
**Second meeting of the Consultative Group
of Ministers or High-level Representatives
on International Environmental Governance**
Helsinki, 21-23 November 2010

Comments received from UN system on the papers:

- 1) **“Elaboration of Ideas for Broader Reform of IEG”**
- 2) **“Annotated table of broader IEG reform in a standardised format”**

Compilation by the UNEP Secretariat

Issued without formal editing.

Summary

By paragraph 7 of decision SSXI/1 the UNEP Governing Council/Global Ministerial Environment Forum (GC/GMEF) “Requests the Executive Director, in his capacity as Chair of the Environment Management Group, to invite the United Nations system to provide input to the group, including by assessing gaps, needs and considerations related to how the system is currently achieving the identified objectives and functions for international environmental governance”.

By letter of the UNEP Executive Director, members of the Environment Management Group (EMG) were invited to comment on the documentation for the second meeting of the Consultative Group, to be held from 21-23 November 2010 in Helsinki, Finland. The following document therefore provides the views of three EMG members, which submitted their input in writing.

UNDP's comments on

- 1) Draft Elaboration of Ideas for Broader Reform of International Environmental Governance, 7 September 2010**
- 2) Annotated table of broader IEG reform in a standardized format, 7 September 2010**

Overall comments:

It is not clear to UNDP why these are two separate documents and why all ideas (9+5) are not presented according to the same, standardized format. A general feature, however, is that discussions of pros and cons of the ideas/proposals are lacking. As a result, the ideas are being advocated rather than analyzed and thus do not take into account, for instance, the efforts in recent years by the UN system to assist countries address the climate change challenge which will highlight many environmental challenges as well. Helping countries to transform their economies to meet the climate change challenge is one of the two top priorities of UNDP's Administrator and climate change is changing the way the UN works at the country level. In fact, environment-development "desks" already exist in most, if not all UNDP Country Offices. There may be a wish to strengthen these desks, but establishing new desks would duplicate efforts and waste resources.

UNDP also notes another common characteristic of the ideas (or the way they are being presented/advocated). Many seem to be based on the underlying assumption that compartmentalizing and centralizing efforts at the international level in a top down approach would somehow create a better coherence in the UN system and lead to better implementation on the ground. This is not in line with the system-wide effort to put countries in the driving seat and for the UN to deliver as one at the country level based on countries own priorities. Furthermore, environment is a particularly multifaceted issue that requires mainstreaming, and therefore ownership, across the international system and across government.

The presentations also raise a number of questions. An example is what is being advocated under the headline "Establish a joint management mechanism for all major trust funds". How can UNEP direct the GEF Council, the WB Board, the general assemblies of specialized agencies, the conferences of the parties of conventions, and the boards of other UN programmes? The Consortiums proposed in the Annotated Table paper do not provide the answer as the modalities for these are not clear either.

As is also the case with the revised draft of the Note on Environment in the UN System, the information given on environmental funding in the Draft Elaboration paper is incomplete and compares apples and pears. UNDP kindly asks that the paragraphs in question be crossed out and bracketed (using the ~~abc~~ function) with a note explaining that this is work in progress and that the information currently available is not comparable and does not give a correct picture of environmental funding.

UNDP will focus its more specific comments on a selected number of the ideas advocated.

- 1) Draft Elaboration of Ideas for Broader Reform of International Environmental Governance, 7 September 2010**

c) 2: Establish a UN system-wide medium-term strategy for the environment, coordinating all environmental activities for the UN

Comments:

The presentation of this idea builds on the idea/proposal put forward by the Joint Inspection Unit in 2008, e.g. to adopt UNEP's Medium-Term Strategy as a system-wide instrument (p. 23). The Secretary-General's response to that proposal on behalf of the UN system (p. 24) should, however be presented in conjunction with the JIU proposal, and be referenced in full: "Organizations support the concept of a system-wide policy orientation for the environmental protection element of sustainable development. They remain sceptical, however, that it can be achieved through the strategic framework for the biennium programme budget prepared by the United Nations Secretariat and debated by the General Assembly, as recommended, since it does not cover the entire United Nations system. They note that relevant system-wide planning already occurs through the CEB mechanisms and, on an issue-specific basis, the Environment Management Group. ..."

For the reasons explained below, UNDP would welcome CEB to play a role not just in the development of a strategy (p. 23), but also in the shaping of the arguments and the discussion preceding a potential inter-governmental decision. The possibility of deferring this idea to the CEB for further analysis and suggestions should be included in the text.

In line with the last part of the SG's response to the JIU proposal, it is UNDP's experience that the work of UN Water, UN Energy, EMG etc., gives reason to be optimistic about the ability of the UN system to discuss, share information, undertake joint studies, produce knowledge products, and coordinate in specific fields. UNDP is less convinced that a system-wide environmental strategy effectively would achieve what it sets out to do, not least given the variability that would or should be encompassed within such a strategy. The elaboration of the idea should reflect these points.

It should also be explained why the UNGA in 1998 discontinued the UN four year Medium-term Plan and why the successor document is not a system-wide instrument (p. 22).

Following up on this point, it should be explained how the UN system could have a system-wide strategy for environment, but not for all other issues (or maybe it has for some? In this case this should be mentioned).

Some challenges pertaining to harmonization of planning cycles should also be mentioned. All UN entities have their own planning cycles. These don't necessarily correspond in length or in rhythm with a four year environment strategy (UNDP's strategic planning cycle is 5-6 years). In addition, the UNDAF planning cycle is adjusted to countries' own planning cycles. If not addressed, this is likely to seriously hamper the effectiveness of a system-wide strategy intending to be "coordinating all environmental activities for the UN". Alternatively, this could be an argument for a lighter version of a system-wide strategy, not intending to "coordinate" everything.

Finally, as the thinking behind the strategy as presented here seems top-down ("arrangements with the UN bodies for their coordinated implementation" p. 23), the discussion of the idea should also be brought more in line with how the UN operates at the country level. According to the 2010 UNDAF guidelines, "The UNDAF is a strategic programme framework that describes the collective response of

the UN system to national development priorities”. As commented earlier by UNDP’s Administrator¹, “a system-wide strategy and planning instrument for environmental sustainability for the UN systems should be designed to accommodate a demand-driven (rather than a top-down) approach in response to countries’ own development priorities and developed in a way that ensures sufficient ownership in all parts of the UN system, including in the various constituencies that govern the system. When devising such a new UN-wide strategy and planning instrument, form should follow function. What the UN jointly ambitions to achieve at the country level and the need for the UN to better and more coherently deliver at the country level should be the driving force, rather than the system-wide strategy itself.”

d) 2: Establish a joint management mechanism for all major trust funds for the environment with equal roles for project selection, appraisal and supervision of environment-related activities, in accordance with the respective spheres of expertise

Comments:

What is being advocated under this headline raises a number of questions:

- What does “equal roles” mean?
- Are the GEF, the WB and MDB activities included here? Or does it only concern UN activities?
- How could the proposed management mechanism direct the GEF Council, the WB Board, the general assemblies of specialized agencies, the conferences of the parties of conventions, and the boards of other UN programmes? (the Consortiums proposed in the other document do not provide the answer as the modalities for these are not clear either, please see below)
- How does this relate to the Green Fund and the agreement to have a board with equitable representation and direct access?

Some caveats should also be included with regard to

- the risk for bureaucratization
- the risk for reinforcing a siloed approach to environment.
- the lack of convergence with the Paris Declaration and Accra Agenda for Action which puts national priorities and systems (not global funds) in the driver’s seat

The statement (p. 29) that “this approach would also follow the logic adopted by the UN system at the country level in pioneering the feasibility of One Programme, One Budget, One Fund” should be deleted. The One UN approach is not a globally steered sectoral/siloed approach like the one being advocated here. In fact, it looks like we are going back in history rather than listening to countries and adapting UN structures to the current realities.

¹ “Elements of a UNDP perspective on broader reform of the International Environmental Governance system” dated 7 June 2010

UNDP would also question the comparison made with GAVI as “a useful example to for the environmental sector” (p. 29). The scope of environment, which is – also – much more than a sector is much broader than GAVI.

The idea of establishing a financial tracking system (p. 29) could better be linked to the idea of a system-wide strategy (c) 2). By establishing some broad objectives/categories of activities, such a strategy could provide a framework for also reporting on expenditure.

Regarding **funding**, the information given in the first four paragraphs of the Status section (bottom p. 27 and top p. 28) is incomplete, mixes apples and pears and is therefore misleading, e.g.

- The figures given for UNEP (bottom p. 27) concerns the biannual budget, the figure given for the World Bank (bottom p. 27) is budget and multi-year, while the figure given for UNDP (2nd paragraph p. 28) is actual disbursement in 2009.
- the approximately per year (2009??) per agency GEF figures (1st paragraph p. 28) have nothing to do with the recent Fifth replenishment,
- if co-financing is mentioned it should be done so for all agencies,
- the World Bank has had the largest share of GEF funding since its inception in 1990, but not the largest share of GEF 4 (please check the Fourth Overall Performance Study of the GEF, April 2010
http://www.thegef.org/gef/sites/thegef.org/files/documents/FULL%20REPORT_OPS4%20Progress%20Toward%20Impact.pdf and insert a link in the paper)
- the second paragraph mixes UNDP’s non-GEF disbursements in 2009 with the total budget of the Multilateral Fund of the Montreal Protocol.

Until we have a clear and specific request for the kind of information all agencies should provide, UNDP kindly asks that the first four paragraphs of the Status section be crossed out and bracketed (using the ~~abc~~ function) with a note explaining that this is work in progress and that the information currently available is not comparable and does not give a correct picture of environmental funding.

Finally, the last sentence under Gaps leaves the impression that GEF is an “endowment”. However, GEF funds are distributed to developing countries through projects developed in partnership with GEF Agencies according to the comparative advantage of these Agencies and the priorities of the governments.

e) 1: Establish environment-development country teams and/or desks in existing intergovernmental offices in developing countries around the world

Comments:

UNDP is puzzled by the proposal to establish “environment-development country teams/and or desks”. Firstly, there is only one UN Country Team (UNCT) consisting of resident and non-resident agencies. The UNCT may have a task team on environment. If not, this could be a deliberate decision to avoid

compartmentalization of environment and to stress its cross-sectoral nature. Secondly, environment-development “desks” already exist in most, if not all UNDP Country Offices. There may be a wish to strengthen these desks, but establishing new desks would duplicate efforts and waste resources.

Furthermore, the proposal and the way it is being advocated, generally leaves the impression that only UNEP is engaged in environmental and environmentally related activities at the country level, e.g. that no environmental activities take place if UNEP does not engage. This is contrary to the information given in the information note on environment in the UN system.

The reference to and the quote from the 2008 UNDP Evaluation report (p. 34) should be deleted. The quote is not to be found on page 6 of that report as stated. More importantly, and in line with the general comment above about the need for analyzing the ideas rather than advocating them, the paper should refrain from quoting selectively from documents. Conclusion #1 of the evaluation in question is in fact that “Environment and energy are central to the mission of UNDP”. #7 states that “the role of UNDP in environment and energy within the UN system is potentially important but not fully realized”. Many other quotes could be found to support one view point or another. The paper should, however, refrain from such an approach.

The modus operandi of the PEI/PEF (p. 35) should be presented correctly “ UNEP, **and UNDP**, through their **joint** Poverty and Environment Initiative and Facility (PEI/PEF) **and UNDP country offices** presently supports 22 countries. The PEI is ~~a joint initiative of UNEP and UNDP that helps~~”

The description of how UNEP has engaged to support the UNDAF process (p. 36) should be supplemented by information on the availability for the 2010 and onward UNDAF processes of the UNDAF Guidance Note on mainstreaming Environmental Sustainability into the CA and the UNDAF. This should replace the sentence about UNEP’s National Environmental Summaries not having been used by CCTs.

UNEP’s ambitions to revise the UNDP-UNEP MoU (p. 36) should be presented correctly: “However, UNEP recently established an **internal** working group **aiming at developing proposals to UNDP** to revise the UNDP-UNEP MoU”

The information given on UNEP’s green economy activities should be supplemented with information regarding the way this is being done with regard to the UNCT, the UNDAF and agencies on the ground.

Regardless of the context, UNDP finds the idea of comprehensive country self-assessments (p. 37) interesting. The time frame for and costs of carrying out such self assessments (p. 37) should, however, be given some consideration. The GEF funded NCSA process in 146 countries started in 2004 with 12 still underway. The total cost is \$29 million. Each NCSA has been 18-36 months underway.

e) 2: Develop an overarching framework for capacity building and technical assistance for the operational activities of MEAs, UN agencies and IFIs

The idea of a[n overarching] framework for capacity building in the field of environment may have some merit if designed carefully to ensure

4 October 2010

- ownership: What the UN jointly ambitions to achieve at the country level and the need for the UN to better and more coherently deliver at the country level should be the driving force, rather than the framework itself.
- that it taps into existing networks and builds on existing work (such the work being done by the OECD DAC on policy guidance for environmental management in development cooperation),
- the necessary links with capacity development efforts in other areas. Capacity development is one of the five guiding principles of the UNDAF and at the core of UNDG's work to support UN country teams. Furthermore, capacity development is an overarching contribution of UNDP as defined by UNDP's Board.
- that capacity development in partner countries receives appropriate attention within UN programmes and projects

These points should be included in the revised draft. As currently advocated, the proposal would seem to be more likely to result in reinforcement of a siloed and sectoral approach to environment, which in the end will not improve results on the ground.

Apart from these concerns, there is also a need for clarifying a number of aspects of what is actually being proposed:

- Capacity for who and for what: A bit unclear what this is targeted at. We assume it is targeted at strengthening national capacities for environmental management through technical assistance and capacity building support activities of MEAs, UN agencies and IFIs. But the draft speaks about supporting capacity building in operational activities of UN entities (^{1st} paragraph) and of mainstreaming "capacity building and technical assistance as well as supporting some stand alone capacity building activities." (^{2nd} paragraph).
- The roles of the Framework and the Secretariat seem to be somewhat confused (please compare bullets and penultimate paragraph).
- It is explained that interventions would focus on supporting activities "which are *lacking* resources to underpin capacity development" (p. 39) but then it goes on to say (p.30) that funding would be drawn from "*existing* sources" such as GEF and SAICM. This doesn't make sense.
- The secretariat: The merit of placing a secretariat to facilitate strengthened *national* capacities with UNEP should be explained better. Other options should be added as well.
- It is not clear how the proposed secretariat would be funded.

Finally, the draft makes the implicit assumption (p. 39) that the Bali Strategic Plan is a system-wide plan. As it currently stands, the Bali Strategic Plan is a plan for UNEP's engagement in capacity building and technology transfer. To become a system-wide plan it would have to be revised to suit that purpose, e.g. ensuring inter alia ownership across the UN system.

2) Annotated table of broader IEG reform in a standardized format, 7 September 2010

UNDP's comments will focus on the last two sections of the table:

4 October 2010

- *Possible reforms to ECOSOC and the Commission on Sustainable Development*
- *Enhanced institutional reforms and streamlining of present structures*

Form: The presentations in these two sections suffer from overload and lack of clarity. We suggest that each section be split up in sub-sections focusing on particular elements. In addition, elements relating to inter-governmental and interagency arrangements respectively should be separated and mixing the two in individual elements should be avoided (some of the elements seem to mix or confuse the two).

We note that the ideas put forward by UNDP's Administrator in the paper "Elements of a UNDP perspective on broader reform of the International Environmental Governance system" on transforming ECOSOC into a Council for Sustainable Development and establishing a functional Commission on Environment has to some extent been incorporated in the two sections, but the clarity suffers because of the before-mentioned overload.

Substance: The idea to establish Consortiums (for sustainable development and/or environmental sustainability) "consisting of representatives from the governing structures of all relevant UN system organizations" seems to be at a preliminary stage, and the annotated table does not provide the necessary elements, pros and cons for UNDP to be able to understand how this arrangement would work and what it could achieve.

Important questions relate to the representatives from the governing structures who together would form the Consortium. Would all the members of a governing body be members of the Consortium, or would each governing body appoint some representatives to the Consortium? Will they represent agencies or governments? What would be their mandate and how would accountability be ensured? Would this consortium be an intergovernmental body or an inter-agency body?

In the case of the Consortium for Environmental Sustainability, we note that the idea is for UNEP's GC/GMEF to somehow become a superstructure for all the governing boards of UN agencies engaged in environment. This is a grand thought but is it realistic?



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

MONIQUE BARBUT
Chief Executive Officer and Chairperson

1818 H Street, NW
Washington, DC 20433 USA
Tel: 202.473.3202
Fax: 202.522.3240/3245
E-mail: mbarbut@TheGEF.org

September 30, 2010

Mr. Achim Steiner
Executive Director
Executive Office
United Nations Environment Programme
P. O. Box 30552, Nairobi, Kenya

Dear Achim,

I would like to thank you for the opportunity to comment on the set of materials that are being prepared for the upcoming 2nd meeting of the IEG Consultative Group, 21-23 November 2010 in Helsinki, Finland. Below, please find the comments of the Global Environment Facility on the Consultative Group information note, *Draft Elaboration of Ideas for Broader Reform of International Environmental Governance*.

A fundamental procedural concern lies in the fact that the information note, which examines the role of potential reforms to the Global Environment Facility (GEF), has been prepared in the absence of consultation with the GEF Council or Secretariat. It may well be that the same can be said of the World Bank, the Trustee of the GEF Trust Fund.

This absence of consultations may be in large part responsible for some of the paper's more unrealistic proposals. As a result, the section of this note on *Securing sufficient, predictable and coherent funding* presents incomplete or inaccurate information and premises, which lead to recommendations of misguided options.

- It identifies the GEF Assembly as the body that provides “strategic and overall guidance to the GEF.” It is the role of the Conferences of the Parties of the conventions that the GEF serves to provide guidance to the GEF.
- It cites the need to provide coordinated global environmental planning and guidance to reduce funding overlaps and contradictions caused by the myriad of sources of funding for the global environment, but offers as a solution only to give the Global Ministerial Environment Forum (GMEF) the role of providing policy guidance to the GEF. But the GEF is just one of the myriad funding mechanisms, and it does not have a mandate that would support an effort to coordinate global environmental planning.

- It assumes that governments are incapable of determining which ministries should represent them in a multilateral forum, and that governments cannot adequately manage internal coordination well enough to ensure that their positions reflect a desired synthesis of the views of multiple ministries.
- It proposes the creation of a centralized joint management mechanism for all major trust funds for the environment, disregarding the role of the EMG and the operational requirements of international financial institutions.

On the first point concerning which body provides strategic and overall guidance to the GEF, the note recommends that the GC/GMEF take up the function of the GEF Assembly to “review and evaluate the GEF’s general policies, the operation of the GEF and its membership.” However, the GEF Assembly does not review and evaluate GEF policies. The Assembly only reviews the general policies of the GEF. The Conferences of the Parties (CoPs) of the conventions for which the GEF serves as a financial mechanism provide policy guidance to the GEF.

Specifically, the GEF is the financial mechanism of four different conventions—two of which are not even administered by UNEP, and, as such, must act in conformity with and be accountable to the Conferences of the Parties regarding GEF policies, programmes priorities and eligibility criteria related to the relevant convention. The GEF Council has concluded MOUs with each convention CoP that reflects this point. If the GMEF were to assume the role of providing policy guidance to the GEF, as the information note advocates, it would be necessary to change the MOUs. It is, indeed, politically unrealistic to assume that such far reaching institutional changes could be undertaken without the CoPs of those four major conventions agreeing to share their policy guidance role with UNEP.

The information note goes on to explain that such a change would require an amendment of the GEF Instrument, which “is relatively easy to amend” and which “has already been amended by the second and third replenishments.” The GEF Instrument is not amended by the replenishment Participants. The replenishment discussions produce a policy document, which can signal the need for an amendment to the GEF Instrument. To amend the Instrument, the Council must decide to recommend an amendment to the GEF Assembly for its approval. In short, it means that to amend the GEF Instrument, the GEF Council has to first agree to take up the issue and then agree to a decision. Council agreement requires an affirmative vote representing a minimum of 60 percent of the total number of Participants (represented by their Council Member) and 60 percent of the total contributions to the GEF. Approval of the Assembly requires the unanimous consent of all 182 Participants to the GEF.

Coming to the second point concerning the need to provide coordinated global environmental planning and guidance, there are fundamental flaws in the option proposed to *link global environmental policy making with global environmental financing*. The paper does a poor job of arguing its case.

Essentially, the note states that international environmental financing derives from many institutions and funds, and that this diffusion is responsible for a lack of coordinated global environmental planning and guidance, leading to funding overlaps and contradictions. Yet the sole response proposed is to subsume only one of those myriad of institutions and funds, the GEF, under the UNEP GMEF. Why not the UNDP Executive Board? – The Development Committee of the World Bank that undertakes environmental work? – The Multilateral Fund of the Montreal Protocol? The sole targeting of the GEF is never explained. The note explains that what is needed is a mechanism that “has a global overall picture of the environment” with all its cross-sectoral connections and would have the GMEF established in the place of the GEF Assembly to overcome this lack. But the note has neither properly identified the problem or the solution.

The solution does not fit the problem. The GEF finances the incremental costs of achieving global environmental benefits of the conventions it serves and in the area of international waters. That mandate must be strictly served by the GEF and cannot be co-mingled with the entire array of international environmental needs.

In addition, the problem has not been accurately stated. It is not true that there is no mechanism that maintains “a global overall picture of the environment.” The UNEP Environment Fund is such a mechanism, and it is already governed by the GMEF. The GMEF, according to the information note, “provides a unique setting for ministers to transcend the sectoral divide.” So the problem of a lack of such a mechanism is inaccurate. Governments could choose to put their money into the Environment Fund. They do not. Consequently, the solution to give the GMEF policy authority over another fund that does not deal with the global environment overall is misdirected.

My third point raises the question whether governments are capable of determining the appropriate representatives to present governmental views in multilateral forum. The information note decries the fact that governments have decided to vest the majority of their financial commitments for international environmental work in funding mechanisms in which the government representatives on the decision making body comes primarily from ministries of treasury and finance. But the argument does not hold up under scrutiny.

Governments choose to be represented at the GEF Council by whichever ministry they deem most appropriate.¹ To the extent that they send representatives from their ministries of finance to lead their GEF delegation, they obviously disagree with the information note’s assertion that these are not “the best qualified to provide guidance on global environmental policy and priorities.” The role of the GEF mirrors functional distributions that governments generally employ at the national level. In most governments, the sectoral ministry does not

¹ An analysis of the composition of the government delegations to a recent GEF Council meeting shows that 21% of the attendees were from finance ministries/ministries of economics, 45% were from environment ministries, 26% were from foreign affairs ministries and 7% were from international development agencies. Moreover, the composition of the government delegations to the GEF Assembly always includes at least one representative of the government’s environment sector.

handle the finance and budget decisions for the government. The GEF performs roughly the same function for the conventions.

Implicit in the argument of the information note is the assumption that governments are not capable of internal coordination, so it is necessary for the international system to express a preference for one ministry over another and to tell governments how to organize and represent themselves in a multilateral forum. But it is not necessary. Delegations to the GEF Council are populated by staff from not only ministries of finance, but by ministries of environment, foreign affairs and other sectoral ministries, as appropriate. Indeed, the GEF seems to have accomplished what the information notes ascribes to the GMEF; it is “a unique setting for ministers to transcend the sectoral divide.”

Thus, the note fails to fully explain the pros and cons of the third option to *link global environmental policy making with global environmental financing*, which seems to crumble upon closer examination. An alternative might be to try to more fully exploit the excellent model that the GEF provides. The information note is correct in pointing out that it is important to have a financial mechanism that pulls together the views of various ministries and that tapping into synergies between the different focal areas should be done to an even greater extent in the multilateral system. But the GEF provides such a mechanism, and giving the GMEF authority over the GEF is not going to improve it in this regard.

This brings me to my final point: that the note calls for the creation of a centralized joint management mechanism for all major trust funds for the environment, disregarding the role of the EMG and the operational requirements of international financial institutions.

The second option, which calls for the establishment of a *joint management mechanism for all major trust funds for the environment with equal roles for project selection, appraisal and supervision of environment-related activities* is explained in such a confused manner that it is difficult to assess the quality of the recommendation. Which funds/mechanisms are to fall under the authority of this overarching joint management mechanism are not clearly identified, but seem to include the UNEP Environment Fund, the World Bank’s ENRM portfolio, the environment work of UNDP, the Multilateral Fund of the Montreal Protocol and “a number of UN Multi Donor Trust Funds committed to programmes such as REDD or MDG achievement.”

The degree of authority and control this joint management mechanism, also referred to in the paper as “an overarching authority over the existing financial mechanisms and funds,” is to wield over the funds/mechanisms is also unclear. At a minimum, the overarching management mechanism is to set up a financial tracking system of international environmental aid (duplicating the role of the OECD) and to “foster a sectoral approach that would jointly and strategically set outputs and streamline capacity building efforts and technology support to avoid duplications and close gaps within the various environmental sectors, as well as “assist in processes for aligning mandate and a system-wide agenda with the required funding.” But it is not clear what any of this would have to do with offering “equal roles for project selection, appraisal and supervision of environment-related activities.”

Considering all the roles the paper at various points ascribes to this overarching management mechanism, the note never explains how both Bretton Woods and UN institutions—or in some cases pieces of these institutions – can be managed by an overarching authority of the UN. This is particularly true if the goal is to align “a streamlined financial architecture ... with a UN system-wide medium-term strategy.” The GEF is an international financial institution, and as such operates under the fiduciary and other rules expected of IFIs, which provide it with the legal capacity, through the administrative support provided by the World Bank, to assume financial risks and liabilities. Consequently, it would not be possible to assign to an external body such as the GMEF authority over project selection, appraisal and supervision of environment-related activities of the GEF (nor the World Bank, for that matter).

It is impractical to imagine an overarching management mechanism that would span across so many institutions with so many different mandates and governing bodies and modes of operation. To some extent, however, the GEF already provides some of the coordinating functions the information note seeks. The note extols the GAVI, an independent non-profit foundation, as the model overarching mechanism. In large part, the GAVI mirrors the GEF. Like the GEF, the GAVI brings together international agencies, donor and recipient countries and civil society organizations as a mechanism to channel funding in a coordinated manner. The GEF finances projects and programmes, according to cooperatively developed focal area strategies and under the guidance of global environmental conventions.

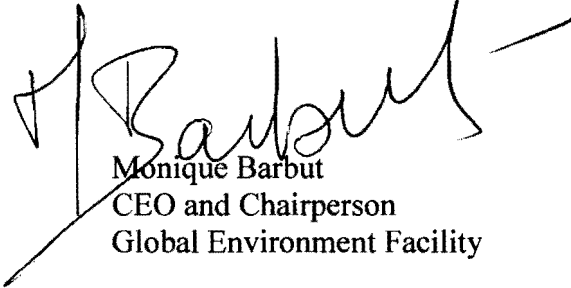
It is not clear that it would be desirable, even if practicable, to establish a single overarching management mechanism. What is important to achieve is the coordination of those different funds, which, in our understanding, is the function of the EMG.

In closing, it is not possible to ignore the most obvious omission in the note. In the entire section on *Securing sufficient, predictable and coherent funding*, there is nothing about how to improve the management and performance of the one fund that does have within its mandate “a global overall picture of the environment,” and that is already under the authority of the GMEF. The note never introduces ideas for making the UNEP Environment Fund more attractive to donors. Is there room for improving aspects of the fiduciary management of the fund, such as the audit function or improved disbursement procedures? Can project development and delivery be perfected? It seems self-evident that the GMEF should first exercise the authority it already has to reform the Environment Fund into an entity capable of efficiently and effectively “securing sufficient, predictable and coherent funding” before it seeks to exert authority over additional funds.

Indeed, it is worth noting that the GEF, the financial mechanism for major international environmental agreements and the largest financier of environmental work of the UN agencies, does not sit on the Chief Executive Board (CEB) for Coordination. To the extent that the issue of enhancing the efficiency and effectiveness of the UN’s international environmental work is under consideration in the CEB, it might make sense to invite input from the GEF, and the GEF would be prepared to support these deliberations in any way it can.

I hope these comments are useful in efforts to revise this information note. Moving forward, the GEF would be happy to work with the drafters on this and on the entirety of the document and issue area. In any case, GEF would appreciate receiving the final copy of this information note so that we can provide it to the GEF Council in November, if needed.

Best regards,

A handwritten signature in black ink, appearing to read 'M. Barbut', with a long horizontal stroke extending to the right. The signature is written over the printed name and title.

Monique Barbut
CEO and Chairperson
Global Environment Facility



UNITED NATIONS ENVIRONMENT PROGRAMME

Programme des Nations Unies pour l'environnement Programa de las Naciones Unidas para el Medio Ambiente
Программа Организации Объединенных Наций по окружающей среде برنامج الأمم المتحدة للبيئة
联合国环境规划署



28 October, 2010

Dear Monique,

Thank you for your detailed comments into the Consultative Group of Ministers or High-level Representatives on International Environmental Governance as established by UNEP Governing Council decision SSXI/1. The background documents for the second meeting of the Consultative Group, which will take place in Helsinki on 21-23 November 2010, has been prepared by the co-Chairs to address the current UN system-wide gaps in fulfilling the objectives and functions agreed during the Belgrade Process.

The information notes have been prepared in full consultation with governments, UN agencies and organisations and civil society. Decision SS.XI/1 requests the Executive Director, in his capacity as Chair of the Environment Management Group, to invite the United Nations system to provide input to the Consultative Group, including by assessing gaps, needs and considerations related to how the system is currently achieving the identified objectives and functions of international environmental governance.

The GEF, as with the whole UN system involved in environment, has been invited to make comments all along the process. In my capacity as Chair of EMG, we have reached out to the UN system in several ways:

- There have been two senior level officials meetings to discuss inputs to the first and second meetings of Consultative Group in New York on May 19 and September 21 2010.
- Letters have been sent in March and September 2010 to all members of the EMG inviting them to make comments on the background papers and provide general comments to the deliberations of the Consultative Group.
- All members of EMG have been invited to nominate representatives and attend the Consultative Group meetings.
- All received comments were compiled and made available for the first meeting of the Consultative Group on 7-10 July, 2010 in Nairobi and will also be made available for the second meeting in Helsinki.

I have transmitted your inputs to the co-Chairs and I understand that there have been significant edits to the "Elaboration of ideas for broader reform of IEG" paper to take into account the diverse range of comments and to address the system-wide nature of the IEG discussions.

Mrs. Monique Barbut
Chief Executive Officer and Chairperson
Global Environment Facility
1818 H Street, NW
Washington, DC
20433 USA

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Executive Office

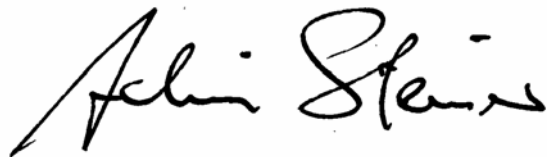
P. O. Box 30552, Nairobi, Kenya • Tel: (254 20) 762 3386/3416/ 3652 • Fax: (254 20) 762 4275 / 4608 • E-mail: executiveoffice@unep.org

www.unep.org

The Consultative Group discussions are concerned with environmental sustainability and how effective outcomes can be achieved across the entire environmental governance landscape. The role and position of GEF in international environmental governance is an important one and merits discussion on issues such as addressing global benefits for the environment through stronger collaboration between the various parts of UN system and GEF Partnership.

We look forward to GEF's participation in the Helsinki meeting and to continuing an open and constructive dialogue. I would also seek your advice as to when and how the GEF Council could be brought into this dialogue.

Yours sincerely,

A handwritten signature in black ink, reading "Achim Steiner". The signature is written in a cursive, flowing style with a long, sweeping underline that extends to the left.

Achim Steiner
Executive Director
United Nations Environment Programme

Comments on documents sent by EMG Chair's update on UNEP Process on International Environmental Governance

Preparations for the 2nd meeting of the IEG consultative Group, 21-23 November 2010 in Helsinki, Finland.

The UNFCCC secretariat is of the view that the issue of international environmental governance is a matter that has to be in the hands of governments. Therefore, only factual comments are provided. There are many unbalances and inconsistencies within and among the documents.

Document: “Draft Elaboration of Ideas for Broader Reform of International Environmental Governance”

- The document doesn't fully consider the barriers to modifying the current institutional set up. There are many legal implications for the options presented that would require a lot of work and would be very difficult to attain, for example adoption of relevant decisions or amendments to treaties. Any change in the institutional set up would also have to be based on the premise that the COPs of MEAs are independent and sovereign treaty bodies with decision-making powers vis-à-vis their treaty regime.
- The document assumes that COP decisions by MEAs could easily be agreed in order to make UNEP the main/only intergovernmental environmental organization. MEAs are independent and sovereign treaty bodies with distinct membership, which could make this unfeasible. Furthermore, decisions would have to also be taken by the full membership of the UN General Assembly.
- The sections under each option entitled “Financial and legal implications” focus almost exclusively on financial and institutional implications (with very few exceptions, where the identification of possible legal options are touched upon - e.g. see page 21 end of the section; and page 33 last paragraph). In view of the complex legal issues stemming from each option, which still have to be properly identified and analyzed, the title of those sections should be changed to “Financial and institutional implications” in order to better reflect their content.
- The document lacks more development of options on the engagement of the private sector (it is mostly mentioned only in the context of philanthropy and donations). The private sector has a critical role in the realization of sustainable development objectives. Many innovations in terms of technology, practices and process, which can be an important driver towards sustainable development, come from the private sector. The private sector is also a source of financing that goes beyond that of philanthropy.
- Under objective d) there are various options presented. The document introduces sub-sections with status and gaps for each option. However, the status and gaps presented should be referring to the status and gaps for the objective, not the option (for instance objective e) has 2 options but presents the status and gaps once and which are valid for both options). When various options exist, it should be clear that these address different gaps in meeting the objective.
- There are several gaps under the objectives which are not properly addressed by the options provided; most notably the lack of developing country capacity under objective a) where the option of a network doesn't necessarily or fully addresses it.

- In respect to objective d), there is no option presented addressing the issue of predictability in the funding, which is also seen as a major concern.
- In page 34, under the gaps of objective e), the document cites a World Bank document which highlights ‘insufficient government commitment to environmental goals’ as a major constraint to the environment work of the bank. In many cases, the options presented for the objectives are not fully addressing this constraint, which should be addressed at the national level.
- In pages 6 and 34, under objectives a) and e), the document refers to the paper ‘Environment in the UN system’; however, such document is still under revision for comments from EMG members.

Objective a)

- The options fail to address the main gap, that of lack of capacity in monitoring (including data collection), data management, assessments and early warning systems in developing countries.
- Strengthening and enhancing the Group on Earth Observations could also be a more effective option.
- It is unclear how the proposed network would interact with already existing processes and how it would be institutionally linked to them, in order to avoid duplication while enhancing coordination of efforts and flow of policy-relevant information. The level of involvement of States representatives would also have to be carefully addressed. It is also unclear the relationship between the capacity-building programme for developing regional and country networks and the options presented under objective e).
- Establishing a network does not require the establishment of a global policy organization. This is a separate option under objective b). Furthermore, the establishment of an international organization is a serious policy issue which seems to run counter the concerns that States have expressed about the proliferation of international organizations.. Networks and organizations are not the same thing.
- Under the implications, other activities are included, such as that of coordination among MEAs, which are not implications of an information network but distinct options. This would raise issues of mandate for coordination and institutional framework for coordination.
- There is a prejudgment on the role of a network in facilitating funding for a ‘joint management mechanism’ for all funds (option 2 under objective d)).

Objective b)

- In the description of gaps, there is an assumption that giving resources to UNEP will give it political weight to make recommendations to COPs of MEAs or other multilateral treaties. The assumption of such role would have to be reconciled with the fact that COPs are independent and sovereign treaty bodies. Furthermore, decisions would have to also be taken by the full membership of the UN General Assembly. However, the political weight is then suggested to come from a UNEP with more than 58 members.
- There is also an assumption that full membership would provide the basis for UNEP to assume a recommendatory role vis-à-vis treaty COPs and other environment-related regimes. The assumption of such role has legal and policy implications that need to be further analyzed - for example, would State parties to individual treaties and other environment-related regimes continue to be fully accountable to their COPs or would there also be a level of accountability to the global institution? If accountability is to be

shared - how would that be achieved without creating duplication and confusion?
Often, COPs are under the authority of the ministries other than the environment (e.g. foreign affairs or climate and energy ministries).

- Several gaps noted in the table of options and ideas are not reflected in the text.
- The option does not address the issue of multilateral treaties administered by several others UN system organizations, such as those under IMO, ILO, FAO, and how these would be treated by the proposed organization.
- Financial support for travel of representatives could be requested by many delegations, which may need to send experts in various areas in order to follow all environmental discussions if a global policy organization was established.
- In the table of “Options and ideas for broader reform”, dispute avoidance and settlement is identified as one of the functions associated with the option. The text should explain how this goal would be achieved through a global policy organization.
- Generally, the text does not explain how a global policy organization would enhance coordination in practice, particularly in view of the cross sectoral nature of environmental issues addressed in the context of numerous autonomous UN agencies and bodies.

Objective c) option 1

- The option proposes a central institution for coordination of scientific information and advice. However, the document does not provide a linkage with the option of a network under objective a).
- The option focuses on clustering MEAs that are not under the umbrella of UN agencies, such as IMO, ILO, FAO etc. The assumption seems to be that those MEAs would remain in their current institutional set up, under the auspices of the relevant agencies. In that case, more attention could be paid under this option on how to enhance collaboration with those MEAs. If some MEAs are still going to remain outside the so-called global organization then what is the added value?
- The option addresses the costs savings from overlap of government representatives in joint meetings. However, it should also take into consideration the potential resulting increase in workload for the representatives and the UN staff servicing the meetings. This also ignores the fact that participation differs significantly between different COPs, and especially for sustainable development treaties, often ministries other than the environment have the lead.
- Under “Financial and legal implications” the first sentence is not very clear, but seems to indicate that the decision to create a cluster would be made through a decision of the relevant COP. This implies that each COP in the cluster would have to take the same decision. Furthermore, the establishment of clusters is associated with the creation of a global mechanism for overall coordination. These are two separate issues and involve different legal and institutional considerations, which are not elaborated in the note.

Objective c) option 2

- The option notes that arrangements of this kind are not new. It is not completely clear how the framework or a system-wide strategy would address the overlaps between UN agencies that exist in practice. For example, it is not explained how duplications and sometimes contradictions in mandates would be avoided, when such mandates are established through specific decisions of member States.

Objective d) option 1

- It is not clear what a ‘stronger and more predictable partnership’ with major donors would entail.
- There are many of the options for ‘more innovative’ financial mechanisms where it is not clear who would be providing the funding. In several fora, developing countries insist that financing should come from developed countries only. Volatility of funding may not be addressed by several of the innovative financial mechanisms in the table, such as those referring to markets.
- The option does not address issues regarding the administration of the financial mechanisms and the resulting funds.

Objective d) option 2

- This option mentions fostering an ‘environmental sectoral approach’ and places climate change mitigation and adaptation as ‘a sector’. These could be better referred to as ‘areas’. Many consider areas listed as closer to development and hence the funding development- rather than environment-related.
- Page 28, reference to REDD and footnote 47: REDD is wrongly referenced. The footnote refers to “UN REDD”. REDD itself stands for ‘reducing emissions from deforestation and forest degradation in developing countries’.
- Page 28, on gaps: the document mentions that UNEP has “vast support and coordination mandate for the UN system”. UNEP is not the only entity with such a mandate. Under the CEB, through the HLCP Working Group on Climate Change there is UN system-wide coordination on climate change with a focus on implementation and support to developing countries.
- Page 28: The share of resources under the GEF endowed to UNEP compared to other implementing agencies is not really a gap under the option of establishing a joint management mechanism for all major trust funds for the environment. This is only a reflection that expertise that relates to and benefits the environment (either directly or indirectly) is spread across and shared among several organizations.

Objective d) option 3

- In the status, the CDM has, mistakenly, been included as an existing fund. The CDM is a market-based mechanism, not a fund in itself.
- The option doesn’t address the gap on the role of ministries of environment from decision-making in many funds. This is an issue that has to be addressed at the national level.
- The option is not really linking the policy-making with the financing, given that the policy-making happens in different fora (different COPs with different ministries in charge) and at different levels, and the same is true of financing.
- It is not clear how UNEP’s GC/GMEF would be ‘given more authority to provide strategic guidance over global financing and funding.’ The option focuses on reforming the GEF so that ministers of the environment provide it with guidance through the GC/GMEF. However, countries could already now choose to include environment ministers in the GEF Assembly. The option is also not taking into account funds that are not under the GEF, including ODA.
- The option seems to put a strong focus on synergies between environmental issues, rather than addressing the gaps in funding and the need to integrate funding into development efforts.

Objective e) option 1

- Both options under objective e) are not clearly addressing the capacity-building required that is mentioned under the option for objective a).
- In page 37, the document refers to the JIU report, but is citing FAO in the footnotes.
- It is not clear whether UNEP is proposing focal points for each MEA/area or one focal point to deal with various issues.
- The option is only looking at the international organizations side, but not at the impact on the national side. How are the national governments going to work with the focal points? It is not addressing the need for countries to establish their own institutions and processes (it only mentions this as a necessity for Country Assessments - even though human and institutional capacity building is the first function mentioned in the table of options).

Objective e) option 2

- Some of the tasks described for the secretariat under this option, would be duplicating tasks related to the option provided under objective a). It is not clear how these would interact and avoid duplication.
- Some of the issues/activities proposed under the framework are already taking place in different fora. The option is listing activities that the framework could do, but is not describing how it would do it better what is currently being done by the various organizations working on environmental-related issues (e.g. access to information or experts).

Document: “Annotated table of broader IEG reform in a standardized format”

- It is not clear what is the relationship between the table in this document and the document on “Draft Elaboration of Ideas for Broader Reform of International Environmental Governance.” The objectives presented in the latter document differ and are not necessarily nor fully addressed in the options presented in the annotated table.
- In the option of creating a specialized agency, such as a World Environment Organization, under relationship with MEAs it mentions that a General Council would have legal authority over MEAs and would provide overall direction and advice for COPs. This may not be possible given the differences in membership, ratification status, etc. It would also first require amendments to the treaties to allow for this, as the COPs are the supreme bodies and independent.
- In the option on enhanced institutional reforms and streamlining of present structures, the CDM is mentioned as a source of funding for the reforms. This is not possible, as the CDM is a market-based mechanism with a very specific purpose, and decisions on the share of proceeds from the CDM are made by relevant bodies under the Kyoto Protocol.