



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

Opening Remarks

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CEO and Chairperson

Global Environment Facility

Distinguished Council Members,

Welcome to Washington for our first GEF-5 Council Meeting.

First and foremost, I would like to recognize our new members:

- Ambassador Margit Thomsen from Denmark
- Mr. Shinji Taniguchi from Japan
- Ms. Lucia Senofonte from Italy
- Mr. Paul Samson from Canada

[As well as our three alternates—Ambassador Sylvia Maria Merega from Argentina, Mr. Jukka Pesola from Finland, and Mr. Sedat Kadioglu from Turkey]

We have a busy week ahead of us. It is my hope that, like me, you left the Nagoya Conference brimming with energy and optimism.

Two weeks ago, the Conference of Parties to the CBD adopted the following three tools:

- The Nagoya Protocol, a new international instrument on access to genetic resources and the sharing of the benefits arising from their use;
- The “Aichi Target,” a ten-year action plan for biodiversity; and
- A resource mobilization strategy for biodiversity.

The GEF intends to play a key role implementing these decisions.

- First, the Nagoya Protocol stipulates that the financial mechanism of the Convention will serve as its financial mechanism.
- Second, the Strategy for Resource Mobilization requests assistance from the GEF with revision of national biodiversity action plans. The GEF Secretariat will work with the CBD Secretariat to ensure that this and subsequent guidance will be given full consideration by the recipient Parties.
- Lastly, two initiatives relate to actions on the ground. The Government of Japan, which hosted the Conference, proposed the establishment, within the GEF, of a multilateral access and benefits sharing financial mechanism to finance *in situ* conservation of genetic resources, promote research and development, and build the capacity of developing countries to undertake concrete projects for the implementation of access and benefit sharing. The Government of Japan no doubt wishes to present this initiative during this Council meeting. The Conference of Parties also invited the GEF to establish a South-South biodiversity cooperation trust fund financed by voluntary contributions to facilitate implementation of the 2011–2020 Strategic Plan.

The Nagoya Conference was historic, and for the GEF it was also extraordinary. Our delegation attended over 30 events during the meeting. The GEF booth, which was organized in collaboration with GEF Agencies, was visited by roughly 4,500 people during the course of the meeting. Our delegation received frequent requests to provide technical support to the negotiators and the chairs of contact groups. This support was very well received by the Parties and the CBD Secretariat. This, in my view, attests to the fact that solid cooperation between the GEF Secretariat and the Secretariat of the Conventions is key to ensuring alignment of the strategies of the Conventions with the financial resources required for their implementation.

This is why—and I will now turn to our agenda—we will review a proposal to further strengthen our relations with the Conventions. Our goal is to achieve a high level of cooperation with each of the Conventions for which GEF serves as a financial mechanism.

Our first work program for the GEF-5 is another important item on the agenda. Resource programming is the mainspring of the GEF—it is at the heart of its mandate. Donor countries have pledged substantial financial resources to the GEF-5, a testament to their trust in our institution and its capacity to use these resources in the most effective way possible to generate real impact on the ground. This is why the quality of our programming is so important.

To prepare this work program, the GEF reviewed 37 proposals; however, only five are being submitted for your approval. Why? First, because we have limited resources at our disposal for programming as donors have only just begun to honor their pledges. We also accorded priority to the Small Grants Programme. And yet, even if more resources had been available, these projects would have failed to meet our requirements for submission to the Council.

I was in fact disappointed with the poor quality of the projects we received for this first work program, which fell far short of GEF quality standards. We must target high-quality projects. Specifically, we must return to the GEF's founding principles, which I now wish to highlight:

- First, GEF projects must be aligned with country development strategies, which can be existing strategies, such as the country development strategies, or outcomes from GEF-supported consultation processes.

- Second, funding incremental costs to generate global environmental benefits is the fundamental principle of the GEF. These “incremental costs” relate, of course, to a baseline project. It is therefore essential for these “baseline projects” to be clearly identified and for the GEF to build on these existing activities or those that have already been planned. We must not compromise on this principle, otherwise we will continue to receive mediocre projects that lack a solid foundation and have no connection with the real project developers in the countries.
- Third, we must systematically seek to achieve real impact on the ground. The GEF cannot continue to finance a whole host of small pilot projects. After 20 years of operations, the GEF must instead target programs that can significantly transform sectors and activities, and be able to closely track the impact of its projects. This is why we are proposing a new programmatic approach and an ambitious results-based management system.
- Fourth, our instrument will have maximum effectiveness if the projects are implemented by the GEF Agencies best qualified to do so. For example, a fisheries project must be implemented by an Agency that can provide the expertise, personnel, and resources for this project. This principle is key to the promotion of the integration of the GEF portfolio into the normal activities of the Agencies. Instead, a number of Agencies continue to develop major project portfolios in a number of focal areas without any expertise in this focal area and without having even identified this focal area in their strategic areas of intervention! This incurs high transaction costs. We therefore intend to adhere to our policy on comparative advantage for the Agencies in GEF-5.
- Lastly, the review of the proposals that we received once again underscored the issue of management fees and costs of our projects. The manner in which fees are

used by the Agencies is not transparent. It is therefore impossible for the Secretariat to ascertain how these fees are being used and for which activities. Furthermore, it appears that projects include costs that should not be borne by the GEF. For that reason, this issue, in our view, warrants discussion by the Council.

Ladies and Gentlemen,

These principles, which will guarantee quality programming, are also necessary to ensure the success of the reforms adopted for GEF-5. It is now time for these reforms to be implemented, with the engagement of all stakeholders: the Secretariat, the Agencies, and the countries.

One of our major reforms concerns support for the country portfolio formulation exercise. I am pleased to announce that several countries have decided to move forward on this point. To date, 43 countries have expressed their interest in this process, and 20 countries have formally submitted a request. We have completed the process for six countries, and have just sent all the necessary documents for their final review and signature. At the same time, several countries—Chile, Pakistan, Uruguay, and Russia, for example—have decided to follow this path, or engage in a similar process, without assistance from the GEF, and we welcome these initiatives.

I would also like to take the opportunity at this Council meeting to clarify one important point. I must say that I am disappointed to note that some Agencies openly discourage countries from engaging in the country portfolio formulation exercise. Information received by the Secretariat clearly indicates that some Agencies are providing inaccurate information, such as telling countries that the formulation of a country portfolio will delay approval of their projects, or even worse, that this process

will delay the programming of their resources to the point that there will be nothing left to program! As I have already said, the GEF Trust Fund does not currently have the funds necessary to program new projects—and I expect this to be the case until May 2011. The countries therefore have ample opportunity to successfully carry out the country portfolio formulation exercise and to develop projects that can be approved very early in the GEF-5 programming process. Lastly, it is unacceptable that countries are being encouraged to program their entire allocation from the first months of GEF-5. We have around US\$1 billion to program each year and we will not exceed this amount. This attempt to undermine a very promising initiative in order to promote country ownership signals to me that more capacity building of national Focal Points is needed.

Another important reform relates to the expansion of our partnership. In light of what I have just said, it is clear to me that the GEF would benefit from the competition that will result from the introduction of new Agencies. We presented an initial proposal to the GEF Council in June. Since then we have been working with a task force of technical experts and a subcommittee of our Council to refine the proposal for the rules and procedure that will govern the expansion of the network. This matter is included in the agenda, and I am looking forward to a robust dialogue.

Finally, the GEF must make a greater effort to include civil society and the private sector in its projects. This Council will take stock of the role of civil society organizations in our partnership, in particular the role of indigenous peoples, and discuss ways of including them more in GEF operations. We will also carefully consider the evaluation of the Earth Fund and the possibilities for moving forward resolutely in our collaboration with the private sector.

Ladies and Gentlemen,

In a few short months GEF will be marking its 20th anniversary. We will celebrate this event together and look forward to another 20 years of investing in our planet.

Our fifth replenishment exercise is an essential step in continuing to compose this narrative and move forward along the path of sustainable development. I know that you share this goal with me, and I know that I can count on your support to implement the necessary reforms.

I cannot conclude without mentioning that today is a Muslim Holiday and I want to wish Eid Mubarak to all.

Thank you.