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GEF-5 Replenishment and Reform Side Event

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Global Environment Facility**

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I want to thank you, our GEF partners, for your extraordinary commitment to our fifth funding cycle: because of your support we now really have something to celebrate when we mark our 20th anniversary next year-- a record increase of 52% in new resources compared to GEF-4 levels.

And this is due in no small part to our host Japan who I want to acknowledge for their sustained support in delivering the largest share of resources to the GEF through its history. Another recognition I want to celebrate here is on the occasion of our newest donor, the Russian Federation. Let's hope their example will encourage others to join us! Our door is always open as our friends from Brazil know and we very much appreciate that Brazil has rejoined us as a donor as well.

I told some of you at our 4th Assembly last May in Uruguay something that I do not mind sharing again and that is, before you is.... a very happy CEO. We are very grateful for your faith in us at a time when financial resources remain very much constrained —. What makes us different? I believe it is the leveraging impact we have on a host of global environmental challenges that now are more connected than ever. We also have the unique and special role as a financial mechanism for not one but several global environmental agreements, including biodiversity.

The big challenges of our time, whether it is climate change, biodiversity, ocean fisheries that cross borders, or threatened small island states, are at the heart of our mission. It takes a synergistic approach between environmental sectors to multiply positive side effects and the GEF has been doing this throughout its history.

Thanks to this approach, if the GEF invests one dollar in biodiversity of mangroves, the same dollar is simultaneously invested in the carbon retention of mangroves. Like that, with one dollar we create a two dollar intervention. Similarly land management policies and activities can be designed to enhance and conserve carbon in both forests and non-forests, including peatlands, which play a key role in climate mitigation.

Another reason behind the successful replenishment is the strict reform agenda that we have implemented for the past four years. A good example is the reform of our Project Cycle. When I arrived at GEF, our Project Cycle, used to take on average 66 months. I then instituted a mandatory project cycle of 22 months for GEF-4, and under GEF5, our project cycle has been reduced again down to 18 months. Program managers at the GEFSEC are now on the clock as well. Each project submitted for consideration by GEFSEC is reviewed within two weeks. And we have established a new standard for transparency: Each project submitted for Council approval now includes the project review sheet completed by the GEFSEC program manager publically available on our website.

Clearly, we must continue our efforts to ensure the GEF remains a world class institution. The fifth replenishment gives us this opportunity and I want to touch on a few of our reforms that I think will cement our legacy as a catalyst for environmental change.

In May 2010, 35 nations concluded negotiations on the fifth replenishment, with commitments totaling a record \$4.34 billion. This aid is the largest increase in new

donor support for the GEF and I promise that we will do more with these resources by continuing and expanding our work program in each GEF focal area. We will also do more by engaging in new and innovative activities that create synergy among various sectors.

Now here in the speech is when I usually throw out a number of numbers to tell the story. But ~~these facts and figures~~ many of you have already heard these facts and figures many times. What matters now is that the replenishment is over.

And you want to know how we will be spending the funds you trusted us with. Let me touch on three key areas of reform that I think will demonstrate we are worth the investment and faith you placed in us.

First, we are 100 percent committed to what will be a fully integrated results-based management system for portfolio monitoring. We feel that RBM should be seen as an organization wide tool to foster results, enquiry, and learning to better inform decision making. ~~In order for RBM to be successful, the Secretariat will not only engage all of the GEF partners but also devote resources to encourage an understanding and engagement in RBM within the Secretariat.~~

We are further reforming our Project Cycle to make it even more efficient and transparent. We will be opening up our project database to agencies to directly input data for their Project Implementation Reports and tracking tools. We are also looking into a system where you will be able to track the status of a project through the entire project cycle, including its status while at the GEF Secretariat and during the time it is being handled by the GEF Agencies. ~~We also understand that~~

~~agencies must be in agreement with any direct input plan so we are welcoming feedback as we move forward. Part of this strategy will be an expanded emphasis on knowledge management, including a process for reporting and acting on lessons learned.~~ We will tighten our review on the project's management cost even further as well.

Second, in GEF-5 we will be enhancing our country driven agenda in everything we do.

We know from our own independent evaluations that when projects are aligned with national objectives for global environmental benefits and when they are developed in a strategic context with input from a variety of stakeholders in a country, impact is stronger. As a means to enhance our impact further, in GEF-5 the strengthening of country ownership is a top priority. Several reforms aim to deliver on this objective - reforms of GEF corporate programs; direct funding of national communications; a more flexible resource allocation system (the STAR), and broadening of the GEF partnership, including to national institutions.

The GEF Secretariat is reforming the Country Support Program for Focal Points to make it even more effective. From January 2011, it will be integrated into the GEF Secretariat's other outreach programs with countries to create a single platform for enhanced communications with and support to GEF focal points. A key part of this new undertaking is that the GEF will provide small grants directly to interested countries to fund voluntary portfolio identification exercises. Led by national steering committees, the aim is to help countries conduct simply planning exercises

so they can plan for themselves how best they want to use their GEF resources. This is the first instance in which the GEF will provide direct access to countries for GEF resources. We have received expressions of interest from 30 countries to undertake National Portfolio Planning Exercises, and we are working through the relevant offices of our host institution, the World Bank, to process the applications and disburse the funding. For countries that are not undertaking the National Portfolio Planning Exercise, we will carefully look into the relevance of each proposed project in relation to the relevant national strategies and plans.

We will expand on the direct access agenda by providing GEF grants directly to interested countries for preparation of national reports and communications to the Conventions, including for the CBD. Countries will have the option of requesting funding either from the GEF Agencies or directly from the GEF Secretariat. We will believe the Secretariat option will be particularly attractive to those institutions that believe they are ready for preparing their national reports on their own.

We also transformed the GEF's Resource Allocation Framework into a simpler, more flexible System for the Transparent Allocation of Resources (STAR). Under this new system, each GEF recipient country will receive a transparent, indicative allocation of resources for climate change, biodiversity, and land degradation. Smaller countries will be able to use these resources flexibly across focal areas, for example, on forest conservation or resource management programs, which will further enhance country ownership.

Third and finally the initiative that I am most excited about is the expansion of the GEF Partnership. The GEF-5 Replenishment recognized that the GEF would

benefit from an expansion of the number and type of agencies that are able to receive resources directly from the GEF Trust Fund. This will give countries greater choice and will open GEF to a broader range of expertise and contacts. Most especially, national institutions that meet the GEF's strong fiduciary standards would be able to receive funding directly from the GEF. This effort will truly remake the GEF. 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 apply to expansion of our network. This will be discussed in November.

This is what we have planned. However, as you know I am not one to simply sit back and accept the status quo.

With new money comes new responsibility and expectations that I take very seriously. We are very much committed to reform and I look forward to your engagement in the months ahead