

Appendix to Government Decision

22 June 2016

(UD2016/11356/GA)

Organisation strategy for Sweden's cooperation with the Global Environmental Facility (GEF) 2016–2018

1. Introduction

Scope of the strategy

This strategy forms the basis of the Government's cooperation with the Global Environmental Facility (GEF) and the trust funds¹ it administers during 2016–2018. The strategy will also guide Sweden's positions in negotiations on the seventh replenishment cycle of the GEF Trust Fund (GEF 7), which will be ongoing throughout most of 2017. The outcome of the negotiations will be important for how the GEF contributes to the implementation of the new Sustainable Development Goals that were adopted by the UN General Assembly in September 2015. The strategy covers funds as authorised by the Riksdag.

The strategy is based on the Government's objective for international development cooperation: promoting better living conditions for people living in poverty and oppression. The strategy is guided by the Policy for Global Development (Govt Bill 2002/03:122), with its overarching objective of contributing to equitable and sustainable global development, and by the Swedish strategy for multilateral development cooperation. The focus of the strategy reflects the Government's priorities as stated, for example, in the Budget Bill for 2016. The organisational assessment of the GEF, approved by the Government Offices (Ministry for Foreign Affairs) in 2012, also forms the basis of the strategy.

¹The GEF consists of four trust funds: 1) the main GEF Trust Fund, which covers the expenses for the GEF's regular operations; 2) the Least Developed Countries Fund (LDCF) for climate adaptation projects in low-income countries; 3) the Special Climate Change Fund (SCCF) for supporting technology transfer etc.; and 4) the Nagoya Protocol Implementation Fund (NPIF), established by the Convention on Biological Diversity. The GEF also manages the Adaptation Fund under the Kyoto Protocol. The LDCF and SCCF together have their own Council, or governing board, which has the same composition as the GEF Council.

The GEF's mandate

The GEF was established in 1991 with the mandate to contribute to global environmental public goods through financial support to environmental and climate elements in development projects in low- and middle-income countries. The GEF is also a common financial mechanism for the United Nations Framework Convention on Climate Change (UNFCCC) and four international environmental conventions². According to its charter, the GEF has five primary areas of operation: climate change, biodiversity, chemicals and waste, land degradation and international waters. The GEF implements its projects through Partner Agencies, currently 18 in number, which are particularly approved for the purpose. The medium-term focus of the work is set out in the GEF 2020 Strategy, adopted by the GEF Council in 2014 for the years up to 2020. The GEF is currently the largest intergovernmental fund for environmental, climate change and development action.

2. Focus and Swedish priorities

The objective of the Government's development cooperation is to create opportunities for better living conditions for people living in poverty and oppression. Sweden's development cooperation must be based on and characterised by a rights perspective and poor people's perspectives on development. Development cooperation must be economically, socially and environmentally sustainable, and promote gender equality. Development cooperation is a key instrument to support developing countries' implementation of the 2030 Agenda and its 17 Sustainable Development Goals adopted by the countries of the world in 2015. Different organisations contribute based on the focus of their operations.

Efforts to limit climate and environmental impacts are a prerequisite for sustainable development and poverty reduction. Environmental damage, including climate change, risks deepening social and economic disparities, which in turn may lead to more and deeper conflicts. This is why international environmental and climate efforts are also an important conflict prevention instrument. It is also a human rights issue, as environmental and climate changes risk posing a threat to people's economic and social rights.

Consequently, environment and climate action are top priorities in Sweden's development cooperation. With its mandate to contribute to environmental and climate-related public goods in developing countries, the GEF is highly relevant to the Government's development policy objectives. Through its financial contributions to the GEF, its work on the GEF Council and its dialogue with the GEF leadership, the Government helps the GEF facilitate the implementation of the three major development agreements that the world's countries adopted in 2015: the 2030 Agenda, the Addis Ababa Action Agenda on Financing for Development, and the Paris Climate Agreement adopted under the UNFCCC.

² The United Nations Convention on Biological Diversity, the Stockholm Convention on Persistent Organic Pollutants, the United Nations Convention to Combat Desertification and the Minamata Convention on Mercury.

The Government considers that the GEF should continue to develop its activities, primarily in three priority areas in Swedish development cooperation: environment and climate change, sustainable, inclusive economic development, and gender equality. The focus of the Government's cooperation with the GEF will be on environment and climate change, which are core GEF activities, while efforts to promote sustainable, inclusive economic development and gender equality will take place within the framework of the GEF's operational focus. The Government intends to support the GEF's efforts in these areas based on the following objectives.

Environment and climate change

- Take steps to ensure that the GEF helps support developing countries to achieve the Sustainable Development Goals, including Goal 13 on combating climate change, Goal 14 on protecting oceans, seas and marine resources through marine-related development projects, Goal 15 on conserving and restoring ecosystems and biodiversity, including sustainable use of forests, and other goals with a bearing on the environment and climate change.
- Safeguard and strengthen the GEF's position as the designated financial mechanism for the four environmental conventions, and in this way facilitate the GEF's efforts to promote biodiversity and sustainable management of chemicals and waste.
- Finance climate action and clarify the GEF's added value in relation to the Green Climate Fund and other international climate financing.
- Promote the GEF's contribution to the implementation of the Paris Agreement, including helping developing countries build capacity to report on their climate action.
- Take steps to ensure that the GEF to a greater extent seeks synergy effects between its various activity areas and the conventions, and in doing so develops the GEF's work on the integrated approach, in which the GEF incorporates several activity areas in common projects.

Sustainable, inclusive economic development

- Consolidate and deepen the enhanced focus on development promotion elements in the GEF's projects that began in the current replenishment cycle (GEF 6), and secure a results framework that enables follow up of development impacts.
- Strengthen the human rights impact in GEF projects, an intention that is also expressed in the Paris Agreement, by ensuring that the GEF develops a rights-based approach in its activities.
- Increase the allocation of funds to, and the general focus on, low-income countries; an increased focus on low-income countries is required, considering the GEF's fundamental mandate to finance global environmental public goods.

Gender equality

- Act to ensure that the GEF takes proper consideration of the fact that environmental damage and climate change often hit women the hardest and to ensure that the GEF harnesses women's agency in tackling climate change, for example in the development of renewable energy sources.
- Incorporate a gender perspective throughout all the GEF's activities through satisfactory implementation of the 2011 GEF Policy on Gender Mainstreaming.
- Develop follow-up of the impact of gender action in the GEF's activities.
- Sweden should also actively ensure that the GEF systematically integrates a gender perspective and conflict sensitivity in its activities – particularly in conflict-affected countries and fragile situations – to minimise potential adverse side effects and contribute to conflict management and sustainable peace.

3. Priorities concerning the organisation's working methods

In its organisational assessment, the Government Offices established in 2012 that the GEF is highly relevant for the Government's development cooperation and has high internal and external effectiveness. The Government Offices current assessment is effectiveness is high, while the need for further reinforcements remains.

Based on this organisational assessment and experiences from subsequent Council work, the Government intends to pursue the issues outlined below concerning the organisation's working methods. The Government assesses that the impact of these issues may help to achieve the anticipated results presented in section 2 above.

- GEF management should continue its efforts to further improve project implementation effectiveness, e.g. by simplifying its project cycle and, in cooperation with the implementing GEF Partner Agencies, expedite the generally low rate of payment of GEF projects.
- Follow-up of GEF-funded projects should be strengthened, including quantitative follow-up of achieved environmental impacts, development impacts and social impacts; in this respect Sweden should support the GEF to continue developing its results framework, not least to enable accountability.
- The GEF maintains a high level of transparency in its work but can strengthen transparency concerning projects in the preparatory phase and those that have been adopted and implemented.
- In 2015, the GEF began reviewing a possible expansion of the current 18 Partner Agencies approved to receive financing from the GEF. The GEF should ensure a configuration that supports ownership in the countries of operation while preserving the knowledge-intensive focus of the GEF's work.

4. Advocacy channels for implementing the strategy

With its policy emphasis on environment and climate change and its comparatively large share of core support, Sweden is well positioned to influence the GEF's activities. Since the GEF was established, Sweden has had a seat on the Council by having a common Council member for Sweden, Finland and Estonia.

To achieve the objectives set out in sections 2 and 3 above, the primary focus of the work of the Government Offices and other relevant government agencies should be on:

- active participation in GEF and LDCF/SCCF Council work, including Council working groups;
- ongoing bilateral dialogue with the GEF at both political and official level;
- close cooperation with the relevant agencies and other stakeholders in Sweden;
- monitoring and participating in preparations for the meetings of the parties that provide guidance to GEF work on the UNFCCC and the environment conventions; and
- harnessing Swedish expertise whenever possible.

The GEF co-finances projects with other institutions. The Swedish International Development Cooperation Agency (Sida) and other agencies where appropriate are to notify the Government Offices (Ministry for Foreign Affairs and other relevant ministries) of decisions on co-financing projects with the GEF.

Swedish co-financing of GEF projects may be governed by the Government's special strategies for countries, regions or thematic areas. However, any co-financing must be in line with this strategy. The agency responsible must justify any deviations where appropriate.

5. Follow-up

The Government Offices (Ministry for Foreign Affairs) will follow up this strategy on an ongoing basis, including at organisation consultations that the Ministry convenes with other relevant ministries, Sida and other relevant agencies. Organisation consultations will be held at least once a year.