

Check upon delivery



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

Opening Remarks

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Global Environment Facility

November 2011 Council Meeting

Distinguished Council Members, Ladies and Gentlemen,

Good morning and welcome to the 41st Council of the GEF.

Today I find myself once again sitting before you in very difficult times, where the world is faced with an economic crisis, financial crisis, social crisis and a significant crisis in confidence in governments and institutions. The demand for efficiency, effectiveness, accountability, burden sharing, delivery and transparency, cannot be more overstated. The world needs and wants governments and institutions, as well as the private sector to live up to their expectations to make the world a better place.

This unprecedented gloom reminds me of a fitting and wise Latin proverb;” *be patient and tough; some day this pain will be useful to you*”.

The GEF I believe has embraced this proverb, and has risen to the expectations of the global community. Shrouded in this tremulous economic void, willingly or unwillingly with our partners the GEF has developed for your approval today **an extraordinary Work Program that highlights and demonstrates the unique character of this Institution and what it is about**. Albeit, it has taken five years through blood, sweat and tears to reach this level, it has been worth the wait.

The Work Program before you is exceptional in that it addresses, first and for most, the **needs of 99 recipient countries**, the largest ever in a single work program. Not only does it reflect an increasing trend in the development of national and/or regional focus but also **demonstrates real country ownership**, which is most pleasing and rewarding.

The reform policies that I had brought before you in the past; funding through direct access, country driven programming, resource allocation frameworks, to mention but few, have all made this possible. As I had said to you, at our last Council meeting, **the GEF's ability to address country ownership responsibility will be an important part of a breakthrough in development assistance**. Well, we may see this now, never before have we seen a Work Program so closely linked to the development programs of the countries, building on baseline development efforts, and never before has a Work Program leverage such an unthinkable ratio of 1: 9. **Nine dollars leveraged for every one dollar of GEF funds**. As compared to 1:4 co-funding ratio that prevailed at the end of GEF4.

In other words, **approximately 90%** of the proposed GEF projects are funded from sources leveraged other than the GEF funds. Not only is the GEF gaining ground in attracting more public and private partners, but it also proves that the **GEF is a leading investment mechanism**. A financial mechanism that gives its

donors the highest returns for their funds, in the environment/development concern.

Asa, as the Swedish Council Member, you should be proud to say to your tax payer that each dollar they have put in the GEF is bringing 300 dollars of leverage in this Work Program and this is rare for all of you. **Efficiency and effectiveness that is hard to beat. The GEF's intrinsically unique and effective leveraging power constitutes its fundamental identity.**

The importance of generating synergies across focal areas and agencies continues to be a high priority and has further gained realization in this Work Program. **Nineteen multi-focal area projects** are in the program before you. Of which **four are constituted through GEF Agency partnerships**. However, the synergies reflected in the Work Program **go far beyond focal areas**, and include **two multi-trust fund initiatives** combining the GEF resources with SCCF's, in the case of the Greater Mekong Sub-regional Forest and Biodiversity Program and with the LDCF's in the case of Malawi's Shire Natural Ecosystems Management Project. **This ability to realize synergies and economies with the aim of achieving global environmental benefits reflects what the GEF must continue to do.**

We all have a lot to be proud of. I for one am proud of my staff who have work relentlessly over the last 6 months with our partners to make this happen. This

Work Program as I have said earlier outdoes all previous ones. I expect that next Council I will also be able to bring before you a similar **exceptional Work Program, as neither I nor you can wait another 5 years!!!**

For the GEF to be responsive and effective, continuous policy reform is essential. We have made great progress, but there is need for more. It is essential not only for the GEF to address the policy changes needed to provide for a conducive environment for effective collaboration with recipient countries, but also with its partners. Expectations and conditions for doing business with the GEF must be clear. It improves efficiency, ensures accountability, restores confidence and helps mitigate unintended adverse impacts on people and on the environment, that might arise through GEF operations.

Paragraph 28 of the GEF Instrument provides the scope and leeway for the GEF to rethink its self in terms of practices and policies beyond business as usual as well as the Trustee. We will constantly push the boundaries and will table before you during this Council a revised **policy on environmental and social safeguard standards**, that addresses the need for minimum operating standards for the GEF, to be applied in an equitable manner to all existing and future GEF Partner Agencies. To maintain confidence of recipient and non-recipient countries, but also the civil society which has put its confidence in the GEF, it is essential that

environmental and social safeguard standards are clear and sound and address the concerns of all major groups. The revised policy I believe answers those concerns raised at the last Council meeting. Linked to this are **our practices on disclosure of information** at the GEF, which translates into the disclosure of all non-confidential information related to GEF's operations and policy making processes.

Management of financial resources in turn, also requires precision, transparency and clarity of roles and responsibilities, and that is why we have prepared a document on **guidelines for project financing** as an information paper, that clarifies and consolidates various concepts concerning the eligible costs for GEF project financing, defined within the context, that the overarching objective of GEF financing, is to provide resources to recipient countries, to meet the agreed incremental cost of activities that generate global environmental benefits. In addition at your request we have, undertaken **an external review of expense of administrative resources provided to GEF Agencies**. With the additional Agencies set to join the network under the reform of broadening the GEF network, a common understanding of the rules for the effective use of administrative resources is paramount and it is important that they are simple and transparent. **GEF funds used for administrative cost must be justified, transparent and realistic**. I therefore welcome this report and its overall recommendations.

Strengthening modalities for working with the private sector as you know, has very much been part of my agenda for a long time. Again, a very important step for the GEF to take to enhance its effectiveness is to harness the creative capacities and resources of the private sector. In this regard I bring before you once more, a **revised strategy for enhancing engagement with the private sector**, which takes into account your comments from the last Council meeting, feedback from the agencies and additional consultation. This strategy, if I may remind you, prioritizes the expanded use of non-grant instruments as a key tool for building Public Private Partnership and attracting greater private sector financing. This in turn should result in greater investment in projects for the development and dissemination of technologies that result in increased global environment benefits. While this strategy is not as bold as it could be, I believe it contains enough transformation in our business model to ensure some level of meaningful private sector engagement which is now more than ever overdue.

What is important to note is that these practices and policies that we have before us and those that we have adopted in the past, **form the fundamental building blocks of a sound and healthy Institution.**

The overall success of the GEF itself in meeting the expectations of its clients, however, is dependent on the resources it has and its ability to be flexible enough, to be an attractive financial mechanism for donors, now and for the future. Having

considered your views expressed at the last Council meeting, I once again bring before you this week a document on **criteria for the establishment of trust funds** within the GEF. And again, I recommend the establishment of a standing trust fund in which multiple windows may be created within a replenishment cycle, to accept voluntary contributions to fund activities in response to new COP guidance, for which there is no provision in the current GEF programming.

Having said that, however, a mechanism to receive funds is only part of the equation. As we are all aware, all donors are facing a financial pinch and all donors expect, and rightly so, that their funds are used more efficiently and effectively.

But although the GEF continues to improve the effective and efficient use of GEF resources, develops practices and policies which keep it on the cutting edge of reform, the fact remains that it can only serve its clients if it has the resources to do so. It would be remiss of me therefore not to appeal to those donors who have not already done so, to ensure that their pledges are paid.

Lastly, as you are aware the Council has initiated a search for a new CEO, my successor. At its June 2009 meeting, the Council established a Selection and Review Committee (SRC) and tasked that team to assess my performance and also to conduct a transparent search process. This committee will present its findings to

you on these two items in the executive session of the council meeting on Thursday morning.

Finally, it is important that you all note, that I have made a commitment to continue to give the GEF my undivided attention until my last hour in office! So for those of you in the Council, and for those of my Staff, who thought they would have a more relaxing upcoming year, be forewarned!! I still have a lot to give and still have a lot of energy!

In closing, I am content that we have everything in place to find a new CEO worthy of this Council and content that the GEF is well entrenched in achieving its goals.

I look forward to our deliberations.

Thank you.