



# **Building financial sustainability during and after GEF projects**

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# Operational Principles of the GEF



- GEF funds agreed incremental costs
- Cost-effectiveness
- Consultation and participation of affected people
- Leverage funding from other sources
- Country ownership
- Monitoring and Evaluation
- Sustainability
- Replicability

# GEF is a Co-financier



- **GEF encourages partnerships by bringing together multiple sources of funding for projects**
- **Key Concept: The GEF is not a project financier, but a project Co-financier providing “new and additional” funds to address global environmental issues**



# Sustainability of GEF projects



All GEF projects are required to sustain the project impacts even after the life of the GEF funding. The sustainability is considered from the following perspectives:

- Environmental sustainability;
- Institutional sustainability; and
- Financial sustainability.



# GEF International Waters projects



**The GEF International Waters projects address, transboundary issues or global contaminants under three Operational Programmes (8, 9 10).**

**Many projects undergo Transboundary Diagnostic Analysis (TDA) and Strategic Action Programme (SAP) processes**

**GEF IW projects target causes for degradation of the aquatic environment or threats to the functioning of the ecosystem – stress reduction measures**



## GEF III Strategic Priorities (2002 – 2006)

- 1. Catalyse financial resource mobilisation for implementation of reforms and stress reduction measures agreed through TDA-SAP or equivalent processes for particular transboundary systems**
- 2. Expand global coverage of foundational capacity building addressing the two key programme gaps and support for targeted learning**
- 3. Undertake innovative Demonstration for reducing contaminants and addressing water scarcity issues**



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Institutional sustainability; and  
Financial sustainability.



# UNEP/GEF initiatives to pursue financial sustainability



- Strategic Partnership – involving specific stress reduction measures (Black Sea/Danube followed by the Mediterranean, and possibly others).
- Use of Co-financing (or incorporating project impacts into national/regional mechanisms)
- Economic valuation and possibly application of economic/financial/policy instruments.
- 'Inter-linkages' – pursuing multiple global environmental benefits





# Strategic Partnership



Seek wider partnership (including financing agency) to mobilise resources for the implementation of 'agreed action'.

- Black Sea – Danube
- Mediterranean

Coordination mechanism for the funding for the agreed action



The South China Sea project – focusing on habitat degradation.

Economic valuation of coastal ecosystem goods and services – input to SAP process

Financial sustainability planning for demo site

Financial and economic instruments?

N.B. UNEP/GEF is testing a number of instruments, particularly Payment for Ecosystem Services (PES)



# Interlinkages and synergies



Seeking multiple global environmental benefits:

Biodiversity

POPs and other global contaminants

Climate change adaptation

Land degradation

Seeking other benefits:



The South China Sea project – focusing on habitat degradation.

Economic valuation of coastal ecosystem goods and services

Financial and economic instruments?

N.B. UNEP/GEF is testing a number of instruments, particularly Payment for Ecosystem Services (PES)



For more information  
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