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Global Environment Facility

Opening Remarks

Monique Barbut, CEO and Chairperson

Global Environment Facility

Meeting with the Parliamentarians

Japan

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**Members of the Parliamentary Network on the
World Bank (PNoWB) Japan and Global Legislators Organization for a
Balanced Environment (GLOBE) Japan**

Mr. Masahiko Komura, President of the PNoWB Japan, Mr. Yoshio Yatsu, President of GLOBE Japan, honorable diet members, ladies and gentlemen, OHAYOU GOZAIMASU (*Good morning in Japanese*).

It is my great honor to be here with you today in my second visit to Japan on behalf of the Global Environment Facility (GEF). I would like to express my sincere gratitude for all the members of PNoWB Japan, GLOBE Japan and the World Bank Tokyo Office for holding this event and I welcome this opportunity to share with you the GEF story...

Let me begin with a little bit of history. Originally established in 1991, the GEF was restructured in the Rio Earth Summit as a unique multilateral financial mechanism to provide assistance to developing countries in generating global environmental benefits. Today, the GEF is internationally recognized financial mechanism for the CBD, the UNFCCC, the Convention on Persistent Organic Pollutants (POPs), and a financial mechanism for the UNCCD. The GEF also collaborates closely with other treaties to reach common goals on international waters and ozone.

Along with its partner agencies, including UNDP, UNEP, and the World Bank, GEF has established a strong track-record of catalyzing innovative approaches covering investment and technical assistance. GEF's global portfolio from 1991 to today consists of about 2,400 projects. For 165

developing countries and transition economies, we have provided \$8 billion grants, and leveraged \$33 billion co-financing.

Among the six focal areas, today, I would like to focus on GEF's contribution in the two largest areas: biodiversity and climate change. In that context, I would like to explain how our special Japan-GEF partnership can help boost Japan's leadership role in addressing global environmental issues. I would also like to explain how GEF continues to be a change agent, delivering consistent results to the parties of the global environmental conventions, including Japan.

Biodiversity

Let me start with biodiversity. As the sole financial mechanism of the CBD, GEF is the world's largest contributor of biodiversity conservation in developing countries. NO one else can say this. In over 155 countries, GEF has financed over 790 projects. These translate to about US\$ 2.3 billion; a sizable sum but more is clearly needed to truly make an impact with species losses. Nevertheless with what we have been given, we have managed to establish and manage close to 360 million hectares of protected areas.

As you may know, next year, the year 2010, will be the International Year of Biodiversity. This will represent an unprecedented opportunity to highlight the importance of biodiversity for ecosystems, species, and for humanity...

I cannot emphasize enough what an honor it is to recognize Japan's leadership for hosting the 10th COP meeting in Nagoya next year. I believe that the CBD Nagoya meeting will be an important watershed for global biodiversity conservation efforts. This is not an exaggeration because 2010 coincides with the year of biodiversity target adopted by the World Summit on Sustainable Development in 2002. Unfortunately, it is unlikely that the 2010 target will be achieved. Nevertheless it is in Nagoya, in Japan where key stakeholders will have the opportunity to urge international communities to reinforce and meet the new targets under the post-2010 framework.

For the success of the International Year of Biodiversity, including the CBD Nagoya meeting, GEF is also planning a series of activities to increase global awareness on the continued and irreparable loss of biodiversity and associated ecosystem services. For these events, we particularly look forward to closely collaborating with the Government of Japan so that we can together effectively increase GEF's visibility among Japanese citizens and play up how Japan has contributed to biodiversity conservation in developing countries through GEF.

Climate Change

Now, let me address climate change, another global and complicated environmental challenge that knows no borders.

In accordance with the guidance from the UNFCCC COP, we have financed US\$ 2.4 billion projects for addressing climate change mitigation that have leveraged US\$ 14 billion. Experts estimate that the total volume of

mitigated green house gases (GHGs) through these GEF projects is over 1 billion tons of CO₂-equivalent; this amount equals to about 5 percent of anthropogenic GHG emissions.

We also have two path breaking adaptation funds under the UNFCCC: the Special Climate Change Fund (SCCF) and the Least Development Countries Fund (LDCF). Both of these allow the GEF to actively assisting developing countries in addressing adaptation issues.

With these funds and on-going efforts both on mitigation and adaptation, I strongly believe that the GEF can, and should continuously function as the central financial mechanism under the post-Kyoto climate change architecture.

We of course also know that, the landscape of climate change financing is very crowded with too many funds under the UNFCCC and the Kyoto Protocol, and an increasing number of funding windows, both multi- and bi- lateral outside the realm of the Convention. By my count, there are already 13 multilateral climate change specific funds! Obviously, divisions of labor among these funds are not clear; nor are they fully coordinated. More importantly, they will put administrative burden on the shoulders of developing countries. I must say that the current situation is against the spirit of the Paris Declaration on Aid Effectiveness.

This is why I believe that the GEF holds a key to the success of the UNFCCC Copenhagen meeting. If we are to establish an effective and efficient financial mechanism under the post-2012 framework, the

proliferation of funds should cease and they should be mainstreamed into a central mechanism. Considering GEF's historical achievements, keeping the GEF as the central mechanism of the UNFCCC is the most effective, efficient and rational choice for international community, rather than creating a new mechanism from the scratch, parallel to the GEF.

In this regard, I find it very encouraging that the G8 leaders committed last summer in Hokkaido to reinforce the GEF, and I quote, "which plays a key role as the main financial instrument of the UNFCCC." Along the same lines, the European Council recently, and I quote, "reaffirmed the role of the GEF as the financial mechanism of the UNFCCC and the Kyoto Protocol."

GEF's Fundamental Reforms through GEF-5 period

In order to meet these expectations, we need to further grow into a multilateral instrument that can truly address challenges of 21st Century. For this purpose, I would like to push for an ambitious replenishment target. As you may know, the GEF is replenished every four years. We are now more than half way through GEF-4 period, and we have started a negotiation process for the GEF-5 replenishment. It is expected that the replenishment will finalize by early 2010.

Talking about an ambitious replenishment target in this severe economic situation may sound too optimistic to you. However, I have a clear reason for seeking a robust target to re-energize our partnership. The reason

is that previous replenishments of the GEF have not kept pace with the expanding mandate of the GEF and the increasing demand.

In fact, in nominal terms, GEF replenishments have increased from about US\$1 billion during the pilot phase to US 3.13 billion during GEF-4. However, the real value of replenishments - adjusted for inflation - has declined over the years. Indeed, GEF-4 replenishment was 8 percent lower compared to GEF-2, while at the same time, two new focal areas, land degradation and POPs have been added to the GEF mandate.

To change the trend of the past replenishments and leap to an ambitious target, we have proposed fundamental reform plans. Let me briefly introduce some of the proposed plans.

First, the GEF will **improve responsiveness to recipient countries** through various measures. These may include providing direct access for more qualified international and bilateral agencies. Second, the GEF will **strengthen its funding base** by supplementing contributions from donor countries with innovative instruments. Such instruments may include proceeds of auctions of carbon allowances. Third, the GEF will **reform the institutional and governance framework** to ensure that we will be able to undertake the above-mentioned reforms.

In order for us to achieve the ambitious replenishment target, and to accomplish these fundamental reforms, I cannot too emphasize the importance of Japan's leadership and support to the GEF. Since its pilot stage, your country has been consistently been the second largest donor for

GEF, after the U.S. We strongly expect Japan's continuous and further enhanced contribution in the forthcoming replenishment.

In the meantime, we will continue our effort to further increase the GEF's visibility among people in Japan to gain their warm supports. In this regard, I am very happy to inform you that currently there are three Japanese staff in the GEF Secretariat, including Ms. Watanabe, who is with us today, as well as Mr. Mizuno, a secondee from the Ministry of Environment. They have been working as a "Team Japan" for promoting GEF-Japan partnership.

Distinguished parliamentarians and guests, before concluding my remarks, please let me call for your warm and strong support towards the GEF. I strongly believe that the members of the PNoWB Japan and GLOBE Japan are the driving force for boosting Japan's contribution to the GEF-5 replenishment and for promoting Japan-GEF relationship. Therefore, finally, please allow me to wish the success of all the representatives in the two groups in the forthcoming general election in this year.

I look forward to hearing your views on these reflections.
ARIGATOU GOZAIMASHITA (Thank you very much).