

**GLOBAL
ENVIRONMENT
FACILITY**

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

by

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Geneva, Switzerland

July 8, 1996

Chairperson, Members of the Bureau, Mr. Executive Secretary, Distinguished Delegates, Ladies and Gentlemen:

It is a pleasure for me to appear before you today representing the Global Environment Facility. At your first meeting fifteen months ago, you decided that the GEF should continue, on an interim basis, to be the international entity entrusted with the operation of your Convention's financial mechanism. Our Council welcomed your decision since one of the principal purposes behind the GEF is to provide financial resources to recipient countries to assist in their efforts to implement the Convention and address climate change.

Like you and your secretariat, we have worked hard, in the period since your last meeting, to implement your decisions and, in particular, to respond to your guidance to the GEF on policies, program priorities and eligibility criteria. We have reported fully on our efforts in the documentation before you. This documentation includes the most recent *GEF Annual Report*, which includes a chapter on our activities in the climate change focal area, the April 1996 *Quarterly Operational Report* which has a full accounting of project activity, and an up-to-date report prepared especially for this meeting. We have also made available other background information on the GEF and its policies and practices.

Since the last COP, the GEF has continued to evolve and its portfolio of projects has increased. The reports before you provide detailed information on the policies approved by the Council and the projects under implementation, but allow me to give some of the highlights:

1. **GEF membership** has grown dramatically. As of June 1996, there are 156 country Participants in the GEF as compared to 27 at the beginning of the Pilot Phase.

2. For the period of February 1995 to April 1996, the GEF Council has **approved GEF funding** for climate change activities amounting to **US\$215.2 million**, for a total allocation from GEF resources of **US\$462.43 million** (total including Pilot Phase). With this financing we have leveraged an additional **US\$2.6 billion** of financing from bilateral, multilateral and other sources for total project financing of **US\$3.2 billion** in the climate change area. For the current fiscal year that began on July 1, the three Implementing Agencies (UNDP, UNEP, and the World Bank) are planning to prepare GEF projects in the Climate Change focal area requiring between **US\$150 to 185 million** of GEF financing.

3. The strategic framework for GEF operations -- the **GEF Operational Strategy** -- was adopted in October 1995 by the GEF Council. Copies of the strategy have been made available at this meeting. As you will see, the Climate Change chapter of the strategy was developed taking fully into account the guidance received from this body at its first meeting. According to the operational principles of the strategy, the GEF is to ensure the cost-effectiveness of its activities, and it is to fund projects and programs that are country-driven and based on national priorities designed to support sustainable development. The strategy makes clear that *the GEF is not to finance activities in the area of climate change that do not fully conform to your guidance.*

In this context, the operational strategy provides for three categories of operational activities: (i) enabling activities; (ii) operational programs encompassing long-term measures; and (iii) short-term response measures. Land degradation, primarily desertification and deforestation, as it relates to climate change issues has also been addressed in this chapter.

Enabling activities, as defined in your guidance, are comprised of such activities as planning and endogenous capacity-building, including institutional strengthening, training, research and education that will facilitate implementation of effective response measures in accordance with the Convention. Within the work programs approved by the

Council since February 1995, 60 percent of the projects are for enabling activities in 55 countries. One of the projects finalized by the GEF is CC:TRAIN, which is implemented by UNITAR through UNDP, and which provides for capacity building of national and regional institutions, as well as training, to assist in the development of national strategies to implement the Convention. Twenty countries will be “enabled” through the two phases of this project.

The GEF Council fully supports the high priority that this body placed on enabling activities. At its most recent meeting, the Council approved an initial allocation of US\$30 million for enabling activities, together with expedited procedures for approving project proposals. The Council also requested us to coordinate an outreach process to inform recipient countries of the availability of financial resources for enabling activities. Pursuant to this request, the GEF has written to all its Participants informing them of the availability of financial assistance for purposes of enabling activities, including the preparation of national communications. A copy of this letter is being distributed to delegations at this meeting. For those Parties that are not Participants in the GEF, we will be providing you with the original letter for further distribution in your capitals.

As requested in our report, we would welcome action by you during this meeting to call upon all Parties interested in receiving assistance for enabling activities to respond to this outreach effort as early as possible.

With regard to **long-term programs**, the *GEF Operational Strategy* calls for initial emphasis to be given to clustering of activities in three operational programs concerned with: energy conservation and efficiency, renewable energy, and reducing the long-term costs of low greenhouse gas-emitting energy technologies. These program areas were identified on the basis of the guidance that you approved at your first meeting. In our report to you, we have described how that guidance has been implemented through the projects included in the GEF work program, and the annex to our report illustrates the

connections between project activities and the categories of activities called for in the operational strategy.

4. The GEF has collaborated with the Convention Secretariat in the preparation of a draft **memorandum of understanding between the COP and the GEF Council**. After review of the proposed MOU by the SBI, a draft annex on determination of funding necessary and available for implementation of the Convention was also prepared. The MOU, including the annex, has been approved by the GEF Council, and it is before this meeting for COP approval.

5. The Council at its last meeting approved a GEF **policy on public involvement** in GEF-financed projects.

I truly believe the work undertaken by the GEF in the climate change area illustrates significant progress in responding to the guidance of the COP and towards the successful implementation of the Convention. An important factor in promoting this progress, one worthy of special mention, has been the strong and collegial relations that the GEF Secretariat shares with the Convention secretariat. I would like to take this opportunity to recognize the important professional and competent contribution of the Secretariat and the leadership of its Executive Secretary to the work of the GEF. Mr. Michael Zammit Cutajar and his staff have contributed a great deal to the climate change work of the GEF, especially to the development of the operational strategy and project activities, and I am confident that this collaboration will continue to strengthen as we move forward. This cooperative relationship is certain to facilitate greatly our mutual efforts to achieve our common goals in the future.

Looking to the future, I want to draw your attention to the fact that 1997 will be a very important year for the GEF. In 1997, the first GEF Assembly, a universal gathering of all participating countries, will be held to review its operations and policies.

1997 is also the year in which we will begin negotiations on the next replenishment of the GEF. In this period of fiscal restraint and ever-increasing budgetary pressures, and for the replenishment of the GEF to be successful, it is important that the international community give a consistent and strong message confirming its commitment to the partnerships forged at Rio and to the high priority assigned by all countries to protecting the global environment.

An important signal for this purpose would be to confirm the partnership between the Climate Change Convention and the GEF. To date, this partnership has remained somewhat tentative. A decision designating the GEF as the entity entrusted to operate the financial mechanism of the Convention would provide a powerful - and unambiguous - message.

With the consolidation of the GEF institutional structure and its policy framework, including the adoption of the GEF Operational Strategy in October 1995, the restructured GEF is now fully operational. These developments, together with the proposed Memorandum of Understanding that is before you for consideration, demonstrates that the GEF fully complies with the provisions of Article 11 of the Convention, and as such, it is well-suited to be designated as the entity entrusted to operate the financial mechanism. On behalf of the GEF Council, I would like to invite this meeting to review the decision that you took at your first meeting and to consider taking steps necessary to make a determination of the definitive status of the financial mechanism at the earliest possible opportunity.

As we move towards replenishing GEF resources, I believe every effort must be made to strengthen the hand of those who will be seeking to mobilize new resources. I ask for your continued support in the period leading to, as well as during, the replenishment discussions. There is a huge demand and urgent need for a wide range of environmentally beneficial activities. There is equally a need for imaginative match-making between the demands of the developing world for assistance and for environment

friendly technologies and available sources of finance. Let me assure you that the GEF intends to play its part in being an active broker in such match-making in the interest of the Climate Change Convention.

Protecting against climate change enhances global environmental security. The Earth Summit and Agenda 21 identified sustainable development as the path towards that goal. It is also our common and collective goal -- initiated with your guidance and implemented through our actions. We have only recently begun that common endeavor. We have a long and a hard way to go. Together, and only together, we can reach our common goal.

I wish you every success in your work in the next two weeks.

Thank you.