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GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

Opening Remarks

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@ 9:00 a.m.
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Distinguished Council Members and friends:

Good morning. I would like to thank all of you who make up the GEF family for coming to Washington. This is a pivotal time in our history and I am happy to be making this journey with you. Before I begin, I want to recognize the newest member of the GEF, Angola, that make us 179 nations strong. Welcome.

I also want to welcome our new council members. They are: Mr. Simon Smits, Netherlands, Mr. Shaolin Yang from China, Mr. Oscar Rivas of Paraguay and Mr. Taras Trotsky of the Ukraine.

I would like to take a moment with all of you, before we start the final push to GEF-5 to reflect on our collective achievements during GEF-4. I am very proud of what this partnership has accomplished; everyone here in this room has contributed to the success of GEF-4. We have worked hard; VERY hard. And while the job is not done, I think this is a good time to reflect for just a moment on how the GEF has made an impact.

LIMITED RESOURCES FOR PROGRAMMING

I would say at the start that we have been, perhaps, TOO efficient with the money you have entrusted to us. Why do I say this? We have successfully programmed almost all of the GEF-4 resources. In other words, we have far less money than projects.

The work program that Council will hopefully approve at this Council meeting will be the penultimate work program for GEF-4. With it, we will have programmed 89% of total resources expected to be available in GEF-4. We expect to receive a further \$300 million in December, which will be consumed in what MIGHT be the final inter-sessional work program at the end of February.

Given our efficiency in programming thus far, we are faced with relatively small amounts to work with for the remainder of GEF-4. Let me give you some examples: within the natural resources focal area land degradation and international waters have exhausted their allocations.

Now let me point out that we still have nearly \$400 million in PIFs under processing even after this Council and expect that many more will arrive in the next months. That means in the next work program, we will need to select even

more carefully the most important, most innovative, highly-leveraged set of projects, to ensure the GEF uses its resources wisely. The selection must also take equity into account: we want to be certain that projects are approved for countries which have used very little of their RAF allocations.

So if one does their math, we see a very constrained picture for the other focal areas. If donors are on time though, we may be able to trigger a small work program - around 80 million dollars.

GEF-4 ACHIEVEMENTS

Although controversial, the RAF has delivered funding to countries that received individual allocations and to those that were in the Group. 76 of the 89 countries included within the group allocation for biodiversity and 52 of the 112 countries included within the group allocation for climate change have projects approved thus far under the RAF in GEF-4. Also many of the recognized problems connected to its start up are now being addressed in the STAR.

Another desirable outcome has been our push to achieve equity in resource allocation. We were largely successful in this area with a greater focus on LDC/SIDs than we originally expected-- mostly as a result of the greater emphasis

on programmatic approaches in GEF4. Let me give you a brief statistic: In GEF 3, we provided fewer than 12% of all resources to LDC/SIDs countries, this has increased to 18.4% in GEF4 thus far. We have also seen a greater use of programmatic approaches than ever before in the history of GEF. There have been 22 PAs approved in GEF 4, and the amount of money dedicated has been \$900 million with 225 projects involved.

The latest OPS, which Rob will present to you, confirms that the GEF continues to deliver, even as global environmental trends continue to spiral downward, and we remain chronically underfunded.

GEF-4 EFFICIENCY IMPROVEMENTS

Our own research also shows us that we are far more efficient and transparent than even three years ago. Again let me give you some hard facts: The time taken for a full project to get endorsed is now 12 months instead of 44.

If you look at all our PIFs (I sure do), the data shows that the GEF Secretariat met the 10 day standard 62 percent of the time. Despite these strong improvements, the Secretariat is still striving to address the inefficiencies that persist in the pre-approval phase.

Since December 2007, the entire world can see the project portfolio of the GEF via the Country Profile Page on the GEF website. Moreover, the Operational Focal Points have also been able to access the details of all their projects that are under processing, so that they can monitor progress to approval. The next step is to give access to the full database in the GEF to the Operational Focal Points so that they can track the status of the portfolio in all focal areas.

We have, as a result of all of our hard work, a system that can be easily ramped up to keep up with the demands of an ambitious replenishment.

And we are achieving results. GEF financing has provided a key catalyst to the achievement of the target of 10% of the world's terrestrial areas under protection (2,302 protected areas, 634 million hectares). The GEF has been the largest financier of forests with \$1.5 billion granted to forest initiatives, supplemented by more than \$4.5 billion in cofinancing.

GEF projects have brought about more than 2.5 billion tons of CO₂ avoided—and at the right price. Overall, GEF climate change mitigation projects are securing reductions of CO₂ at about \$ 1.62/tCO₂, which compares favorably

to, for example, CDM market prices for primary CERs (future delivery), which range from \$7.20 to \$11.50/tCO₂.

GEF projects have also led to the transfer of more than 30 environmentally sound technologies.

Finally, GEF's work will lead to the environmentally-sound disposal of at least 35,000 tons of PCB-related waste—along with 15,000 tons of obsolete pesticides.

LOOKING FORWARD

As nice as it is to recognize that our efforts have brought results, there is still much more to be done. We are now in the middle of the replenishment discussions, taking stock of what the GEF could offer if it were strengthened further. Clearly, if the GEF is to remain the financial mechanism for multilateral efforts to secure global environmental benefits, the GEF must become an institution capable of programming resources even more quickly; an institution that provides voice to the full range of its country members and stakeholders.

We will consider at this Council meeting the ongoing policy and programming discussions of the replenishment process, and how the ideas under discussion relate to the building of a more capable GEF partnership. You will hear about the option of developing GEF business plans to facilitate a country-driven programming decision process fully coordinated with national planning processes and integrating the views of multiple stakeholders, not as a pre-requisite for obtaining GEF grants, but as a priority setting tool for countries and a guide for GEF Agencies. As OPS4 noted, where “countries have developed strategic frameworks that provide a roadmap or context for GEF activities ... country ownership is higher.”

You will hear about options for further streamlining the project cycle and enhancing the GEF’s ability to employ programmatic approaches in GEF-5. You will hear about ideas for an ever more inclusive GEF, one that has identified optimal roles for the multiple stakeholders of the GEF partnership—an expanded role for countries that are ready, after decades of GEF assistance, to assume the responsibility of project execution in their own right; an expanded role for civil society and business; a broadening of the partnership to make fuller use of all of its talent and energy.. These changes will allow the GEF to program a higher level of resources even more effectively in GEF-5.

STAR

Most of what this council will review this week will be ongoing discussions on points that will continue to be refined and further elaborated in the months ahead. But this Council has one critical task which it must complete in the coming three days. We must decide now on the resource allocation system for GEF-5, our STAR. The resource allocation system has turned out to be the most important tool for enhancing country ownership; its design is a further extension of the improvements we are making to make the partnership more inclusive and effective. As you have seen in reading the STAR document, we are examining a system that will no longer include a 50% rule or group allocations. These decisions have been taken. What we must now decide is whether we will provide individual country allocations in the land degradation and chemicals focal areas, or continue to apply the system to climate change and biodiversity, only; alternatively, we could agree on a hybrid solution. There are pros and cons on all sides, but it is time now to decide.

Council must also take a decision on the bases for the STAR allocations in the different focal areas. On this point, it will be important to bear in mind that while a resource allocation system does enhance fairness, equity is not

synonymous with equality. The GEF is not development assistance, strictly speaking. The GEF's mandate is to promote global environmental benefits, and the GEF cannot survive; indeed, it has no reason to, if it ignores its mandate.

But I must reiterate; whatever option we will eventually choose, we must do it sooner, not later. We do not have another regular Council meeting scheduled prior to the Assembly meeting in May. I do not think any of you would be happy to be brought back to D.C. in January for a special session of the Council.

ADDITIONAL ITEMS FOR DECISION

The STAR is not the only decision point for this Council meeting. We must also decide on execution arrangements for the SGP and on a proposed policy for upgrading countries within the program. You have been provided a paper, which was prepared by UNDP in consultation with civil society and others, which offers three different options for execution of the SGP and a proposed policy on upgrading countries. I would like to thank UNDP for its efforts here.

In addition, Council will be asked to consider adhering to the Paris Declaration on Aid Effectiveness. The document before you on this agenda item explains how the GEF already supports the Paris Declaration and offers a rationale

for our adherence to its framework for harmonization, alignment, and managing for results.

I promised just a moment of your time and it has wound up being several moments. But I think attention must be paid—to the hard work of the GEF staff and to you, our partners, for helping deliver these results now and hopefully well into the future.

Three years ago I knew that the move to a transformed GEF would not be easy. I told you then that all of these actions would require discipline from all actors in the GEF – agencies, the Secretariat, the Council, governments – and myself. You have given me the mandate to strive for a GEF we can all be proud of, and which goes a long way, as the largest funder of the global environment in the world, toward ensuring a sustainable future.

I told you this then and it bears repeating: as difficult as the transformation has been, I stand ready to support everyone to ensure our collective future. I believe I owe you no less.

Thank you