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Speech

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Global Environment Facility**

**High Level Program to Launch the International Year of Forests
United National Forum on Forests – UNFF9**

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Mr. Joseph Deiss, Deputy Prime-Minister Božidar Pankretić, Minister Stanislas Kamanzi, Minister Patricia Espinosa Cantellano, UNFF Director Jan McAlpine, Excellencies, Dear Colleagues and Friends:

It is with great pleasure that I join in this high level event of the ninth session of the UNFF launching the International Year of Forests. I am also glad to have the opportunity to offer you some of my thoughts regarding the state, trends and needs in forest financing globally, as well as GEF's holistic approach to supporting developing countries in their forest management, conservation and restoration efforts.

As we inaugurate the International Year of Forests, I can't find a better example of success than what was just concluded with the International Year of Biodiversity. Under the leadership of the CBD Secretariat, countless national organizations, national governments and NGOs joined in a global campaign to make the value of biodiversity to humanity better known all across the planet. COP10 in Japan approved several key decisions that lay the foundation for us to turn the tide for biodiversity over the next 10 years. As with the IYB, the GEF pledges to work closely with the UNFF Secretariat to make the IYF a great success. Jan, please count us in.

My principal objective today is to offer some reflections on the state of forest financing, and the GEF's place within it. Serving as the financial mechanism of the three Rio Conventions that all emphasize the importance of forests, the GEF holds a unique role: we receive guidance, mobilize resources, and report back to the respective COPs on the use of these resources by developing countries.

Throughout the 1990s and early 2000, the GEF was the prime multilateral funding source for forests. ODA for forests in 2000-2002 was about \$1.3 billion per year, and the GEF was responsible for one third of all funding for forests from multilateral sources. Since then, new funding mechanisms have been created, and total financing has grown to about \$2 billion a year, more than half being delivered in the form of loans, equity and credits to private sector enterprises, primarily through the World Bank and the IFC. In this equation, the GEF continues to be the largest provider of grants to developing countries for forest management and conservation, and now we have additional partners with whom to collaborate as we move forward.

The most exciting new opportunity to direct financial resources to forests comes from the REDD+ agenda. Some \$5 billion have been pledged for fast start financing, of which two-thirds are expected to come from bilateral funding (2010-12). Half of the multilateral support is expected to come from the GEF. We have designed a separate funding envelope for SFM and REDD+ that will incentivize \$1 billion in funding over the next four years to deliver multiple benefits in biodiversity, GHGs emission reductions, and local livelihoods and poverty reduction. These projects will be anchored on solid MRV frameworks, not only respecting REDD+, but also to generate benefits in biodiversity and sustainable land management. According to a report commissioned by the REDD+ Partnership, the GEF is also the only multilateral institution providing funding for all three phases of REDD+ – meaning readiness, implementation and performance-based action, and to more countries - 40 at this stage - than any other mechanism, including all bilateral sources. As GEF-5 progresses, we will expand the number

of countries receiving forest funding by working through a range of GEF implementing entities – which are also either members of the UN-REDD Programme, the FCPF or the Forest Investment Program – hoping it will result in more cooperative efforts among these diverse initiatives. This cooperation is already shaping up very well, for example through a south-south cooperation project funded by the GEF, and implemented by the World Bank that is bringing together the six Congo Basin countries to the Brazilian Amazon to exchange experiences on how community forestry can play a central role in the implementation of REDD+.

However, as financial resources for forests and for REDD+ have grown over the years, some distortions have also emerged. For example, two thirds of total forest ODA funding have been directed to only 10 countries, with declining or stagnant forest financing going to Low Forest Cover Countries (LFCCs), SIDS and LDCs. Resource concentration has come to a point where we find 15 donors present in Indonesia, 14 in Brazil and 13 in Vietnam, but in 25 SIDs we do not have a single active donor in their forest sectors.

At the GEF, we want to address these gaps head on, particularly by supporting countries with low forest cover to enhance their forest stocks. According to the Global Partnership on Forest Restoration, there are more than 1 billion hectares of lost and degraded forests, where a people-centered approach to forest restoration would be suitable.

I would like to exemplify this approach with a program we are planning in Rwanda, under the leadership of President Kagame, the Forest Landscape

Restoration Program (*to be or already* launched at this 9th UNFF). This program aims to transform land use practices, with a focus on restoration, to improve agricultural and livestock productivity, increased vegetative cover, less degradation of land and soil, and reduced pressure on fragile habitats that are home to globally threatened species such as the Mountain Gorilla. Rwanda's GEF-5 allocation is \$4.58 million, which can be used to combat desertification, mitigate climate change, and protect biodiversity. In addition, this program can secure incentive funds under the GEF's SFM/REDD+ window. Rwanda is also eligible to access three climate change adaptation funds in the GEF - the Least Developed Countries Fund (LDCF), the Special Climate Change Fund (SCCF), and the Adaptation Fund. Overall, we are looking at a financing package of over \$6 million from GEF, without factoring in co-financing from additional sources. I hold high hopes that this innovative program will become a practical model for countries that wish to harness emerging opportunities for carbon financing directed at safeguarding forests.

To conclude, the GEF is in complete harmony with UNFF's approach to forest financing – meaning the recognition that forests are important to developing countries, irrespective of the past trajectory in the use of their forest resources. We hope that the IYF will amplify this message, setting in motion a comprehensive approach to the conservation and management of forests – for biodiversity, for climate change mitigation, for the promotion of ecosystem-based adaptation to climate change, and for poverty reduction.

I thank you very much.