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Remarks

of

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**Lessons from Twenty Years of the
GEF and a Vision for the Future**

The design of the GEF is still unique, and it has turned out to be visionary, as the lessons of the 20 years of the GEF's existence show. Even the finest design must be supplemented by solid operational policies and practices. Because of its simple, yet powerful and equitable design and its recent efforts to increase programming efficiency and effectiveness and enhance country ownership, the GEF is still the best institution around which to build the financial architecture for multilateral environmental efforts of the next two decades—and probably for decades to come.

Lesson One - A Network is Stronger than the Sum of its Parts: The GEF is a partnership for bringing together not only a Secretariat and Trustee responsible for programming financial resources and agencies tasked with project implementation, but also countries, donors and beneficiaries, NGOs, and other institutions. Operating as a network allows the GEF to draw on the expertise and capacities of multilateral development banks and UN agencies, giving the Facility a very broad set of competencies, as well as the ability to move as much money as the capacity of all the partners combined allows. Having a neutral secretariat that does not implement projects means the GEF is free to select the best from among the multitude of concepts that all the partners can offer.

Lesson Two - It was Smart to Create A Financial Mechanism to Serve

Multiple Multilateral Environmental Agreements: The GEF was created to channel multilateral financing for the incremental costs of securing global environmental benefits. As such, the GEF has been able to serve as a financial mechanism for a number of major international environmental conventions: biodiversity, climate change, ozone depletion, persistent organic pollutants and land degradation, and the GEF finances activities on international waters. Financing in so many different focal areas, the GEF is able to achieve synergies in programming that would not be possible in its absence. When the GEF invests one dollar in forest biodiversity, that same dollar is invested in the carbon stored in these forests. Over 45% of the GEF international waters projects are designed to produce climate benefits and over 70% benefit biodiversity.

Lesson Three - An Equitable and Inclusive Governance Structure and

Operating Culture are Essential: The GEF was designed as an equitable and accessible institution. The governing structure of the GEF is inclusive, with a roughly equal number of seats for recipient countries and non-recipient countries. This structure has allowed the GEF to shape policies and

programming in light of the perspectives of both donors and recipients. This may be why the GEF has been a leader in providing direct access to its resources but has done so in a manner that incorporates high fiduciary standards.

The GEF was also one of the first international financial institutions to engage Civil Society Organizations (CSOs) in its projects as well as in the shaping of its policies. Over time, the GEF has found that the most robust and long-lasting alliances that can be achieved are with civil society and community based organizations. To date about 13 percent of GEF projects have been granted directly to CSOs. Furthermore, through the Small Grants Programme, the GEF has supported over 12,000 projects in 122 countries.

This uniquely designed Facility has succeeded. Since its establishment, the GEF has protected more than 10 percent of the earth's total surface area and has helped avoid the emission of almost 3 billion metric tons of CO², at less than US\$1 per metric ton. GEF investments have supported more than 30 climate-friendly technologies, are expected to directly reduce 1.7 billion tones of greenhouse gas emissions and to catalyze an additional 4.5 billion tones, as well as to lead to the environmentally sound disposal of at least 35,000 tons of PCB-related waste and 15,000 tons of obsolete pesticides. The GEF has invested in

the creation or management of over 2,302 protected areas covering more than 634 million hectares.

While I said to you that the design of the Facility has stood the test of time, the GEF has still had to mature over the years and has made mistakes, which it has had to correct. There are more lessons to be taken from these experiences. During the course of my years at the GEF, I have seen the GEF evolve in response to—and even to lead—progress that has been made in the sustainable development arena. Of particular note have been the GEF's significant efforts to put the principle of country ownership into action and to shake off complacency that can lead to bureaucratic sclerosis.

Lesson Four - Recognize Worthy Ideas by Listening to Your Partners and

Don't Be Afraid to Be a Trendsetter: The principle of country ownership often falls into the category of ideas that everyone loves to espouse but fear to actualize. The GEF is putting it into practice. Thankfully, after 50 years of official development assistance, beneficiary countries are ready to assume greater responsibility for the use of resources, and they have let us know that they are ready. The GEF listened and has responded with a resource allocation system that provides each country a specific allocation of GEF resources to use

over the course of a given replenishment period. Moreover, countries can now directly access GEF resources to allow them to undertake consultative processes to determine how to program those resources. The GEF is also moving forward with a pilot to allow countries to select among a range of qualified national, international, or nongovernmental institutions with which to design and implement GEF projects.

Lesson Five - Keep the Big Picture in Mind: Another important evolution at the GEF has been to embrace results-based strategizing, programming and management. We are introducing a results-based performance system. The issue is not merely one of knowing that financing has been provided for 1,000 windmills, but also of ensuring that the money invested will help avoid the emission of 1 million metric tons of CO². Each dollar invested must have an impact. We have also strengthened the role and the independence of the GEF Evaluation Office.

One result of the focus on results has been a move away from financing individual projects in a piecemeal and uncoordinated manner to a greater use of regional or thematic programmatic approaches that allow projects to build upon each other for greater and more sustained impacts.

One example very close to home is the Central Asian Countries' Initiative on Land Management. CACILM, as it is called, is a partnership between five countries: **Kazakhstan, Tajikistan,** Turkmenistan, Uzbekistan and the Kyrgyz Republic, **to collectively tackle** land and water **degradation through** an agreed set of objectives for the region. They then developed projects, not shaped by political boundaries, but by substantive imperatives **in order to maximize benefits at regional level.** Some projects were transboundary. By using an agreed set of objectives from which to design activities, each project builds upon or complements the others to contribute to the overall objectives for the region. Today we are building even further on the CACILM **framework.** As each country now has its own land degradation **focal area** allocation for GEF-5, CACILM provides a major opportunity for these country to achieve important sustainable land management goals, and to link that work to other GEF focal areas. If all 5 CACILM countries choose to invest their land degradation resources under this program, the GEF could also **contribute** additional resources for cross-cutting **activities to further enhance opportunities for regional and global benefits.**

Another result of a results-based mindset has been a sustained drive to increase efficiency. During my tenure as CEO, I have introduced reforms that have reduced the time required for a project to move from concept to approval from 66 months to 22 months." **65 percent** of all GEF project submissions receive a response from the GEF Secretariat **within 10 days**. Efforts are already underway to simplify the project cycle and further streamline procedures, including by scrutinizing the pre-PIF stage of project development to maximize efficiencies there.

These innovations, the simplification of procedures to access resources, increasing country ownership and effectiveness, and many others, have built upon the good foundation of the original vision of the GEF and made it better. Today I consider the GEF to be an excellent instrument for providing financing to developing countries as we look to the future of global environmental finance.

This is, of course, the *raison d'être* of the GEF, and our mandate remains strong and current. The GEF ALONE operates financial mechanisms for the principal environmental conventions, with a mandate that covers climate change, biodiversity, combating desertification, the protection of international waters and elimination of persistent organic pollutants. The GEF remains the ONLY

financial institution that works with the UN agencies and the Bretton Woods Institutions, using the comparative advantages provided by each for specific projects and programs. The GEF is also the ONLY mechanism capable of building the necessary synergies when tackling global environmental problems in a more integrated way – forest management that conserves biodiversity, protects soils and mitigates greenhouse gases, while improving livelihoods.

But do I believe that the GEF will continue to be the only mechanism for these conventions and for the global public goods? Of this I'm not sure. You have all heard of the decision to create the Green Fund. The GEF is, of course, involved in that process, and for many reasons I don't have time to explore now, it will be a long and winding road. There is not yet even clarity on its role. Will it be a funding mechanism, or is it going to be a body where all climate financing will be tracked and accounted?

But let me tell you that I am firmly convinced that the GEF is the right choice to provide the Secretariat to the Green Fund given the GEF's role as financial mechanism to the major international environmental agreements and the GEF's unique network design, in addition to the equitable and innovative way that the GEF functions within a balanced governance structure.

With 20 years of hindsight, it is clear that climate change, biodiversity, and sustainable land management are integral parts of the same puzzle. Take one away and the castle collapses. Overemphasize another, and the edifice will tremble. Being the prime source of funding for the implementation of the Rio Conventions, the GEF is placed in an ideal position to understand how mutually-reinforcing strategies are emerging as the way of the future, with our projects and programs rapidly evolving to reflect this paradigm.

Moreover, its broad role ensures that with the GEF as secretariat to the Green Fund, duplicative and overlapping financing would be minimized. As secretariat to both the Least Developed Countries Fund and the Adaptation Fund, for example, the GEF has been able to foil the very inefficient efforts to bring projects that have failed review in one fund to the next for a second bite at the apple. At the same time, I am sure that the governing bodies of both funds would agree that the GEF Secretariat has not conflated the two funds or inappropriately entwined its duties to the one with its activities in the other.

The past 20 years have also demonstrated clearly that the GEF's network structure offers tremendous advantages. The Facility's expertise and ability to

move resources to the field is as great as sum of all of its partners. The neutral GEF Secretariat can optimize these varied and complementary talents and capacities by stimulating a creative competition among partners.

If it were up to me, I would not set in motion the creation of new fund. But whatever we do, we **must construct a coherent architecture that builds on the advantages of each convention and mechanism and responds realistically to the current political and financial situation.**

The financial resources of the international community have been severely strained over the past months. Do you really believe that, against this backdrop, it would be in our collective interest to resort to the fragmentation of mechanisms and aid? I personally do not think so, and the example of official development assistance should give us pause. There are currently 230 funds and programs for international aid, far outnumbering the beneficiary countries! To correct this situation, the Paris Declaration initiated a process to streamline aid effectiveness. Do we want to follow the same path for the global environment?

Faced with this risk of fragmentation, I remain confident that the choice made in the run up to Rio to build a Global Environment Facility will be viewed afresh

and recognized as still relevant. We need apex financial mechanisms. We need to accord priority to integrated approaches for all global environmental challenges. We need mechanisms that draw on broad-based partnerships rather than poorly coordinated vertical interventions.

The need to act together has never been greater – and the GEF has a unique role to play in strengthening the delivery channels to fund meaningful sustainable development. With your help and political support I hope that one day the GEF will also be deserving of celebrating its own 50th anniversary.