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GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

Speech

Of

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Global Environment Facility

At

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GEF CEO & UNIDO DG**

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Excellencies, ladies and gentlemen, distinguished guests.

I am very pleased to welcome you all, with my co-host Dr. Kandeh Yumkella of UNIDO, to commemorate the 20 year anniversary of the Global Environment Facility (GEF). This is an important milestone that gives us the chance to reflect on the past and build for the future.

Today, I would like to share with you my thoughts on energy access, which reflect the perspective of an institution founded on the idea that sustainable development is only possible by managing threats to the global commons. Over the past two decades, the GEF has been the means by which countries look to meet international challenges such as climate change, ozone depletion, and the pollution of common resources such as oceans and forests.

It is through this experience as the world's largest multilateral funding mechanism for environmental protection that we at the GEF understand how clean, affordable energy is not just a "green" issue, it is an economic issue.

We've heard these facts one way or another today but they bear repeating: reliable access to energy is still limited in much of the developing world: 1.4 billion people, over 20 percent of the global population, lack access to electricity. And 2.7

billion people – some 40 percent of the global population – still rely on biomass for cooking.

When the poor lack electricity access, they look for energy through sources such as wood, kerosene, coal, or oil. Typically these choices are not just expensive; they also can have serious and long-term consequences on nature and people. Let me share some examples.

□□ The 2010 Global Forest Resources Assessment showed that 90% of the wood removed in Africa was for fuel with a 30% increase between 1990 and 2005: an alarming trend.

□□ 1.6 billion people depend on fuel based lighting, using an estimated 77 billion liters of kerosene every year. In addition to emitting 190 million tones of CO₂, this also poses a health hazard to users.

□□ Vanishing glaciers in South America and in Asia are already limiting clean and available hydropower to millions, forcing many to consider fossil-fuel based alternatives.

We all know that we want to reverse these trends. Our challenge of course is how to build what we hope to be a new green economy without hurting the poor we are trying to protect. To do this, we must take steps now to move toward more sustainable patterns of energy production and consumption before demand skyrockets and the environment is further degraded.

This is where the GEF can help. Through its climate change portfolio GEF has already supported more than 700 mitigation projects which encourage low carbon choices in 154 developing countries and economies in transition. To date we have invested \$2.4 billion directly into renewable energy and energy efficiency projects and plan to a lot more in our new funding cycle.

The GEF has promoted the demonstration, deployment, diffusion, and transfer of renewable energy technologies (RETs) in all levels of society—cook stoves and lighting at household levels; minigrids for communities; along with grid-connected bulk power for countries.

These initiatives have helped the GEF become the largest public sector renewable energy technology transfer mechanism in the world, with investments that have

contributed to the installation of 3 GW electric and 2.8 GW thermal of renewable energy capacity, resulting in an estimated direct avoidance of 290 million tons CO₂ over time. Through catalytic effects and replication, indirect greenhouse gas emission reductions are estimated to be 1.2 billion tons of CO₂.

GEF also was an early innovator financing and disseminating solar home systems, solar lanterns, and renewable power for water and irrigation pumps in Sub-Saharan Africa and South Asia.

I would be remiss if I did not highlight here the catalytic role UNIDO, my co-host and partner has played in this area. GEF to date has funded \$110 million for 36 different climate change mitigation projects, attracting another \$410 million in investment.

More than half of these UNIDO projects were designed to boost access to clean energy, mainly in sub-Saharan Africa where 70 percent of the population is without access to electricity, and 80 percent of the population remains dependent on biomass for basic energy needs.

Given those statistics the scale of the challenge remains considerable.

As I said this morning, recent estimates show that additional investment in the order of \$756 billion in the next two decades, or \$36 billion per year is required to achieve universal access to modern energy services.

While public financing has a key role to play in helping the poor to gain access to sustainable energy, it is insufficient to meet the substantial need for large scale investments in electricity generation and energy access. Instead we need to use our limited public financial resources to catalyze greater private sector financing.

Innovative financial tools, such as energy performance contracts, credit lines, risk guarantee funds, and CDM carbon finance, are well validated and are already at work in many countries to help leverage substantial private sector financing.

As a public sector-financed trust fund, the GEF has throughout its history actively engaged the private sector. And today we are poised to meet the challenges ahead by building on this past experience to leverage further investment.

Just to list one example: we are today one of the largest public sector investors in energy efficiency projects for the developing world, having committed nearly \$900 million directly over the past 20 years---this in turn has spurred another \$6

BILLION, most of it from the private sector. It's a good foundation and we standy ready to do even more.

Excellencies, ladies and gentlemen,

The world is at critical crossroads for the future of energy. Climate change, increasing dependence on oil and other fossil fuels, growing imports, and rising energy costs are making the developing world more vulnerable than ever before. These challenges call for a comprehensive and ambitious response.

This Energy Forum provides us with a platform for our constructive discussions on universal access to modern energy, and to talk about the "energy revolution."

The GEF is ready to be part of this revolution. Over our twenty year history we know from personal experience that clean energy can and should be the engine that empowers people, combats climate change, and builds a sustainable future for all. I call on you to join us.

Thank you.

