

**GLOBAL
ENVIRONMENT
FACILITY**

**STATEMENT
TO THE CONFERENCE OF THE PARTIES
TO THE UNITED NATIONS FRAMEWORK CONVENTION
ON CLIMATE CHANGE**

by

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**International Congress Centre
Berlin, Germany
April 3, 1995**

Chairperson, Members of the Bureau, Distinguished Delegates, Ladies and Gentlemen:

When Governments concluded their negotiations on the Framework Convention on Climate Change in May 1992, the Global Environment Facility was a one year old pilot program established to test new approaches and innovative ways to respond to global environmental problems, including the problem of climate change. The GEF at that time was in its infancy, still exploring the best way forward. While there was a clear objective and serious commitment to its goals, some considered it still too untried to make a longer term commitment to designate the GEF as the financial mechanism for purposes of the Convention.

You are now meeting here in Berlin, three years later, at the first meeting of the Conference of the Parties. I would like to congratulate all Governments for their successful efforts to speedily bring the Convention into force. It is a clear reflection of the seriousness with which the international community views the challenge of responding to the threat and causes of climate change. I would like also to commend and congratulate the INC and its Chairman and the Interim Secretariat and its Executive Secretary for their untiring efforts leading to this meeting.

In the three years between the adoption of your Convention and your first meeting as Parties, the GEF has evolved from a pilot phase to a permanent mechanism. Participants in the GEF have traveled a long journey, much of it guided by the road map that was created for it, both through the spirit of your negotiations and the parallel debates leading to the Earth Summit in Rio.

After Rio, Governments, a significant majority of the same Governments represented here, dedicated 18 months to the negotiation of a restructured and replenished GEF. These negotiations concluded in March 1994 with the acceptance of the Instrument for the Establishment of the Restructured GEF; an Instrument that was subsequently approved by the governing bodies of UNDP, UNEP and the World Bank, the three Implementing Agencies of the GEF. At present, 141 countries are GEF Participants.

In negotiating the Instrument, you, the Governments, ensured that the restructured GEF fully embodied the principles that were set out in the Convention and Agenda 21. Most importantly, the GEF was established as a principal mechanism for global environment funding, with a transparent and democratic system of governance, open to universal participation, and based on collaboration and partnership among its Implementing Agencies.

Within less than a month after the approval of the Instrument by the governing bodies of the three Implementing Agencies, the GEF Council held its first meeting to begin the effort of translating into actual operations the principles and goals of the GEF.

The Council agreed to follow a very demanding work schedule during its first year in order to put into place as quickly as possible the policy framework that must underlie the GEF operational activities. It has already met three times (July and November 1994 and February 1995) and its fourth meeting will be in early May.

Much has been accomplished in those three meetings providing clear evidence that Participants in the GEF, and the Secretariat and agencies that serve them, are serious and resolute in their intentions to make it a responsive, innovative, cost-effective mechanism for responding to global environmental concerns. Let me take a few moments to list some of the early products of the GEF Council:

1. At its first meeting the Council approved a work program for 1995 that provides for the approval of the policies and operational strategies that will guide the activities of the GEF while simultaneously initiating the programming of financial resources. A priority use of such resources is assistance to recipient countries to implement the Climate Change Convention consistent with the policies and priorities established by the Intergovernmental Negotiating Committee and, eventually, the Conference of the Parties
2. At its second and third meetings, the Council considered and approved the establishment of a Project Preparation and Development Facility, the PDF, a principal aim of which is to ensure a country-driven focus in project identification and preparation, including country-level GEF focal points, country level coordination among the implementing agencies, consultation with local and national stakeholders, and participation of local and national groups and local communities throughout the project cycle. The Council has initially allocated \$15 million to the PDF.
3. A first round of discussions has been held on a streamlined project cycle that will shorten the time between project approvals and actual disbursements in recipient countries. The project cycle is to be approved at the May Council meeting.
4. The Council has made clear its very firm expectations that the GEF will operate with an administrative budget that emphasizes cost consciousness so as to maximize financial resource flows to projects, programs and activities in the recipient countries. Furthermore, the Council has clearly stated its expectation that GEF resources will not be used to substitute for activities that should be financed through the regular budgets of international organizations.
5. The GEF Operations Committee was established to facilitate interagency collaboration in preparing high quality projects and programs. Representatives of your secretariat are regularly invited to participate in GEFOP meetings in which items of relevance to the Convention are under consideration. In February, the Council approved a work program totalling \$30.76 million, of which 8 projects, totalling \$9.29 million, were for climate change activities. The GEFOP met last week to consider the content of the work program that will be put before the Council at its next meeting. In preparing for this work program, the agencies were requested to place an emphasis on enabling activities, a priority established by your Intergovernmental Negotiating Committee.

In addition to the work of the Council, I am pleased to inform you that on March 16, exactly a year after the Geneva agreement, the GEF Trust Fund has become effective. There

is also significant concrete evidence that the GEF has made fundamental changes to respond to the concerns that you expressed when adopting the Climate Change Convention. An independent Secretariat has been established which is accountable to the Council, and only the Council, for the performance of its duties. Continued progress have been made to strengthen and reinforce the cooperation between the GEF Secretariat and your secretariat. For example, the two secretariats reached agreement on the manner in which the GEF will make arrangements for funding enabling activities and preparations for national communications related to the Convention. This agreement was presented in a jointly prepared document that was simultaneously transmitted to the INC and to the GEF Council.

While we take pride in what has been accomplished to date, we recognize that some key building blocks still need to be put in place. At its meeting next July, the Council will consider the GEF operational strategy. This strategy will seek to define how GEF will contribute to global environmental improvement within a country-driven sustainable development framework. It will fully reflect the policies, program priorities and eligibility criteria that you approve during this meeting. And, it will define the indicators by which our success will be measured in the future.

You have before you the "Report by the GEF to the First Conference of the Parties of the Framework Convention on Climate Change." In that report, we sought your guidance on the approach that should be followed in preparing the GEF operational strategy for purposes of climate change activities. We welcome the draft decision of the Committee of the Whole and look forward to the final decision.

The results achieved to date by the GEF Council, the Implementing Agencies, and the Secretariat speak for themselves. There is a strong and unerring commitment on the part of the GEF Council to ensure that the GEF is a credible, operationally-based, and transparent mechanism for contributing to the improvement of the global environment. But this commitment can only be translated into reality, and into successful project and program activities, through the continued support and collaboration of Governments themselves. Governments are the ultimate owners of the projects, programs and activities undertaken to implement the Convention, whether these are funded by their own financial resources, by the GEF, or by other resources.

The GEF now has an institutional structure aimed at making it a responsive, cost-effective operational facility. Its operational strategy is under preparation and will shortly be approved. We are well aware of the challenge and opportunity that lie before us to assist recipient parties to contribute responsibly and practically to the objective of preventing further deterioration of the climate system. Developed countries have their own responsibility beyond contributing financial resources to the GEF. They need to make the necessary commitment now to reduce their greenhouse emissions in a meaningful manner below 1990 levels. After all, they are the biggest contributors of these emissions. While natural climate change has been with us for eons, accumulating evidence suggests that man-made greenhouse gases are beginning to affect climatic patterns and triggering extreme and costly weather events from India to California

to Central Europe. We must not wait until major crisis overtake us.

Finally, the eleventh session of the INC recommended to you that the restructured GEF should continue, on an interim basis, to be the international entity entrusted with the operation of the financial mechanism referred to in Article 11. INC XI also recommended that you decide, in accordance with Article 11.4 of the Convention, to review the financial mechanism within four years and to take appropriate measures, including a determination of the definitive status of the GEF in the context of the Convention. In its report to INC XI, the GEF Council expressed its view that the restructured GEF does respond to the requirements of Articles 21(3) and 11, and therefore, it is an appropriate international entity to be entrusted with the operation of the financial mechanism. We regret that the INC did not make a more definitive recommendation. I would like to reiterate that the Facility is well equipped, ready and waiting to serve as the financial mechanism for the Convention.

Thank you.