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Remarks
at the Special Session of the
African Ministerial Conference on the Environment

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Global Environment Facility

AMCEN

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Ministers,

Distinguished Guests,

Ladies and Gentlemen,

I am very honored to be able to meet with you today at this special session of the African Ministerial Conference on the Environment (AMCEN). I have been the CEO and Chairperson of the Global Environment Facility for some five years now, and I have consistently supported AMCEN, given that it provides a special opportunity for African countries to hold strategic discussions and forge joint positions on the major issues facing the Continent, such as climate change.

We are 74 days away from the start of the Durban negotiations and less than one year away from the Rio+20 celebrations. In other words, we do not have much time when we consider the complexity of international systems. Yet the potential does exist for significant progress, and I hope that the Continent will be able to forge a united stance with a view to weighing in on decisions. Experience has always shown that much has been achieved by Africa when it came together and made a case for its priorities and specificities.

Let us be frank. We were all very disappointed after the 2009 Copenhagen conference. The 2010 Cancun accords did, however, seem to result in some progress, particularly in light of the creation of the Green Climate Fund. At the moment, a transitional committee is working on the design of the Green Fund, which is expected by some to mobilize US\$100 billion a year by 2020.

I am always in favor of setting high aspirations and ambitious goals. However, I think that pragmatism and realism are required and that, rather than being lured by the prospect of mechanisms with slim chances of materializing, full use should be made of the existing financial architecture.

First, pragmatism.

By way of illustration, permit me to share with you some figures as well as the GEF's experience. The GEF remains, to date, the leading environmental fund for climate, forest, and such other environmental issues as biodiversity and combating soil degradation and chemical products. The GEF was founded 20 years ago, has disbursed US\$9.5 billion, and has secured US\$42 billion in cofinancing for more than 2,700 projects spanning 165 countries.

You may rest assured that I am not here to promote the GEF. Simply put, it is important to realize that the biggest fund in the world disburses US\$300

million per year to help developing or transition countries meet their obligations and implement projects to mitigate the effects of climate change. The GEF also administers two funds on behalf of the Convention on Climate Change, namely, the LDC Fund and the Special Fund, which finance adaptation activities. Over the past ten years or so, these funds, which have won plaudits from everyone, have disbursed US\$420 million or US\$42 million per year, which is a small amount.

The most recent addition to the funds we administer should also demonstrate the need for pragmatism—it took ten years for the countries to operationalize the Adaptation Fund, which was created in Marrakech in 2001.

In addition, other funds have been established to tackle the challenges of climate change from different angles, such as the World Bank's Climate Investment Fund, dedicated funds from regional banks or bilateral agencies, or funds administered by United Nations agencies. Several of these funds are in a fledgling phase from a disbursement standpoint and still need time to develop a solid track record. However, in the interest of pragmatism, we should strengthen the mechanisms that are working well rather than embarking on a course fraught with uncertainty.

Second, realism.

What does the recent international financial situation tell us? As soon as one crisis ends, another emerges. How can we think that the donor countries will be able to do more under the present circumstances?

The United States is the top GEF and World Bank donor. Last year, Congress approved a mere US\$90 million for the GEF instead of the projected US\$144 million. Even less was approved for the World Bank's climate programs. Tensions are running so high in Congress that drastic cuts are being made to all the administration's climate change or environmental proposals, and there are no signs that this situation could change in the years ahead.

Three European countries are among the five main GEF donors—Germany, the United Kingdom, and France. You have been following the news and are aware of the tensions in the Euro Zone. The fifth donor, Japan, has had to grapple with natural and nuclear disasters, as you know.

How can anyone realistically think that donor countries will be able to do more?

There is, of course, the private sector. However, can you tell me why the private sector would be interested in a new fund with a mode of institutional governance that would not allow it to participate in decision making and where there would be no expectation of accountability?

There are also innovative mechanisms involving the market, taxes, and payment for environmental services. Once again, even in the case of the most promising initiatives, it must be acknowledged that the large-scale adoption and operationalization of these models take time and that the initially projected funding is not yet being mobilized.

Third, how can full use be made of the existing international financial architecture?

Rather than embarking on risky ventures and moving at a pace that is out of step with the urgency of the situation—Africa cannot wait ten years or more for a new fund to become operational—I suggest that you make use of the existing financial architecture, simply for reasons of pragmatism and realism, which I wanted to share with you.

The existing funds that are functioning well—something that can be established through independent assessment—should be strengthened. In other words, their capital should be increased. The LDC Fund and the Special Fund, for example, come to mind. Their governance is transparent and their rules, streamlined. Donor and recipient countries are satisfied with them. Why not simply increase the funds they manage? Despite the fact that these funds are well regarded, their current funding is inadequate to achieve the far-reaching changes required.

Another important aspect of the reform of the existing funds is the need for greater transparency, simplicity, and country ownership. During the GEF-5 replenishment negotiations, for example, I arranged for recipient countries and NGOs to participate in the negotiation process. Their participation was a first. You are also aware of the struggles I have waged to ensure country ownership of the GEF and to have the countries themselves decide on projects based on their national priorities.

These proposals are simple and practical. However, significant and coordinated work must be done. And I view the value added of the Green

Fund as being a “Fund of Funds” to implement these proposals. Recipient countries, particularly those with the weakest capacity, cannot cope with a plethora of funds and procedures. The Green Fund should play the role of coordinator so as to ensure that all topics are properly addressed, that the funding provided is commensurate with aspirations, and that resources are well coordinated at the level of the countries, regions, and continents. The Green Fund should work toward streamlining procedures and helping build consensus around common standards, following both the spirit and the letter of the Paris Declaration on Aid Effectiveness.

This level of coordination, follow-up, and impetus would require representation by a high-level entity, which would also draw on the expertise of a technical team capable of handling a mandate of this nature. This entity would serve as a best practice model of governance and transparency. It would, of course, be required to provide a report at the Conference of the Parties to the Convention on Climate Change.

Ministers, Ladies and Gentlemen,

The goal of US\$100 billion per year in fewer than ten years can be only achieved if we focus on actual accomplishments. If we do not demonstrate

pragmatism and realism, if we do not avail ourselves of the existing architecture, then I fear that we are setting ourselves up for bitter disappointment. In particular, I would like to warn you of the very real risks of abandoning international commitments with respect to binding standards or targets in favor of interminable discussions related to funds that are unlikely to materialize.

We can—you can—make the decisions necessary to transform the Green Fund into a truly operational mechanism.

We can—you can—embark on a new and shared path toward combating climate change.

My hope is that Africa will be able to speak with one voice to ensure that the voice of wisdom, pragmatism, and realism is heard.

Thank you.