parties "... consult the public in the decisionmaking process ... make the results of such decisions available to the public, ... endeavor to inform its public about the means of public access to the Biosafety Clearing-House." Although the UNEP biosafety programme has no specific project targeting civil society, national-level implementation of the programme requires that each Party develops its biosafety framework with full civil society participation, and ensures that systems for public participation and information are incorporated into the national biosafety frameworks.



Climate change

One MSP in this area involves a unique linkage of a private sector enterprise and an academic department in the pursuit of alternative energy sources, in this case geothermal power. The Kenya Electricity Generating Company Ltd. (KenGen) and Duke University from USA are co-executing agencies on the project "Joint Geophysical Imaging (JGI) Methodology for Geothermal Reservoir Assessment."

Land degradation

CSO partners in this area include the University of Chile, the Natural Heritage Institute, the Esquel Group Foundation and others joining forces to develop a baseline application for the project "An Indicator Model for Dryland Ecosystems in Latin America."

Projects addressing land degradation take into account farmers groups, individual farmers as well as indigenous peoples and their communities. For example the Sub-Saharan "Desert Margins Programme", which seeks to utilize both development and action-research efforts to unravel the complex factors of biodiversity loss through land degradation. Other



To support local communities for land management

Credit/Still Pictures

examples include the "Management of Indigenous Vegetation for Rehabilitation of Degraded Rangelands in the Arid Zone of Africa (Botswana, Kenya, Mali)." A more localised example is the "Lake Baringo Community Based Integrated Land and





Water Management Project” in Kenya, which works with CBOs to preserve and rehabilitate the diverse and fragile Lake Baringo area in Kenya’s northern great rift valley.

Persistent organic pollutants (POPs)

CSOs involved in this area include indigenous peoples organizations, such as the Russian Association of Indigenous Peoples of the North (RAIPON), the Inuit Circumpolar Conference (ICC), the Saami Council (SC) and the Aleut International Association (AIA). These particular organizations are working with the Arctic Monitoring and Assessment Programme (AMAP) to execute the project “POP’s, Food Security and Indigenous Peoples in Arctic Russia”, which aim to assess levels of toxins in this region.

Information on GEF and UNEP’s activities in the GEF is available from website: www.unep.org.unep/gef or by contacting directly UNEP-GEF director.

5.4 The GEF Small Grants Programme

Since 1992, the GEF Small Grants Programme (SGP), administered on behalf of the GEF partners by the United Nations Development Programme (UNDP), has been promoting grassroots action to address global environmental concerns on GEF thematic areas.

The SGP is considered one of the most successful programmes of the GEF. In 2003, the programme was active in 60 participating countries and planned to expand the programme to ten more countries each year. As of November 2003, the funding was US\$ 117.35 million from GEF and US\$ 65.66 million from other partners in cash or in-kind equivalents.

Funding is channelled directly to communities and NGOs in developing countries to support the efforts of local people to conserve and restore their environment while generating sustainable livelihoods.

Proven, non-bureaucratic, country-driven mechanism

Complementing medium and large size GEF projects, SGP allocates grants of up to US\$ 50,000, averaging between US\$ 10-20,000, directly to non-governmental and community-based organizations.

Decentralized management of SGP, using a transparent and participatory approach, provides a proven mechanism that enables funding decisions to be informed, owned and implemented by local people. Specific criteria established by a global strategic framework are adapted to local conditions guide

“Small, strategically targeted projects can contribute to solving global environmental problems whilst enhancing the livelihood security of local people... there is evidence that many of these projects deliver more favourable cost-benefit ratios than larger projects.”

Second Overall Performance Study on GEF, 2001





the approval of grants locally. This allows SGP to be demand rather than supply driven. Planning grants, workshops and “write-shops” are organized to help communities draft grant proposals that meet their specific needs while meeting SGP criteria. Country level activities are managed by broad-based National Steering Committees (NSCs), consisting of representatives from local NGOs, Government, academia, UNDP and, as appropriate, co-funding donors, indigenous peoples’ organizations, private sector and the media.

NSC members, serving on a voluntary basis, play an important role in ensuring decentralized, non-bureaucratic management of SGP funds. Each NSC considers whether proposals are feasible, meet SGP criteria, and what kind of technical support is needed; grants are then provided directly to the NGO or CBO. NSC members also prepare country strategies and ensure monitoring and evaluation. SGP National Coordinators, who are locally recruited, are responsible for day-to-day management and serve as secretary to the NSC.

Partnerships

While mandated to focus on GEF priority areas, the SGP has raised co-funding to meet complementary community priorities. Altogether, over 600 partner organizations provide co-financing and other support to GEF SGP activities. Efforts to link communities vertically with ongoing global and national sustainable development efforts and horizontally between a broad array of stakeholders are hallmarks of SGP. While SGP considers grantees as the heart of the programme, other core partners include bilateral donors, foundations, the full spectrum of civil society as well as UNDP core programmes.

More information on the SGP is available at www.undp.org/sgp and from UNDP country offices. ■

