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European Constituency Meeting
Speech - Berne

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Global Environment Facility

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Honorable **Ministers**, Ladies and Gentlemen

Welcome. My name is Monique Barbut, and I am the CEO and Chairperson of the Global Environment Facility, otherwise known as the GEF. I want first to thank the government of Switzerland, particularly Karine, Anton and Reinhard, for organizing this constituency meeting and for doing such an outstanding job supporting this constituency, generally. Your constituency uniquely combines recipient and non-recipient countries together quite successfully; it should be a model for the rest of the GEF Council. I thank all of you here for the role you play in that success and appreciate your support of the GEF.

The idea behind constituency meetings is to encourage coordination among the members of the constituency in advance of a GEF Council meeting. I expect to learn a lot from you here and to provide ample time for questions and answers, so I will keep my opening remarks brief. I want to speak a bit about the upcoming Council meeting and update you on how the GEF is improving to bring about more meaningful, results-based change.

Let me start by saying a few words about our fund in general. Last year donors showed their confidence in our recent reforms with a record replenishment of

the general Trust Fund: pledging \$4.3 billion dollars, a 54% increase in new donor funding over the last four year cycle. Donors also agreed to increases for the GEF's Special Climate Change Fund and the Least Developed Country Fund.

Along with the new funding and reform comes a renewed emphasis on results and accountability, so as the GEF network looks for new projects, we all bear a responsibility to make investments that have multiple and sustainable benefits. Given the austere budget scenarios faced by many of our donors, we have to be more vigilant than ever to ensure we are making smart choices and operating efficiently. All of these efforts are, moreover, undertaken with the primary goal of enhancing country ownership in mind.

In our new funding cycle you will be pleased to learn that from the secretariat side that we have further streamlined project review and approval procedures plus instituted other reforms that you will learn more about over the next couple of days; trust me it is more efficient than what you experienced in the past.

To improve results and increase accountability, the GEF is sharply focusing on delivering high-quality projects. Specifically, we are reinforcing the GEF's founding principles, including:

- First, GEF projects must be aligned with country strategies, whether existing strategies, such as country development strategies, or outcomes from GEF-supported consultation processes, such as national portfolio formulation exercises. Principally, this requires that the different ministries and stakeholders in each country remain in constant communication with each other to ensure national priorities are being met and that the GEF funding is used to support those priorities.
- Second, funding incremental costs to generate global environmental benefits is the bedrock of the GEF. These “incremental costs” relate, of course, to a set of baseline activities. It is therefore essential for these “baseline activities” 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 receive projects that lack a solid foundation and have no connection with 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 has learned to emphasize the use of programs that can significantly transform sectors and activities, and to fully utilize results based management to be able to closely track the impact of its projects. The flexibility introduced in GEF-5 into the STAR resource allocation system further encourage recipient countries to design cross-sectoral, multi-benefit projects of a transformative nature.
- 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. 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 receive will underscore the issue of management fees and costs of our projects. We seek to ensure transparency in order for all to ascertain how these fees are being used and for which activities.

For the upcoming Council meeting, therefore, and for the entire GEF-5 cycle, you can expect work programs that contain projects which have a *direct* impact on people: I do not want to fund workshops or enrich consultants—and which are built on solid baselines that match national strategies led by agencies with the right capabilities. These are the criteria by which we are prioritizing projects; nothing more nothing less. And these criteria are being applied in an efficient and transparent way that leverages the resources we have for maximum impact.

With respect to programming for GEF-5, this constituency is already off to an excellent start with programs that embody the search for transformative, multi-benefit impacts and impacts that can be experienced in the life of people.

An important GEF-5 development to maximize the synergistic impacts of the GEF's work is the \$250 million GEF Sustainable Forest Management/REDD+ Program. We anticipate this program will incentivize \$1 billion of forest-related investments in the biodiversity, climate change and land degradation focal areas. I am pleased to say that the GEF Council recently approved in this constituency the *very first* project to qualify for additional SFM/REDD+ incentive funding:

the "Sustainable Land and Forest Management in the Greater Caucasus Landscape."

This constituency is also well placed to take advantage of a strengthened commitment to programmatic approaches in GEF-5 by programming a significant part of their STAR allocation resources for SLM-related projects to build on an existing GEF program. As you know, serious land degradation problems prompted all Central Asian countries to ratify the UNCCD, to develop their National Action Plans (NAPs) and seek resources to implement them. The Central Asian Countries' Initiative on Land Management (CACILM) is a partnership between five countries, including Turkmenistan, Uzbekistan and the Kyrgyz Republic, through which the GEF and the international donor community are investing in sustainable land management. Launched in 2006 to combat land degradation and improve rural livelihoods, CACILM is now well advanced, implementing projects on SLM. Consequently, as each country has a land degradation allocation under the STAR in GEF-5, CACILM represents a major opportunity for the country to advance the SLM agenda, including links to other GEF focal areas. If all 5 countries choose to invest their land degradation resources under this program, the GEF could consider providing additional support from resources for regional and cross-cutting programs.

I have been clear that GEF activities are to achieve real life consequences. As we all know, Tajikistan was recently assessed as the *most* vulnerable country in the world regarding climate change in a recent World Bank report. The GEF SCCF project: "Increasing Resilience through Drinking Water Rehabilitation in North Tajikistan", which will be implemented by the EBRD with a generous Swiss government cofinancing grant of \$10 million grant, will spur adaptation action that will directly impact lives in this constituency.

A work program that shows a deepened commitment to implementing high quality projects is not the only noteworthy feature of the May Council meeting. Another major development under consideration involves the Council decision to be taken on a pilot program to allow direct access to GEF resources by a broader range of agencies, including, indeed prioritizing, national agencies of recipient countries. The pilot will allow those countries with an accredited national agency to design and implement GEF projects without working through the traditional GEF agencies.

In November 2010, the Council agreed to undertake this pilot. The Council also approved an accreditation procedure for agency applicants. At the upcoming

Council meeting, the Secretariat is presenting a proposal on how it will implement the pilot, which includes criteria to assess an applicant agency. The Secretariat has also developed a draft accreditation procedures manual and an application and guidelines for Stage 1 of the accreditation procedure. In response to Council requests, the Secretariat has also prepared proposals for a Policy on Environmental and Social Safeguards and a Policy on Gender Mainstreaming for Council. Criteria under these policies will be applied to the accreditation process for agency applicants. Make no mistake, the GEF will continue to require all of its agencies to meet very high fiduciary and project management standards.

Provided the Council approves the criteria the pilot, the Secretariat will open the window for new institutions to apply to serve as GEF Project Agencies starting in mid-2011. I can imagine that you will agree with me that this reform should do much to enhance country ownership of GEF activities.

Responsiveness to the GEF conventions is another means for promoting country ownership, as countries speak through the CoPs of the conventions to clarify their priorities and commitments to achieve global environmental benefits. Another reform to be considered by the Council in May is whether to institute a

vehicle for financing activities to respond to convention guidance that is handed down between replenishment periods and for which there are not specific provisions in the current GEF programming. You may recall that just such a challenge arose quite recently which necessitated the creation of the new Nagoya Protocol Implementation Fund to be managed by the GEF. The need to respond quickly to new CoP guidance will arise again—and sooner rather than later. The proposal before the Council in May is to establish a standing trust fund with multiple windows that can be opened between replenishment periods to respond to new guidance with a requirement that the Council review each new fund/window prior to the end of the replenishment cycle.

A final innovative agenda item before the Council this month is the revised private sector strategy. The strategy will maximize financial leverage, risk sharing/alleviating and the use of non grant mechanisms in order to stimulate private sector engagement. The ultimate goal of the strategy is to extend the catalytic role of the GEF to a largely untapped segment of the private sector resources, through mechanisms that will have the greatest impact and lasting sustainability.

The GEF is moving to serve you better and to better serve the pursuit of global environmental benefits. By collectively making the right choices, we can take the concrete steps necessary to ensure that sustainable development operate as a driver to power the economy and enhance the livelihoods in this constituency.

Thank you and enjoy the workshop!